

**Innovations Academy Board Agenda: December 11, 2023 @ 6:00 pm**

**Meeting location(s)**

Innovations Academy 5454 Ruffin Rd San Diego, CA 92123		Public call in number 425-436-6381* Access code 1637013
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\*Members of the public need not state their names when entering the conference call. Call-in number is provided as a convenience to the public.

**Board Attendance**

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**Others in Attendance**

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**Agenda 5:15 Meet and Greet of Potential Future Board Candidates**

Topic	Minutes
➤ Call to order / roll call	Time / Date Board in Attendance: 1. Other Present: 1.
➤ Approval of current agenda	<b>Vote to approve current agenda -</b> 1st motion - 2nd motion- <b>Vote:</b> Approved by:
➤ Approval of prior month meeting minutes ○ 9/23/23	<b>Vote to approve past minutes -</b> 1st motion- 2nd motion- <b>Vote:</b>
➤ Public comments (3 mins per person)	
➤ Discussion/Presentation Item: Stephen has been working on a security analysis. There will be a security presentation (see board packet)	Security Presentation and Discussion
➤ Action item: Financial Report and Vote Josh Eng, Business Manager, CSMC 1.Approval of 2023-24 1 <sup>st</sup> Interim Budget Revision	Report by Josh Eng, CSMC Business Manager <u>Interim Budget Revision-</u> <b>Discussion:</b> ➤ <b>Vote:</b>

<p>2.Approval of 2023-24 1<sup>st</sup> Interim Report</p>	<ul style="list-style-type: none"> <li>➤ 1st motion -</li> <li>➤ 2nd motion -</li> </ul> <p><u>Interim Report-</u> <b>Discussion:</b></p> <ul style="list-style-type: none"> <li>➤ <b>Vote:</b></li> <li>➤ 1st motion -</li> <li>➤ 2nd motion -</li> </ul>
<ul style="list-style-type: none"> <li>➤ Action item:</li> </ul> <p>New parent board member introduction and approval. Jennifer Williams, parent of 2 IA students (1st&amp;5th grades) will be presented to the board as the committee selected parent candidate.</p>	<p><u>Parent Board Member Selection-</u> <b>Discussion and Vote:</b></p> <p><b>Vote:</b></p> <ul style="list-style-type: none"> <li>➤ 1st motion -</li> <li>➤ 2nd motion -</li> </ul>
<ul style="list-style-type: none"> <li>➤ Action Item:</li> </ul> <p>Auditor Selection 2023-2026 The board will review proposals from Christy White, Wilkenson Hadley and King, Baker Tilly</p>	<p><u>Auditor Selection-</u> <b>Discussion:</b></p> <p><b>Vote:</b></p> <ul style="list-style-type: none"> <li>➤ 1st motion -</li> <li>➤ 2nd motion -</li> </ul>
<ul style="list-style-type: none"> <li>➤ Action Item:</li> </ul> <p>Approve 22-23 Audit The board is tasked with approving the final audit and it is submitted by December 15th. (see packet)</p>	<p><u>Prior Year Audit Approval-</u> <b>Discussion:</b></p> <p><b>Vote:</b></p> <ul style="list-style-type: none"> <li>➤ 1st motion -</li> <li>➤ 2nd motion</li> </ul>
<ul style="list-style-type: none"> <li>➤ Action Item:</li> </ul> <p>Employee Handbook Update and Revision Due to updated legislation SB616, these changes to our sick, vacation and personal days are proposed and need approval</p>	<p><u>Change to Sick Leave Policy per SB616-</u> <b>Discussion:</b></p> <p><b>Vote:</b></p> <ul style="list-style-type: none"> <li>➤ 1st motion -</li> <li>➤ 2nd motion -</li> </ul>
<p>Employee Retention Credit (ERC) Update Stephen will provide an update to the Innovations Academy ERC submission</p>	<p>Update</p>
<ul style="list-style-type: none"> <li>➤ Director Report</li> <li>➤ Follow up on the exploration of a local facility purchase.</li> <li>➤ Midyear LCAP update</li> </ul> <p>The CDE now requires a mid-year LCAP update to be approved by February 28th. Christine is requesting a short meeting be added mid-February</p>	<p>Discussion</p>

➤ Next board meeting	
○ Confirm date of next meeting	
○ Identify agenda items for next meeting	➤
Meeting adjourned	

The foregoing minutes were approved by the Board of Directors of Innovations Academy on \_\_\_\_\_.

\_\_\_\_\_  
Secretary

Please contact Innovations Academy Board @ [Board@InnovationsAcademy.org](mailto:Board@InnovationsAcademy.org) if you require special assistance or a listening device to attend the Board Meeting. Requests must be made 48 hours in advance.

1. TELECONFERENCE MEETINGS. Members of the Board of Directors may participate in teleconference meetings so long as all of the following requirements in the Brown Act are complied with:

- At a minimum, a quorum of the members of the Board of Directors shall participate in the teleconference meeting from locations within the boundaries of the State of California;
- All votes taken during a teleconference meeting shall be by roll call;
- If the Board of Directors elects to use teleconferencing, it shall post agendas at all teleconference locations with each teleconference location being identified in the notice and agenda of the meeting;
- All locations where a member of the Board of Directors constituting the quorum participates in a meeting via teleconference must be fully accessible to members of the public and shall be listed on the agenda;
- Members of the public must be able to hear what is said during the meeting and shall be provided with an opportunity to address the Board of Directors directly at each teleconference location; and
- The agenda shall indicate that members of the public attending a meeting conducted via teleconference need not give their name when entering the conference call.
- The Brown Act prohibits requiring members of the public, to provide their names as a condition of attendance at the meeting; however, those wishing to speak may be required to identify themselves.

**Innovations Academy Board Minutes: 9/23/23 Retreat @ 10:00 am**

**Meeting location(s)**

Innovations Academy 5454 Ruffin Rd San Diego, CA 92123		Public call in number 425-436-6381* Access code 1637013
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**Board Attendance**

Faraz Sharafi	Stephen Rosen	Julia Stoer	Danielle Strachman			
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**Others in Attendance**

Christine Kuglen						
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**Agenda**

Topic	Minutes
➤ Call to order / roll call	Time / Date 9/23/23@10:10 am Board in Attendance: 1. Julia Stoer, Danielle Strachman, Stephen Rosen and Faraz Sharafi. Other Present: 1. Christine Kuglen
➤ Approval of current agenda	<b>Vote to approve current agenda - no comments or changes were made</b> Danielle makes the motion to approve the current agenda Motion made by - Danielle Strachman 2nd motion- Julia Stoer <b>Vote:</b> Aye: 4 No: 0 Abstain: 0 Role call approval: Aye: Stephen, Danielle, Julia, Faraz No: 0 Abstain: 0
➤ Approval of prior month meeting minutes <ul style="list-style-type: none"> <li>○ Board Minutes 8/16/23</li> <li>○ Board Minutes 9/8/23</li> </ul>	<b>Vote to approve past minutes -</b> Motion to approve the minutes from the 9/8 board meeting made by Stephen Rosen Motion made by Stephen Rosen 2nd motion- Danielle Strachman <b>Vote:</b> Aye: 3 No: 0 Abstain 1 Roll call vote: Aye: Stephen, Danielle, Julia No: 0 Abstain: Faraz (he was in attendance at that meeting)

	<p>Stephen makes a motion to approve the minutes for 8/16  Second: Danielle  Vote: Aye: 4 No: 0 Abstain: 0  Roll call vote: Aye: Stephen, Danielle, Julia, Faraz</p>
<p>➤ Public comments (3 mins per person)</p>	<p>No public comments were made</p>
<p>Establish Board Calendar  Previously, the board had set the following dates:  Saturday, September 23, 2023 (retreat) 10 am  Tuesday, December 12, 2023 6 p.m.  March 12, 2023 6 p.m.  May 28, 2023 6 p.m.  June 18, 2023 6 p.m.  There are conflicts with submission to the district that were not previously known. New suggested dates are: see the district’s “Important Deadlines” chart in board packet</p>	<p>Discussion about district due dates and comparison of calendar and due date.</p> <p>The board discussed the previously scheduled dates and changed the Dec and March board meeting dates. They also noted that on the agenda the year was 2023 so that was changed to 2024</p> <p>Dec 11th @ 6pm  March 11th@ 6pm  May 28th@ 6 pm  June 18th @ 6 pm</p>
<p>Action Item:  Bylaws Review  The board will review the bylaws, specifically to discuss the number of board positions, the term length, discuss date set for board retreat each year and review the bylaws for today’s discussion and decision making. The board will vote on any changes made. see current bylaws in board packet</p>	<p>Vote to approve changes to bylaws</p> <p>The board discussed the range for number of board members and felt that there should be a more narrow span.</p> <p>Stephen made a motion for a Board resolution to change the bylaws to say that no less than 3 members and no more than 11 members would be on the board.  The motion was made by Stephen Rosen  Second motion made By Danielle Strachman  Aye 4 No 0 Abstain 0  Roll call vote: Aye; Stephen, Danielle, Julia, Faraz No: 0 Abstain: 0</p> <p>The board decided not to change the term length of board members.</p> <p>The board discussed providing some flexibility for the month the board retreat would take place.</p> <p>Faraz made the motion to change the bylaws</p>

	<p>for the board annual meeting to now say, “the annual meeting will take place once per school year at a time designated by the board each year.”</p> <p>Stephen seconded the motion  Vote: Aye: 4 No: 0 Abstain: 0  Roll Call  Aye: Stephen, Danielle, Julia, Faraz  No: 0 Abstain 0</p>
<p>Action Item  Board Positions:  The board will discuss and vote on board positions for the coming year. see bylaws in board packet</p>	<p>Vote on board positions  Discussion about previous positions held and what is expected of each position.  During the discussion, Faraz volunteered as Board Secretary  Stephen volunteered as Board Treasurer and Board Chair</p> <p>Danielle made a motion that Stephen Rosen be board president(chair) and board treasurer and Faraz be the board secretary  Vote:  Aye: 4 No: 0 Abstain: 0  Roll Call Vote: Aye: Danielle, Stephen, Julia, Faraz No:0 Abstain: 0</p>
<p>Action Item  Board Terms and Recruitment  The board will review the lengths of the terms of each member to see if the dates are accurate, discuss any expansion of the board, recruitment of board members etc.  (see two board terms sheets in board packet)</p>	<p>Vote on board terms  The board analyzed the historical terms and noted that Faraz is actually the secretary and that document should be updated.  The board discussed wanting to set a goal for bringing new board members on.</p> <p>Discussion about teacher board position length. It was recognized that we can change the member voluntarily even if the term is not up. No changes made. No vote needed.</p> <p>The board accepted the terms outlined in the historical document.</p> <p>Regarding the recruitment of board members, We had 10 candidates for the parent position. Two dropped their names from the list and Stephen shared that he interviewed 8 of them and ranked them based on his interviews. Christine will now meet with those eight. One parent will be selected to bring to the board at</p>

	the next meeting.
<p>Discussion Item</p> <p>Board Training:</p> <p>Online Brown Act Training Info</p> <p>Decision on due date for training completion</p> <p>See CSDC training OR email from Procopio Law Firm Complimentary Brown Act Training</p>	<p>Discussion on due date for Brown Act Training and collection of certificates</p> <p>The board decided to do the Procopio online live training. Then a discussion can follow from the same training of all board members.</p>
<p>Discussion Item</p> <p>Board Goals</p> <p>The board will set goals for itself for this school year.</p>	<p><u>Board Goals Discussion</u></p> <p>The board set the following goals-</p> <p>1: To recruit 1-3 new additional board members which would include filling the parent position on the board.</p> <p>Action:</p> <p>The board members discussed areas of need for the board and contacts they have that they could reach out to. In the outreach, new possible candidates should be invited to a meet and greet in December at the regularly scheduled board meeting.</p> <p>2: To increase organizational and operational structure by working with specialists</p> <p>Danielle presented a proposal from Case. develop structured school org chart to fill and possibly create future positions</p> <p>Optimize org efficiency and effectiveness</p> <p>Optimize sustainability and succession planning</p> <p>Manage additional ADA</p> <p>Action:</p> <p>3: Strategic Planning for future/charter renewal (2026) involving analyzing the changing educational landscape</p> <p>Action: create notes on the charter limitations for grade levels, numbers and IS vs full time</p> <p>Historical date regarding special education and who we are assessing vs who enters with an IEP, district special ed numbers vs IA special ed numbers vs other charter special ed numbers and how many assessments lead to an IEP</p>
Action Item,	<u>Auditor Selection</u>

<p>Review and select auditor proposals for 23-24 and additional years.</p>	<p>The board directed the director to get two more proposals, one from current auditors and one from an auditor recommended by CSMC for the December meeting and update the two audit proposals received. No vote needed.</p>
<p>Discussion Item Director Evaluation The board will discuss the director evaluation</p>	<p>Discussion about director evaluation In order to develop an evaluation The board gather teacher input regarding the admin/teacher relationships and structural organization of the school prior to developing the evaluation criteria</p>
<p>Director Contract The board will review the sample director's contract and edit or sign</p>	<p>Review director contract Stephen moves to approve the contract for the 23-24 school year. Julia seconds Roll Call Vote: Aye: 4 No: 4 Abstain: 0 Aye: Stephen, Danielle, Julia, Faraz</p>
<p>District Site Visit Report Review The board will review last year's site visit report and draft any follow up notes as needed.</p>	<p>Discussion: No questions. We recognized there were no requests to change anything.</p>
<p>Discussion Item (Danielle) Organizational effectiveness with Case</p>	<p>Discussion Notes Per the discussion that took place regarding goals, Danielle presented information about a contact that she and Stephen chose after reviewing several options. Danielle will introduce Case to Christine to discuss the needed organizational review.</p>
<p>Security Overview Presentation (Stephen)</p>	<p>Discussion Notes  Stephen presented information about security specialists review of the IA facility. They are putting together quotes and options for security cameras.  We are looking at having an intercom system. Faraz suggested using Google Minis as they will work for our situation.  Faraz asked about incorporating predictive AI into the possible camera placement etc. Stephen</p>

	<p>will connect with the security group to ask.</p> <p>Julia asked what the laws are regarding parents asking for footage when other students may be on the camera.</p> <p>There was a discussion about scaffolding placement of cameras.</p> <p>Stephen is going to continue to gather information about this item</p>
Facilities, parking exploration discussion	<p>Discussion Notes</p> <p>Christine shared about a building that is for sale locally with 10K square feet and 35 parking spots and wondered if the board had any ideas about that.</p>
➤ Next board meeting	December 11, 2023
○ Confirm date of next meeting	
○ Identify agenda items for next meeting	
Meeting adjourned	1:58 p.m.

The foregoing minutes were approved by the Board of Directors of Innovations Academy on \_\_\_\_\_.

\_\_\_\_\_  
Secretary

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# Innovations Academy

*An Inquiry Based K-8 Public Charter School*

5454 Ruffin Road, San Diego, CA 92123

## **Proposal for Video Management Platform & Interclass Room Intercom System Engineering Design & Installation**

Prepared By

Bob Anderson  
President/CEO  
Pacific Design & Integration, Inc.

December 12, 2023

Acceptance of this proposal constitutes agreement with the terms of confidentiality noted herein. This proposal constitutes an offer, which remains valid for a period of 30 days after the proposal submission date.

This proposal is proprietary to Pacific Design & Integration, Inc. and its clients. It is furnished and accepted in strict confidence for use in connection with any project described herein. It is to be held in strict of confidence by and between Pacific Design & Integration, Inc., its clients, their agents and employees. Distribution, photocopying, or dissemination in any way to competitors of Pacific Design & Integration, Inc. without the expressed written permission of Pacific Design & Integration, Inc. is strictly prohibited.



December 12, 2023  
Ms. Christine Kuglen-Director  
Board Members  
Innovations Academy  
5454 Ruffin Road, San Diego, CA 92123

Dear Ms. Kuglen and IA Board members,

Pacific Design & Integration, Inc. (PDI) is pleased to present this proposal for a new camera security network and classroom communications system.

Based on our previous on-site visit, conversations and thorough evaluation of current state-of-the-art products, PDI proposes to design, engineer and provide complete turn-key project installation, to include training and commissioning for all hardware and network systems for the Innovations Academy property.

We have broken the projects in to four phases as outlined below. The project can be built out turn-key to include all four phases or, if desired each phase can be built in separate stages.

- **Phase 1:** Security camera network and monitoring for interior of the building and exterior monitoring at front entrance.
- **Phase 2:** Exterior camera system to monitor the property surrounding facility (including the outdoor recess area).
- **Phase 3:** Exterior cameras to provide coverage for the playground/Cul-de-sac areas.
- **Phase 4:** IP based inter-school communications/intercom network.

We appreciate your time and consideration for inviting PDI to offer this proposal for your security system improvements and upgrades. We hope you will find our team to be a valuable asset and partner throughout the integration of your project and beyond. Our commitment does not end with sign off. We promise to continue our relationship as a true partner for any support, questions or future needs with this project or any other areas where we might be of service.

Please review this proposal & Scope of Work carefully. Feel free to contact us should you have any questions or concerns regarding the content of this proposal. We look forward to the opportunity to begin working with you and your team! Thank you for considering PDI.

Respectfully submitted,

Bob Anderson  
President/CEO  
Pacific Design & Integration, Inc.



## Project Summary

This project proposes to provide Innovations Academy with two state-of-the-art high quality systems; A complete Security Management Platform and a Classroom IP Intercom System. We have partnered with P.A.C.E., merging our experience, resources and materials for a collaborative project to provide Innovations Academy with both excellence in engineering and product value. To maximize budget flexibility, we are proposing this project in four phases any of which can be done concurrently with the other.

- **Phase 1** Includes the base server and all the needed hardware elements to operate system elements in the additional video phases. **Phase 1 provides for all the interior camera locations including the one (1) Exterior 360 over the main entrance.**
- **Phase 2 Consists of Eight (8) complementing exterior cameras on the four building corners and over other perimeter doors.** It should be noted that we prefer to do a custom installation on the two (2) front Multi-Imagers where we propose to glue special plastic to the exterior glass to mount the cameras. We can provide more detail when needed.
- **Phase 3 Consists of two (2) additional exterior cameras that will cover the back cul-de-sac and jungle gym and the North playground area.** Both these camera locations will need conduit that PACE is providing.
- **Phase 4 Provides the installation of a new IP Intercom and Inter-School communication system** that will allow communications between classrooms and front offices in any combination.

## Statement of Work

Based on investigation and stakeholder discussions, the full Scope of Work for the four Phases of the Project are detailed below:

### **General project information**

- *Work areas will be kept clean and orderly.*
- *Care and consideration will be given to all adjacent non-construction areas to insure they are protected from construction debris, dust, etc.*
- *Installation work will be performed during normal operational work hours (unless there is mutual agreement to work during outside hours).*

### **Video Management System-All Phases**

The First system is the Video Management platform that will cover all the common areas around the building as well as common spaces inside the building. The project also includes for the exterior provisions and raceways to accommodate the placement of two (2) exterior cameras that will cover at least 85% of the children's playground area. This will include fence mounted conduits and some burial conduits for the north side of the playground.

PDI with P.A.C.E. will provide the floor plans for the camera locations, the hardware and equipment set up and PDI will be installing the cable to the endpoints. PACE will be responsible for installing the CPU, loading the application and doing all training for the client. As a note the application manufacturer is willing to provide a demonstration of the application to the Innovations Academy if desired.

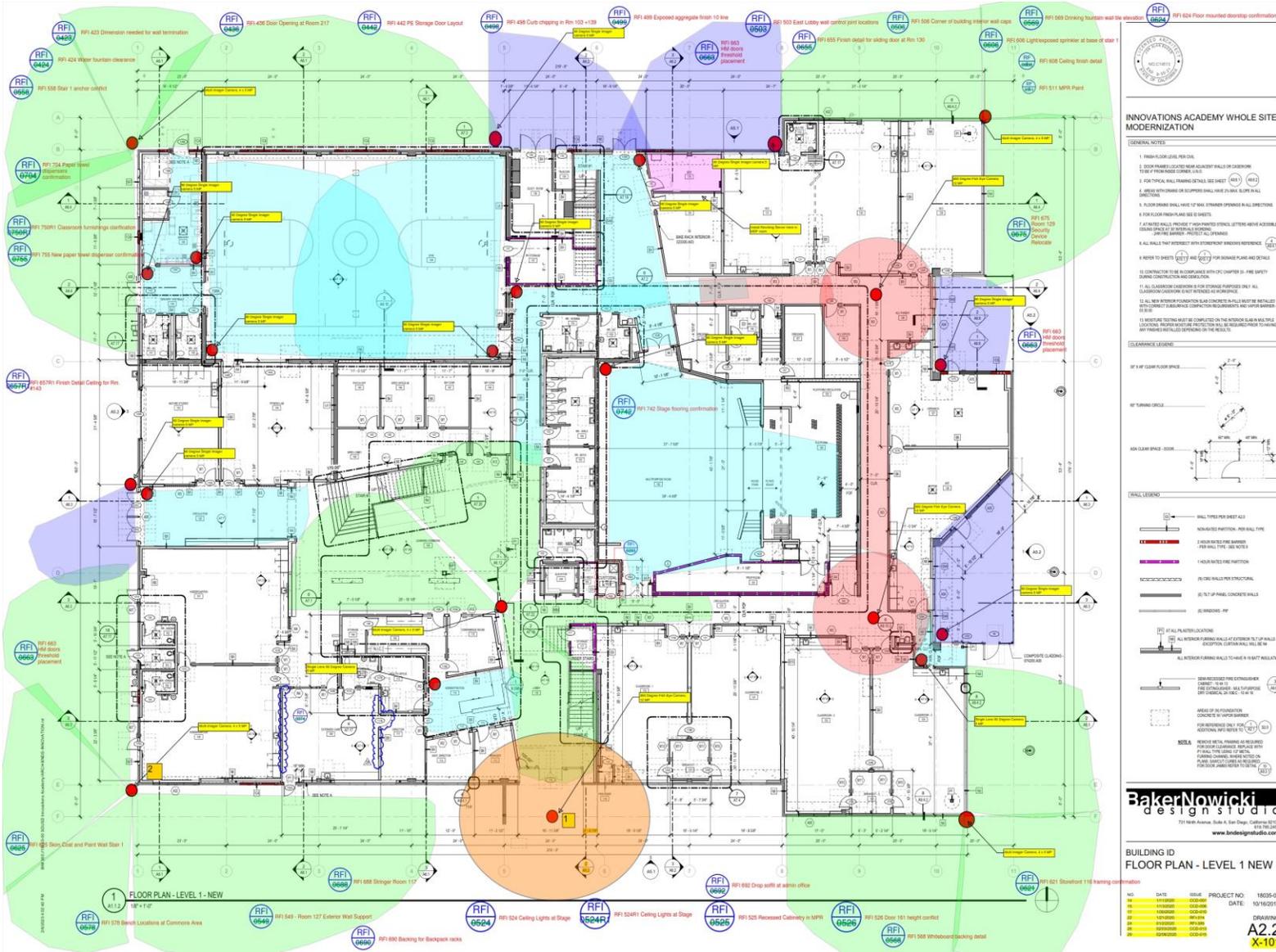
PDI with P.A.C.E. is also providing two (2) New Network switches to support the new camera installation. One (1) for the MDF room and One (1) to be located in the 2<sup>nd</sup> floor IDF room to support the camera connections. These two (2) switches can be connected via Cat6 Cables to create a single network.

### **Classroom Intercom System**

We have selected a platform that combines both value and flexibility for users, we are proposing to install a dedicated Aiphone IP intercom system. The system being proposed removes the opportunity to use the intercom handset stations for anything else but to call the office. The units will not have keypads or buttons to make any other calls. Other options such as hands-free operations make the unit more flexible than a typical phone extension for this use. The system will have a dedicated room station, approximately Thirty (30), (one in each class room), and two (2) master stations that can receive calls in the office area.

These stations will connect to the existing network cabling in the rooms and will need to ensure they are connecting to POE switches.

# Downstairs



Upstairs



## **Exclusions & Assumptions:**

These proposals are based on collaborations between PDI and P.A.C.E. with PDI the responsible company for the project. P.A.C.E. will be providing the specific hardware listed while PDI will provide Project Management and the needed cabling infrastructure for the connectivity of the cameras, servers, etc...

- PDI with PACE will provide electrical conduit installation for the two (2) play ground cameras where they will be remote from the building while PDI will install the cabling for the camera connection.
- Clients need to provide the needed power for the two (2) Camera Network Switches.
- Plenum cabling will be used and color coordinated to differentiate the security system from other installed systems at IA
- **OWNER TO PROVIDE:**
  - IA will provide dedicated computers to monitor the security camera system and any wall mounted displays

## **Deliverables**

*Each item from the Scope of Work above will be completed as documented, unless changes are requested by customer. Any change order requests will be evaluated for materials needed and whether additional cost will need to be added. Once the project work is completed, a full document package will be created and delivered. The package will include as-built wire and network documentation, system instructions, camera and hardware specifications and warranty information. The document package will be delivered in electronic format, both AutoCad and PDF versions will be provided. Innovations Academy will be able to utilize these documents when working with vendors on future projects who may need to interface with the security camera or communications networks.*

**PHASE 1 – COSTS FOR HARDWARE, SOFTWARE and LABOR**

<b>Qty</b>	<b>Manufacturer</b>	<b>Description</b>	<b>Unit Cost</b>	<b>Total Cost</b>
		Video Management System		
		QxStation 500 - 2U rackmount gateway with 88TB HDD - 45 Day		
1	Qumulex	Rention	\$7,668.38	\$ 7,668.38
		Single Qumulex Pro License - Includes 5 Years of SMA & 20GB Cloud Storage, Cam Programming		
22	Qumulex		\$201.09	\$ 4,424.06
		1 Client PC Viewing Station - 4 Monitor Outputs, (Client Provided)		
1	Client PC	27" LED IPS Monitor, (Client Provided), 1 Server, 2 Client Station	\$ -	\$ -
		Cable Management , Equipment		
3	Monitor		\$ -	\$ -
		Installation, Rack Mounts		
1	MISC		\$206.25	\$ 206.25
		Client training on Operations		
1	Qumulex	24 Port Network Switch, High Power / Long Range PoE, Surge Protection, Fiber Uplinks	\$ -	\$ -
		8 Port Network Switch, High Power / Long Range PoE, Surge Protection, Fiber Uplinks		
1	Dlink		\$1,286.31	\$ 1,286.31
		Fiber up link Between Switches, front offices and		
1	Dlink		\$617.77	\$ 617.77

		MDF room (client provided)		
1	Dlink/ Fiber		\$ -	\$ -
		VIVOTEKs FD9380-H is a H.265 Indoor/outdoor dome network camera		
15	Vivotek		\$250.25	\$ 3,753.75
5	Vivotek	Wall Mount Camera Bracket	\$48.62	\$ 243.10
		Fisheye Network Camera 12MP - Smart Analytics - Outdoor IP66		
1	Vivotek	Rated, Main Entry 20MP Multi Sensor x4 5MP, Outdoor	\$890.68	\$ 890.68
7	Vivotek	Smart Analytics	\$815.83	\$ 5,710.80
	Vivotek/	Conduit to Main Entry Fisheye		
1	Conduit	Camera, Install	\$206.25	\$ 206.25
Equipment @cost:				\$ 25,007.35
Labor @cost:				\$ 18,934.00
PM+Cable @cost:				\$ 9,180.00
PDI GP 10%				\$ 4,753.00
<b>TOTAL PHASE 1:</b>				<b>\$ 57,874.35</b>

**PHASE 2 - COSTS FOR HARDWARE, SOFTWARE and LABOR**

<b>Qty</b>	<b>Manufacturer</b>	<b>Description</b>	<b>Unit Cost</b>	<b>Total Cost</b>
		Video Management System		
		Single Qumulex Pro License - Includes 5 Years of SMA & 20GB Cloud Storage, Cam Programming		
8	Qumulex		\$201.09	\$1,608.75
		VIVOTEKs FD9380-H is a H.265		
4	Vivotek	Indoor/outdoor dome network camera	\$250.25	\$1,001.00
4	Vivotek	Wall Mount Camera Bracket	\$48.62	\$194.48
		20MP Multi Sensor x4 5MP, Outdoor IP66		
4	Vivotek	Rated	\$2,268.72	\$9,074.89
	Vivotek/			
8	Conduit	Conduit for Exterior Camera Installation	\$34.38	\$275.00
		Special Glass affixed Polyethylene		
		Mounting Pads to Glass 1/2" Black, Custom		
2	Custom	Wall Mount Bracket for Outdoor Fixed	\$48.13	\$96.25
4	Vivotek	Dome	\$48.90	\$195.58
4	Vivotek	Pendant Mount for Multi-Imager Cameras	\$70.28	\$281.11
<b>Equipment@cost:</b>				<b>\$ 12,727.06</b>
<b>Labor@cost:</b>				<b>\$ 8,026.00</b>
<b>PM + Materials@cost:</b>				<b>\$ 1,162.00</b>
<b>PDI GP@10%:</b>				<b>\$ 2,073.00</b>
<b>TOTAL PHASE 2:</b>				<b>\$ 23,988.87</b>

**PHASE 3 - COSTS FOR HARDWARE, SOFTWARE and LABOR**

Qty	Manufacturer	Description	Unit Cost	Total Cost
		Video Management System		
		Single Qumulex Pro License - Includes 5 Years of SMA & 20GB Cloud Storage, Cam		
2	Qumulex	Programming	\$201.09	\$402.19
		20MP Multi Sensor x4 5MP, Outdoor IP66		
2	Vivotek	Rated	\$2,268.72	\$4,537.45
		Wall Mount Bracket for Outdoor Fixed		
2	Vivotek	Dome	\$48.90	\$97.79
2	Vivotek	Pendant Mount for Fisheye Cameras Conduit/Junction Boxes/Cable Mgmt /Pole	\$70.28	\$140.55
2	Hardware	Extension for South Playground Camera	\$481.25	\$962.50
		Conduit/Junction Boxes/Cable Mgmt / for		
2	Hardware	North Playground Camera	\$550.00	\$1,100.00

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Equipment@cost:	\$ 7,240.48
Labor@cost:	\$ 15,568.00
PM + Materials@cost:	\$ 3,751.00
PDI GP @10%	\$ 2,656.00

<b>TOTAL PHASE 3:</b>			<b>\$ 29,215.48</b>
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**PHASE 4 - COSTS FOR HARDWARE, SOFTWARE and LABOR**

Qty	Manufacturer	Description	Unit Cost	Total Cost
<b>Intercom System</b>				
2	Aiphone	Master Station Handset	\$1,648.50	\$3,297.00
30	Aiphone	Sub Station Handset	\$479.19	\$14,375.63
30	Cable	Patch Cable 12'	\$6.88	\$206.25
30	MISC	Cable Management	\$4.13	\$123.75
1	Aiphone	System Programming of New Stations	\$ -	\$ -
1	Aiphone	Client training on Operations	\$ -	\$ -
New Stations will be connecting to client's existing Network and will need				
1	Network	POE	\$ -	\$ -
<b>Equipment@cost:</b>				<b>\$ 18,002.63</b>
<b>Labor@cost:</b>				<b>\$ 7,500.00</b>
<b>PM+Materials@cost:</b>				<b>\$ 1,341.00</b>
<b>PDI GP@10%</b>				<b>\$ 2,685.00</b>
<b>TOTAL PHASE 4:</b>				<b>\$ 29,528.63</b>

## **PRICING SUMMARY/Sales Agreement**

**PHASE 1 – Security camera network and monitoring for interior of the building and exterior monitoring at front entrance:**

*Based on system engineering for hardware, software, installation, training and ongoing support*

**Cost: \$ 57,874.35**

**PHASE 2 – Exterior camera system to monitor the property surrounding facility:**

*Based on system engineering for hardware, software, installation, training and ongoing support*

**Cost: \$ 23,988.87**

**PHASE 3 – Exterior cameras to provide coverage for the playground areas:**

*Based on system engineering for hardware, software, installation, training, and ongoing support*

**Cost: \$ 29,215.48**

**PHASE 4 – IP based inter-school communications/intercom network:**

*Based on system engineering for hardware, software, installation, training, and ongoing support*

**Cost: \$ 29,528.63**

**Prices do not include freight or sales tax on hardware, both will be invoiced separately at cost.**

**Payment Terms (Net 15)**

- 40% Invoiced for each approved PHASE upon execution of proposal.
- 40% Invoiced for each approved PHASE when work begins.
- 20% Invoiced for each approved PHASE when final as-built documentation is delivered and IA sign-off.



Pacific Design and Integration, Inc.

## Proposal Acceptance

\_\_\_\_\_  
**Signature of authorized Innovations Academy Representative**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
Print Name/Title

\_\_\_\_\_  
Bob Anderson-President/CEO  
Pacific Design & Integration, Inc.

\_\_\_\_\_  
Date

*Please sign above if the contents of this proposal and compensation terms are acceptable. Return signed copy to PDI (a scanned PDF copy via email is OK).  
A fully executed countersigned agreement will be returned to you upon receipt.*

We truly appreciate the opportunity to work with you! Thank you for choosing PDI.



## Quality Assurance Process

PDI strives to maintain the highest quality assurance through each project small or large. We do this with a series of processes designed to ensure we are providing you the highest quality.

**Design Phases** – We have implemented an internal process for both an Initial Design Review (IDR) and a Critical Design Review (CDR) for each of the PDI Design Phases, I & II. The process is to have an Engineering Manager or the Chief Technology Officer review the scope of work documents, timelines and block and flow diagrams for the Phase I deliverables before presenting to the client. This ensures that the design engineer assigned to your project has PDI’s entire engineering team as a resource for their disposal to provide the best deliverable possible.

**Installation Phase** - Each project is assigned a project engineer crew chief who selects and drives the crew to meet the project timelines. They also monitor and ensure that each installer adheres to PDI standards for mechanical installation, cable termination and dress. The crew chief monitors the progress of the project daily and addresses any installation or design issues with the assigned project or design engineer to be resolved quickly and efficiently. They also manage the documents that are used for cable installation for cut, run and termination. An additional project engineer is also assigned; which in some instances on smaller project may also be the design engineer, to work with the crew chief as the system nears completion and systems start to be initialized.

**Project Tracking** – Overall project tracking for all PDI phases are tracked weekly. All hours are tracked in each phase of design, installation and project management. These are compared against our estimates and used to improve our performance. Project wrap-up meetings are held at the end of a project to evaluate our performance and initiate plans and programs to improve the applicable areas.

**Customer Service Evaluations** -PDI currently uses a project sign-off form to indicate the customer’s agreement that each phase of the project has been completed to their satisfaction. PDI will work diligently to ensure the customer is completely satisfied with all deliverables and to solidify our partner relationship.

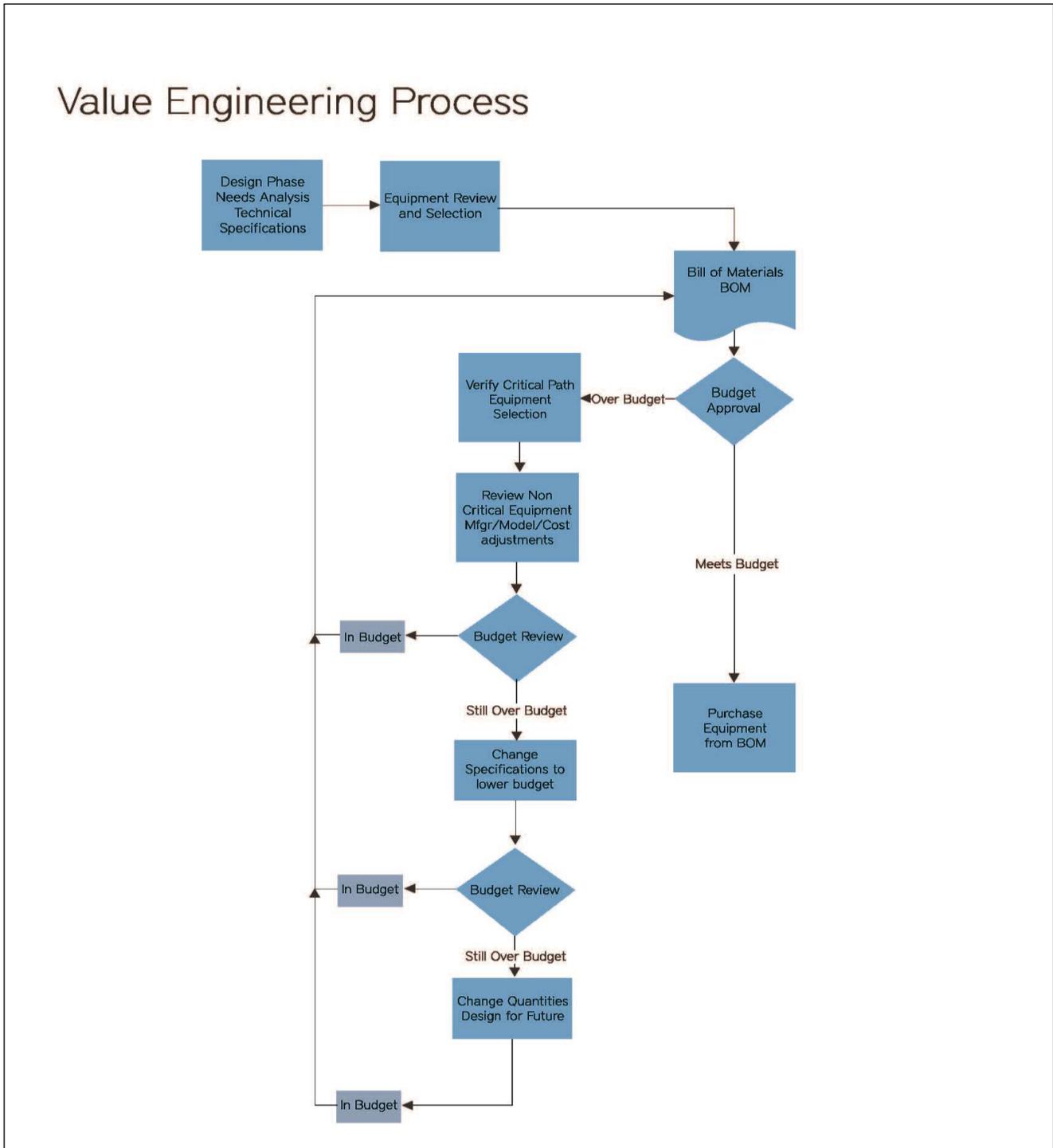


## Value Engineering Process

Pacific Design & Integration (PDI) is committed to providing the best value to the customer during the entire design/build process. As each system is unique in nature and most budgets are narrow, we find the following process to be very effective in providing the best Value to the customer:

1. As PDI works with customers during the design process to define technical and operational aspects of the system, specifications will be developed that support those requirements.
2. Once the specifications are developed, products are selected that meet those specifications. There are usually ranges of products that will meet the specified requirements. Other factors enter into the ultimate selection of each product: including manufacturer's reputation, history of the product in the market place, technology used by the product, product availability, etc. All these factors are used to determine the suitability of the product for this specific application. While budget is always a consideration, the lowest cost is not always the best value.
3. Once all the products have been selected as having the best value to the client, a Bill of Materials ("BOM") is created. If the total amount of the BOM exceeds the client's budget for equipment, then value engineering can take place.
4. PDI will review the equipment items in the critical path/s of the signal flow that most affect the ultimate destination of the signal (i.e. a production facility where the primary signal path is camera to switcher to videotape/server or perhaps directly to broadcast). This critical path is evaluated and verified that it should be highly protected and support the best value equipment items initially selected. Other equipment items may be eligible for a change in equipment selection.
5. PDI will review all other equipment items selected and determine if lower cost products that meet the original specification can be substituted. These recommendations will be made clear and in writing to the customer with the justification for selection and what benefits may be lost as a result of the new equipment. Since these equipment items will be in the non-critical path the loss of benefit will not be as critical to the overall system performance. An example would be, selecting lower cost confidence monitors where critical viewing is not necessary or affects the final image quality produced.
6. If the budget is still not met, a further review of non-critical path items should be evaluated in terms of specifications. If the specifications are reduced allowing lower cost solutions, then the loss of benefit must also be presented to the customer for approval. A subjective evaluation may need to be made to ensure the substituted item will perform adequately for the intended purpose.
7. If the budget still cannot be met by substitution of make/model or reduced specifications, then a reduction in overall capability may be in order. If future budgets are possible, then the design intent would be to specify the ultimate quantity of items desired and design to that number, but reduce the number of items purchase in the BOM to meet the budget requirement. At this point the system can be designed and built for the "plug and play" addition of the future equipment and have a minimum impact on the installation of the item when new budgets allow.

# Value Engineering Flow Chart



## Project Experience and References

### **Hope Chapel-Hermosa Beach**

Project Description-Complete upgrade of aging analog/SD multi-camera production system. Provided full design and installation services for new HD fiber based multi camera live production system. Project included building a new control room and installation of multiple projectors for IMAG and video support elements.

**Church Contact:**

Pastor Alan Kisaka  
PH-(310) 374-4673  
Email- alan@myhopechapel.net

**Technical Contact:**

Mark Jacobs  
PH-(310) 283-1748  
Email- mark.13@mac.com

### **Cox Media Services**

Project Description-Worked with technical management and staff to replace studio and field camera systems. Researched, developed, purchased and installed multiple edit workstations. Networked new edit system in to their existing Media Asset Management System

**Main Point of Contact:**

Tony Gross-Production Manager  
PH (858) 836-7539  
Email- Tony.Gross@coxmedia.com

### **St. Paul's Cathedral-San Diego**

Project Description-Worked with the church team to create their first ever live broadcast production system. Also, designed and installed new audio system within a very challenging acoustic environment. Project consisted of multiple HD ptz cameras, new control room and full upgrade of existing audio system.

**Church Contact:**

The Very Reverend Penelope Bridges  
PH- (619) 298-7261 x327  
Email- Bridgesp@stpaulcathedral.org

**Technical Contact:**

Todd Hurrell  
PH-(619) 288-6221  
Email- toddhurrell@yahoo.com

### **City of Lancaster-Lancaster, CA**

Project Description-Complete HD upgrade and replacement of existing City Council Chambers Broadcast System. New system consists of 5 ptz cameras with remote control for camera control and switching for live meeting coverage. Integrated and replaced playout server used to provide feeds to cable channel and live streaming.

**Main Point of Contact:**

Michael Sanderson  
PH: (661) 723-6163

Email-

[msanderson@cityoflancafterca.org](mailto:msanderson@cityoflancafterca.org)



## WARRANTY STATEMENT

The warranty of systems designed and installed by Pacific Design & Integration (PDI) fall into two included categories and two additional and chargeable categories as documented below:

1. System Installation Warranty (Always covered by PDI)
2. Equipment Warranty (Manufacturer covered-NOT covered by PDI)

### 1. System Installation Warranty:

The System Installation Warranty covers the INSTALLATION materials needed to connect the equipment within a system and is always **covered by PDI**.

PDI warrants all **system installation components and workmanship** to be free from defects for a minimum period of one (1) year\* from the date of customer final acceptance and sign-off. This warranty includes all system installation components such as:

Cable, connectors, nuts, bolts, screws, cable support bars, terminal blocks, ty-raps, strain relief, mounting brackets, input/output panels, custom software, or custom equipment manufactured where no commercial product was available or was unsuitable. It is important to note this warranty covers installation materials of the system and NOT the equipment within the system unless PDI has manufactured the individual component. PDI will warranty any custom designed / built equipment or interfaces created by PDI for a period of (1) year.

The equipment warranty is provided by the manufacturer of the equipment.

PDI will correct or replace any of the above installation components that fail during the one (1) year warranty period at **NO CHARGE** to the customer.

If PDI provides **system design** services to the customer, PDI also warrants that the components selected or recommended, and the system configuration, is operational and appropriate for the intended use as agreed upon by the customer and shown in the single line documentation and equipment lists provided with the system for the same period of one (1) year. PDI will work diligently to ensure the system design meets or exceeds the expectations of the customer. It is the customer's responsibility to fully understand the capabilities and limitations of the system BEFORE signing the final single line documentation.

PDI will correct any system design configuration that fails to perform as diagramed after the single lines have been approved. If the system will not function as depicted on the single line diagrams, PDI will provide the engineering services for the re-design and subsequent changes to documentation, and any other design element

affected by the change at **NO CHARGE** to the customer. The customer will be responsible for any equipment items needed to make the system functional.

Equally important to what is provided by the System Installation Warranty, is what is not covered. This is perhaps even more important to ensure the customer understands completely.

**\*Extended Warranty Coverage Available-Details provided upon request.**

**NOT COVERED under the PDI System Installation Warranty:**

- 1. Manufactured Equipment that fails to operate DURING the installation period.** If during the system installation, a piece of equipment fails to operate properly, PDI will coordinate with the manufacturer or vendor that provided the equipment to have it repaired or replaced as necessary. It will be the responsibility of the customer to provide the freight to/from the manufacturer as required by their warranty agreement. PDI will not be liable for missed deadlines or loss of business to the customer for equipment that does not function and is beyond the control of PDI.
- 2. Manufactured Equipment fails AFTER system sign-off.** If an equipment item fails after the system is operational and signed-off by the customer. The customer will be responsible for getting the equipment item repaired or replaced according to the manufacturer's warranty. PDI is not responsible for the removal or reinstallation of the item. If the customer is not technically capable of removal/reinstallation of the item, PDI will provide those services at the prevailing rates.
- 3. Legacy equipment** provided by the customer as part of a system installation that fails to operate will be the responsibility of the customer to have repaired and functioning to a level of specification in accordance with system in which it is placed. (i.e.; the unit meets broadcast or manufacturers specifications if designed to be used in a broadcast system)
- 4. System design modifications** that affect the operational capability of the system after it has been installed tested and signed off. If the customer changes the design or re-wires the system and is not in accordance with the single line documents provided, PDI will NOT warranty the portion of the system that was changed or it's affect on the remaining portions of the system. NOTE: a change in one area may affect another. If PDI must research and correct the problem which was a result of a customer design change after approval, the customer will be responsible for all charges at the PDI prevailing rates.
- 5. Software and computer configuration changes** performed by the customer after system sign-off will not be warranted by PDI. Computer-based equipment is very sensitive to configuration changes. When PDI completes an installation that includes software, ONLY those programs and configurations recommended or approved by the manufacturer or software provider should be placed on the computer. **If the customer adds, changes, updates, deletes or otherwise changes the software or configuration of the computer, PDI will not warrant the computer-based system operation.** It is highly recommended that ANY of the computer-based systems be operated in strict accordance with the manufacturer's recommendations. The customer will be responsible for all expenses to either return the system to its original configuration or find the solution that enables the change to be functional.

6. **System design by consultants** or others are NOT warranted by PDI unless a thorough engineering review has been completed. PDI will not knowingly embark on a system design or installation that is known to be flawed or which the operational performance is skeptical.
7. **Equipment modifications.** Modifications to equipment that are not approved by the manufacturer may not be warranted within a system. Generally, those will be limited to the specific item but may have a detrimental effect on other components of the system.
8. **Use of non-standard equipment, connectors, cables or adapters.** If a customer uses non-standard items within the system that is not part of the PDI installation process, and approved by PDI, these items and related systems will not be warranted by PDI. It will be the customer's responsibility to ensure the compatibility of such items for their intended use within the system.
9. **Ongoing training and support in the operation of the equipment and systems.** System training is included and provided once a system is installed and commissioned. It is the responsibility of the customer to ensure that the appropriate personnel are trained and that they understand the system and equipment's operation. While PDI may gratuitously, and without creating any obligation, provide occasional operational training and support during the first year, repetitive training on the same item or requests for training that are deemed by PDI to be excessive will incur a charge of \$150 per hour. Customer agrees to pay any such charges.

### **The Equipment Warranty:**

The Equipment warranty covers the manufactured equipment items that make up the system such as VTR's, Servers, Cameras, Switchers, Editors, Monitors, Distribution Amplifiers and other manufactured items. The warranties for these items are covered by the **MANUFACTURER** and may vary in length and level of coverage. Under our standard warranty, these equipment items are not covered by PDI since they are covered by the manufacturer. PDI may provide various levels of equipment warranty services for an additional charge.

### **TERMS and CONDITIONS:**

The following Terms and Conditions are part of the PDI Innovations Academy Security Camera and Comms Proposal dated December 8, 2023.

#### **TERMS OF ACCEPTANCE**

This document will remain Valid for a period of **Thirty (30)** days from the date of proposal. Acceptance following this period will be subject to review and pricing updates.

#### **DELIVERY**

To be established upon mutually acceptable dates.

## INSURANCE

Our General Liability insurance policy provides the following type of Additional Insured and related endorsements on a blanket basis:

- Additional Insured Status if required by written contract, for ongoing operations only
- Primary Insurance for Additional Insured's if required by written contract
- Waiver of Subrogation if required by written contract

If you require any Additional Insured endorsements in addition to the above, or other Insurance coverage's / endorsements, there will be additional charges to cover the cost.

If you require a Waiver of Subrogation endorsement on Workers Comp, an additional charge will apply. Depending on project size, this charge will be \$25, \$50, \$75, \$100, etc. We base the flat charge on the estimated premium our insurance company will charge us at final audit for providing this coverage to you.

## OWNER PROVIDED ITEMS:

**Additionally, the customer will be responsible for the following:**

- **Power**  
At our designated locations; regulated, clean 110 VAC power and an isolated ground.
- **Equipment Installation**  
Provision of space for mounting our electronic equipment. The space must have an operating environment suitable for the specified equipment.
- **Network Static IP address and Network connectivity**
  - o Provision of one (1) separate and assigned Static IP address for each piece of designated equipment that must reside upon the client network.
  - o Provision of and installation of one (1) Network 'Drop' cable for each piece of designated equipment that must reside upon the client network.
- **Lightning Protection**  
Although our equipment includes the original manufacturer's standard lightning and power protection, there is no guarantee provided against damage due to either of these sources. Additional protection is available and may be desirable.
- **Coordination with Other Trades**  
We will coordinate with other related trades, as required. Additional equipment or labor required to achieve any interface or integration, unless specified in our proposal, can be made available as an above contract item and will incur additional expenses for materials and labor.
- **De-Installation and Relocation of Equipment**  
Patching, painting and /or repair of holes exposed after the removal of existing equipment unless otherwise specified.



## **JUSTIFICATION FOR SECURITY CAMERA SYSTEMS IN SCHOOLS**

The following is information on the installation, acceptance, advantages and costs of installing security cameras on the IA campus.

### **1. San Diego Unified School District (SDUSD) has security cameras in common areas of their schools. This includes hallways, cafeterias, libraries, and other public areas.**

The SDUSD has a policy that outlines the use of security cameras in schools. The policy states that security cameras are used to deter crime, monitor student behavior, and investigate incidents. The policy also states that security cameras are not allowed to be installed in restrooms, locker rooms, or other areas where students have a reasonable expectation of privacy.

The SDUSD also requires schools to post signs informing students and parents that they are being monitored by security cameras.

The SDUSD has stated that security cameras are an important part of their overall safety plan. They believe that security cameras can help to keep students safe and create a positive learning environment. The District (SDUSD) has security cameras in common areas of their schools. This includes hallways, cafeterias, libraries, and other public areas

### **2. According to the National Center for Education Statistics, 91% of public schools in California have security cameras within the building. This percentage is higher than the national average of 86%.**

Security cameras can be an effective tool for deterring crime, monitoring student behavior, and investigating incidents. They can also provide evidence in the event of a lawsuit. However, some people have concerns about the privacy implications of security cameras in schools.

In California, schools are allowed to install security cameras in public areas of the school, such as hallways, cafeterias, and libraries. However, they are not allowed to install cameras in restrooms, locker rooms, or other areas where students have a reasonable expectation of privacy.

Schools must also post signs informing students and parents that they are being monitored by security cameras.

### **3. Insurance companies in California do provide special charter school discounts for security cameras in the building.** These discounts can range from 10% to 30%, depending on the insurance company and the type of security system installed.

Here are some examples of insurance companies in California that offer charter school discounts for security cameras:

- State Farm
- Farmers Insurance
- Progressive
- Geico
- Allstate

To qualify for a charter school discount, you will typically need to provide proof of enrollment in a charter school and proof of installation of a security system. You can usually contact your insurance company directly to learn more about their specific requirements.

It is important to note that not all insurance companies in California offer charter school discounts for security cameras. It is always best to contact the IA insurance company directly to inquire about their availability and eligibility requirements.

Security cameras can be a valuable asset for charter schools, as they can help to deter crime and protect students and staff. By taking advantage of an insurance discount, you can save money on your security costs and invest in other important areas of your school, such as academics and extracurricular activities.

**4. The [National Institute of Justice](#) recently confirmed the effectiveness of security cameras as a component of a school's security infrastructure.**

With the increased focus on school safety and the confirmed effectiveness of security cameras, it is easy to see why they are installed on campuses. The [Education Commission of the States](#) has summarized the requirements for K-12 security systems across the 50 states and Washington D.C. Most states require school boards to have a specific school security system plan in place, which may include the need for cameras.

**5. You do have to post a sign if the cameras are recording voice with mics. It is still a safe practice to still post signs even if the cameras are not recording through a mic to listen in.**

When it comes to parents requesting video footage, it will be under the school's policy. One thing you would want to consider is not sharing video recording with parents at a minimal because legal issue that might occur like having it posted on the social media pages, legal battles, insurance, etc. Your legal team should have more basis on this issue. The Gyms that we work with for cameras will not release a video recording to the customer at all. They will have to file a police report and insurance claims to even attempt to pull the recording. All recordings are the property of the school's discretion. Even if the police report and insurance claim is filed, the gym will still not release the recording to the customer because of ongoing internal investigation or legal scenarios that may occur. Hopefully this makes sense.

FERPA applies to all education records, including security footage with no audio. This means that schools must comply with the requirements of FERPA when handling security footage with no audio.

For example, schools must provide parents and eligible students with access to security footage with no audio upon request. Schools may also disclose security footage with no audio to other school officials with a legitimate educational interest in the footage or to certain government officials. However, schools may not disclose security footage with no audio to third parties without the consent of the parent or eligible student, except in certain limited circumstances, such as in response to a subpoena or court order.

It is important to note that FERPA only applies to public schools. Private schools are not subject to FERPA, but they may have their own policies on providing security footage to parents.

Here are some examples of how FERPA impacts security footage with no audio:

- A school may not release security footage of a student to the media without the consent of the student's parent or guardian.
- A school may not share security footage of a student with another school without the consent of the student's parent or guardian.

- A school may not use security footage to create a public profile of a student without the consent of the student's parent or guardian.
- **In most cases, schools will provide parents with access to security footage if they have a legitimate need for it. However, schools may redact or segregate the footage of other students to protect their privacy. Schools may also charge parents a fee to cover the cost of copying and redacting the footage.**

FERPA is an important law that protects the privacy of student education records. It is important for schools to be aware of their obligations under FERPA when handling security footage with no audio

## 6. Why Do Schools Need Security Cameras?

With violence rising on school properties across the world, schools [need security cameras](#) more than ever. Schools need to take whatever security measures and precautions they can to make sure school grounds are safe at all times. Unfortunately, locking doors and having a security staff on-site is just not enough in this day and age to [maintain great physical security](#). Security cameras and [video surveillance](#) help to regularly assure the safety and security of students, faculty and staff, and family members across the board.

If your school has not yet considered implementing security cameras on-site, now is the time to do so! We're here to help by walking you through these 6 reasons why schools need security cameras.

### 1. Deter crime

[Various studies](#) in recent years have shown that video surveillance can deter all sorts of crime. The simple presence of security cameras on your school premises can be enough to ward off harmful criminals, who can pose a real threat to students, staff, and families.

Security cameras can significantly deter crimes like theft, break-ins, vandalism, trespassing and intruders, and even bullying. Typically, if a person looking to commit a criminal act is aware that they are likely to get caught, they will avoid that location altogether.

### 2. Cost savings on security needs

Most people agree that security is a must-have on school premises. However, some schools have tight budgets and the cost of installing security cameras may seem overwhelming or impractical.

However, [compare the cost](#) of a high-quality video surveillance system to the cost of other security measures, such as hiring a full-fledged, 24-hour security staff. You will save money by installing those cameras! Compared to the past, a high-resolution video surveillance system is much more affordable in this day and age. Plus, you'll likely save tons of money by avoiding security breaches and other incidents down the road.

### 3. Oversee school premises

It's important for schools to have a staff that oversees the premises, as needed. You will want the option to monitor students, staff, and visitors, to assure activity is normal and safe to everyone who is on site.

For instance, schools need to make sure every visitor is authorized before entering the building. Security cameras add an extra layer to visitor security, to make sure there are no harmful intruders who are putting students and teachers at risk.

You also want to make sure your school is not exceeding maximum capacity, student activity and behavior is normal, and students and teachers are in areas they belong.

#### **4. Provide evidence during incidents**

In the case of an incident that occurs on the school premises, you will want video surveillance to provide evidence of what actually happened. For instance, there may be an incident between two students, such as a fight or a bullying incident. There may also be a complaint about a teacher's conduct. Or there may be a crime that takes place by a trespasser. No matter the incident, by using security cameras, you can rest assured that you will have the evidence you need to sort out the incident with police and other local authorities.

#### **5. Enforce school rules and procedures**

It can be hard for faculty and staff to enforce school policies and procedures without accountability. As students get older and more rule-resistant, it can be especially difficult to make sure the school body is behaving appropriately. Perhaps this is why [over 90%](#) of American high schools use security cameras! Video surveillance can help to make sure students and faculty are abiding by important school rules. For instance, security cameras can:

- Ensure important safety protocols are being met by all
- Help to maintain a drug-free school environment
- Dissuade bullying and other forms of student violence
- Assure safe and appropriate teacher-to-student interactions
- Deter rule violations, such as cell phone usage or aggressive behavior

#### **6. Reduce stress**

Lastly, security cameras can help ease the stress of faculty, staff, students, and families. By simply having security cameras on the school premises, people can rest assured that their children or family members are entering the safest and most secure school environment possible. Students and teachers will feel safer and more confident coming to school every day. Faculty can make sure they are fostering a great school environment with the right precautions in place. This way, they can assure that they have a plan in place for any security issues that may occur.

**Innovations Academy  
Board Narrative  
December 11, 2023**

**Approval of 2023-24 1<sup>st</sup> Interim Revised Budget**

The last budget approved by the Board occurred in June 2023. With all the latest updates, the Revised Budget calls for the board to approve a more current budget.

The attached labeled “2023-24 1st Interim Budget Revision - Innovations” shows a summary and detail of how the budget was changed. The column labeled “2023-24 Preliminary Budget”, is the budget that was originally approved by the Board; and the column labeled “2023-24 Revised Budget” is the new proposed budget.

On the first page (the summary) please note the SURPLUS\ (DEFICIT) row is going from a net positive of ~\$3K to a deficit of ~\$551K. This would change the projected ending fund balance from ~\$4M to ~\$3.5M. The following pages are the details of the summary. Primary reasons for the budget adjustments are: 1) the school is expecting a decrease from the original budgeted ADA of 27 – this accounts for the ~\$342K loss in revenue 2) Additional aides are required for the needs of the school – this accounts for an addition ~\$100K in expenses 3) Additional cost/needs in utilities, building maintenance, and educational consultants – this accounts for an additional ~\$114K in expenses.

**Approval of 1<sup>st</sup> Interim Report**

The 1<sup>st</sup> interim is a report sent to the district to show them your latest budget as well as what your actual data is from the period of July 2023 to October 2023. Please see the attached labeled “FY2022-23 First Interim Report – Innovations (DISTRICT TEMPLATE)”. The other attachment labeled “2023-24 1st Interim Budget Revision - Innovations” (same document as the budgeted above), summarizes everything on the DISTRICT TEMPLATE in a more reader friendly format.

See the first page (the summary) on the “2023-24 1st Interim Budget Revision - Innovations” attachment. The column labeled “Oct 31, 2023, Actuals (1st Interim)” is the actual as of that period and is also on the district template. The school as of Oct 2023 was running at a deficit of ~\$429K.

# Innovations Academy



	NAME	Oct 31, 2023, Actuals (1st Interim)	Actuals as to Budget Revision %	2023-24 Preliminary Budget	2023-24 Revised Budget	Variance
	TOTAL ENROLLMENT			466	437	(29)
	AVERAGE DAILY ATTENDANCE			439	412	(27.3)
REVENUE	State LCFF Revenue	\$ 1,289,559	29%	\$ 4,867,369	\$ 4,522,809	\$ (344,560)
	Federal Revenue	\$ 19,689	9%	\$ 200,380	\$ 220,069	\$ 19,689
	Other State Revenue	\$ 193,009	17%	\$ 1,150,776	\$ 1,128,413	\$ (22,363)
	Local Revenue	\$ 56,595	42%	\$ 128,014	\$ 133,556	\$ 5,542
	<b>TOTAL REVENUE</b>	<b>\$ 1,558,852</b>	<b>26%</b>	<b>\$ 6,346,540</b>	<b>\$ 6,004,847</b>	<b>\$ (341,693)</b>
	EXPENSES	Certificated Salaries	\$ 788,879	29%	\$ 2,755,748	\$ 2,693,620
Classified Salaries		\$ 300,733	33%	\$ 706,964	\$ 915,715	\$ 208,751
Benefits		\$ 311,938	34%	\$ 959,584	\$ 911,019	\$ (48,564)
<i>TOTAL PERSONNEL EXPENSES</i>		<i>\$ 1,401,550</i>	<i>31%</i>	<i>\$ 4,422,295</i>	<i>\$ 4,520,355</i>	<i>\$ 98,060</i>
Books and Supplies		\$ 157,829	38%	\$ 416,073	\$ 416,073	\$ 0
Services and Other Operating Expenses		\$ 428,346	28%	\$ 1,415,496	\$ 1,529,031	\$ 113,535
Capital Outlay		\$ -	0%	\$ 90,000	\$ 90,000	\$ -
Other Outgoing		\$ -	0%	\$ -	\$ -	\$ -
<i>TOTAL OTHER EXPENSES</i>		<i>\$ 586,175</i>	<i>29%</i>	<i>\$ 1,921,569</i>	<i>\$ 2,035,104</i>	<i>\$ 113,535</i>
<b>TOTAL EXPENSES</b>		<b>\$ 1,987,725</b>	<b>30%</b>	<b>\$ 6,343,864</b>	<b>\$ 6,555,459</b>	<b>\$ 211,595</b>
FUND BALANCE	SURPLUS\ (DEFICIT)	\$ (428,874)		\$ 2,675	\$ (550,612)	\$ (553,288)
	% of LCFF Revenue	-33.3%		0.1%	-12.2%	
	BEGINNING FUND BALANCE	\$ 4,012,243		\$ 4,012,243	\$ 4,012,243	
	<b>ENDING BALANCE</b>	<b>\$ 3,583,369</b>		<b>\$ 4,014,918</b>	<b>\$ 3,461,630</b>	
	% of Expenses	180%		63%	53%	0.0%

# REVENUE INPUT

ACCT	ACCOUNT NAME	2023-24 Preliminary Budget	2023-24 Revised Budget	VARIANCE
<b>LCFF</b>				
8011	LCFF; state aid	1,690,515	1,037,421	(653,094)
8012	LCFF; EPA	87,868	82,410	(5,458)
8096	In-Lieu of Property Taxes	3,088,986	3,422,158	333,172
8019	Prior Year Income/Adjustments	-	(19,180)	(19,180)
<i>TOTAL LCFF REVENUE</i>		\$ 4,867,369	\$ 4,522,809	\$ (344,560)
<b>FEDERAL</b>				
8181	Special Education - Federal	58,250	58,250	-
8220	Federal Child Nutrition	40,000	40,000	-
8290	All Other Federal Revenue	-	5,317	5,317
8299	Prior Year Federal Revenue	-	14,372	14,372
8290-3214	ESSER III (20% Evidence Based Learning)	51,306	51,306	-
8291	Title I	33,392	33,392	-
8292	Title II	7,432	7,432	-
8293	Title III	-	-	-
8294	Title IV	10,000	10,000	-
<i>TOTAL FEDERAL REVENUE</i>		\$ 200,380	\$ 220,069	\$ 19,689
<b>OTHER STATE</b>				
8520	State Child Nutrition Program	20,000	20,000	-
8550	MANDATE BLOCK GRANT K-8	8,733	8,733	0
8560-12	RESTRICTED LOTTERY	29,436	27,607	(1,828)
8560-22	LOTTERY	74,688	70,049	(4,639)
8590-6546	Mental Health	21,967	21,967	-
8590-6266	Educator Effectiveness	40,000	40,000	-
8590-7425	ELOG	15,302	15,302	-
8590-2600	ELOP	198,967	198,967	-
8590-6762	Arts and Music Grant	151,692	151,692	-
8590-7435	Learning Recovery Grant	217,997	217,997	-
8599	Prior Year State Income/Adjustments	-	7,320	7,320
8792	SPED State/Other Transfers of Apportionments	371,995	348,779	(23,215)
<i>TOTAL OTHER STATE REVENUE</i>		\$ 1,150,776	\$ 1,128,413	\$ (22,363)
<b>LOCAL</b>				
8639	Student Lunch Revenue	-	-	-
8650	Rental Income	-	-	-
8660	Interest Income	28,014	28,014	-
8682	Foundation Grants/Donations	-	-	-
8685	School Site Fundraising	100,000	100,000	-
8698	E-rate Revenue	-	-	-
8699	All Other Local Revenue	-	5,542	5,542
<i>TOTAL LOCAL REVENUE</i>		\$ 128,014	\$ 133,556	\$ 5,542
<i>TOTAL REVENUE</i>		\$ 6,346,540	\$ 6,004,847	\$ (341,693)

# EXPENSES INPUT

ACCT	ACCOUNT NAME	2023-24 Preliminary Budget	2023-24 Revised Budget	VARIANCE
<b>1000 - CERTIFICATED</b>				
1100	Teacher Salaries	2,121,322	2,243,460	122,139
1105	Teach Stipends	-	-	-
1120	Substitute Expense	-	12,000	12,000
1200	Certificated Pupil Support Salaries	267,163	56,160	(211,003)
1300	Certificated Supervisor and Administrator Salaries	367,263	235,000	(132,263)
1900	Other Certificated Salaries	-	147,000	147,000
Totals		\$ 2,755,748	\$ 2,693,620	\$ (62,127)
<b>2000 - CLASSIFIED</b>				
2100	Instructional Aide Salaries	284,224	580,795	296,571
2200	Classified Support Salaries (Maintenance, Food)	201,940	111,715	(90,225)
2300	Classified Supervisor and Administrator Salaries	-	-	-
2400	Clerical, Technical and Office Staff Salaries	220,800	223,205	2,405
2900	Other Classified Salaries	-	-	-
Totals		\$ 706,964	\$ 915,715	\$ 208,751
<b>3000 - BENEFITS</b>				
3101	State Teachers' Retirement System, certificated positions	510,113	449,356	(60,757)
3102	Employer STRS Classified	-	6,000	6,000
3301	OASDI/Medicare Certificated, Unrestricted	49,102	43,506	(5,595)
3302	OASDI/Medicare Classified	50,209	52,335	2,126
3401	Health & Welfare Benefits, Certificated	-	256,867	256,867
3402	Health & Welfare Benefits Classified	283,208	30,000	(253,208)
3501	State Unemployment Insurance Certificated	-	27,560	27,560
3502	State Unemployment Insurance Classified	24,360	1,000	(23,360)
3601	Worker Compensation Insurance	42,591	41,395	(1,197)
3602	Worker Compensation Insurance	-	3,000	3,000
3703	Other Post Employment Benefits	-	-	-
3903	Other Employee Benefits	-	-	-
Totals		\$ 959,584	\$ 911,019	\$ (48,564)
TOTAL PERSONEL EXPENSE		\$ 4,422,295	\$ 4,520,355	\$ 98,060
<b>4000 - BOOKS AND SUPPLIES</b>				
4100	Approved Textbooks and Core Curricula Materials	30,000	30,000	0
4200	Books and Other Reference Materials	8,195	8,195	-
4300	Materials and Supplies	32,000	32,000	-
4309	Sales and Use Tax Expenses	500	500	-
4315	Classroom Materials and Supplies	40,000	40,000	-
4342	Materials for School Sponsored Athletics	865	865	-
4381	Plant/Facilities Maintenance	17,956	17,956	-
4400	Noncapitalized Equipment	30,000	30,000	-
4407	Student Educational Software	15,000	15,000	-
4410	Software & Software Licensing	87,746	87,746	-
4430	Noncapitalized Student Equipment	23,811	23,811	-
4700	Food and Food Supplies	130,000	130,000	-
4701	Non School District Food	-	-	-
TOTAL BOOKS AND SUPPLIES		\$ 416,073	\$ 416,073	\$ 0
<b>5000 - SERVICES AND OTHER OPEX</b>				
5100	Subservices and Subagreements	198,967	198,967	-
5200	Travel and Conferences	7,091	7,091	-
5210	Training and Development Expense	35,000	35,000	-
5300	Dues and Memberships	7,535	9,469	1,934
5400	Insurance	85,000	85,000	-
5500	Operation and Housekeeping Services	85,000	85,000	-
5501	Utilities	180,000	230,000	50,000
5600	Space Rental/Leases Expense	120	120	-
5601	Building Maintenance	20,000	50,000	30,000
5602	Other Space Rental	1,500	1,500	-
5605	Equipment Rental/Lease Expense	22,000	22,000	-
5610	Equipment Repair	4,000	4,000	-
5800	Professional/Consulting Services and Operating Expenditures	45,000	45,000	-
5803	Banking and Payroll Service Fees	18,000	18,000	-
5805	Legal Services and Audit	38,735	50,000	11,265
5806	Audit Services	10,500	10,500	-
5807	Legal Settlements	12,000	12,000	-
5809	Employee Tuition Reimbursement	389	725	336
5810	Educational Consultants	230,000	250,000	20,000
5811	Student Transportation and Field Trips	5,000	5,000	-
5812	Other Student Activities	580	580	-
5815	Advertising/Recruiting	2,000	2,000	-
5820	Fundraising Expense	6,000	6,000	-
5830	Field Trips	140,000	140,000	-
5836	Transportation Services	-	-	-
5842	Services Student Athletics	-	-	-
5850	Scholarships Awarded	-	-	-
5873	Financial Services	65,000	65,000	-
5874	Personnel Services	1,000	1,000	-
5875	District Oversight Fee	146,021	146,021	-
5877	IT Services	20,000	20,000	-
5890	Interest Expenses/Fees	1,058	1,058	-
5900	Communications (Tele., Internet, Copies, Postage, Messenger)	28,000	28,000	-
5998	Unallocated Credit Card Expense	-	-	-
TOTAL SERVICES AND OTHER OPEX		\$ 1,415,496	\$ 1,529,031	\$ 113,535
<b>6000 - CAPITAL OUTLAY</b>				
6900	Depreciation Expense	90,000	90,000	-
TOTAL DEPRECIATION		\$ 90,000	\$ 90,000	\$ -
<b>7000 - OTHER OUTGOING</b>				
7438	Debt Service Interest	-	-	-
TOTAL OTHER OUTGOING		\$ -	\$ -	\$ -
TOTAL EXPENSES		\$ 6,343,864	\$ 6,555,459	\$ 211,595

**Charter School First Interim Report**

FY 2023-2024  
For the Period July 1, 2023 through October 31, 2023  
Accrual Basis

Financial Accounting Department  
Charter Schools Accounting Office  
Authorizing Agency Contact: Theresa Goody (tgoody@sandi.net)  
Authorizing Agency Contact: Nadine Creer (ncreer@sandi.net)

Charter School Name: **Innovations Academy**  
CDS #: **37-68338-0118083**  
Charter Approving Entity: **San Diego Unified School District**  
County: **San Diego**  
SBE Charter #: **1024**

Has board approved a revised budget? (check box below)  
 No.  
 Yes. (Enter board approved revision date below)  
Revised Date: **12/12/2023**

Description	Object Code	A	B	C	D	(A + C) E	(B + D) F	(E + H) G	(G - E) H
		Unrestricted Budget	Unrestricted Actuals through 10/31/23	Restricted Budget	Restricted Actuals through 10/31/23	Total Budget	Total Actuals through 10/31/23	Projected EFB/NP (Higher of Budget or Actual)	Amount over Budget
<b>A. REVENUES (8000-8799)</b>									
1. Local Control Funding Formula (LCFF) Sources - (8011-8097)									
LCFF State Aid - Current Year (CY) (Res 0000)	8011	1,037,421	326,300			1,037,421	326,300	1,037,421	-
Education Protection Account State Aid (EPA) - CY (Res 1400)	8012	82,410	22,020			82,410	22,020	82,410	-
State Aid - Prior Years (LCFF State Aid and EPA) (Res 0000 and Res 1400)	8019	(19,180)	(9,718)			(19,180)	(9,718)	(9,718)	9,462
Transfers to Charter Schools In Lieu of Property Taxes - CY & PY (Res 0000)	8096	3,422,158	950,957			3,422,158	950,957	3,422,158	-
Other LCFF Transfers	8091, 8097					-	-	-	-
<b>Total, LCFF Sources</b>		<b>4,522,809</b>	<b>1,289,559</b>	<b>-</b>	<b>-</b>	<b>4,522,809</b>	<b>1,289,559</b>	<b>4,532,271</b>	<b>9,462</b>
2. Federal Revenues (8100-8299)									
ESEA (ESSA), Title I, Part A, Basic Grants Low-Income and Neglected (Res 3010)	8290			33,392		33,392	-	33,392	-
ESEA (ESSA): Title II, Part A, Improving Teacher Quality Program (Res 4035)	8290			7,432		7,432	-	7,432	-
ESEA (ESSA): Title III, Limited English Proficient Student Program (Res 4203)	8290					-	-	-	-
ESEA (ESSA): Title III, Immigrant Education Program (Res 4201)	8290					-	-	-	-
ESEA (ESSA): Title IV, 21st Century Learning Communities (Res 4124)	8290					-	-	-	-
ESEA (ESSA): Title IV, Part A, Student Support and Academic Enrichment Grants (Res 4127)	8290			10,000		10,000	-	10,000	-
ESSA: Title V, Part B, Public Charter Schools Grant Program (Res 4610)	8290					-	-	-	-
Fed SpEd, IDEA Basic Local Assistance Entitlement, Part B, Sec 611 (Res 3310)	8181			58,250		58,250	-	58,250	-
Fed Sp Ed, IDEA Mental Health Allocation Plan, Part B, Sec 611 (Res 3327)	8182					-	-	-	-
Child Nutrition - Federal (NSLP) (Res 5310 and others)	8220			40,000		40,000	-	40,000	-
Maintenance and Operations (Public Law 81-874) (Res 0000)	8110					-	-	-	-
Other Federal Revenues (All other resources not reported separately)	8100-8299		14,372	70,995	5,317	70,995	19,689	70,995	-
<b>Total - Federal Revenues</b>		<b>-</b>	<b>14,372</b>	<b>220,069</b>	<b>5,317</b>	<b>220,069</b>	<b>19,689</b>	<b>220,069</b>	<b>-</b>
3. Other State Revenues (8300-8599)									
State Special Education (Res 6500)	8792			348,779	125,877	348,779	125,877	348,779	-
State Special Education Mental Health Services (Res 6512)	8590			21,967		21,967	-	21,967	-
Mandate Block Grant (Res 0000)	8550	8,733				8,733	-	8,733	-
After School Education and Safety (ASES) (Res 6010)	8677, 8590					-	-	-	-
Common Core Standards Implementation (Res 7405)	8590					-	-	-	-
Charter School Facility Grant Program (SB 740) (Res 6030)	8590					-	-	-	-
COVID-19 LEA Response Funds (SB 117) (Res 7388)	8590					-	-	-	-
Lottery, Unrestricted (Res 1100)	8560	70,049	6,098			70,049	6,098	70,049	-
Lottery, Restricted - Prop 20 (Res 6300)	8560			27,607	6,949	27,607	6,949	27,607	-
Proposition 39 - California Clean Energy Jobs Act (Res 6230)	8590					-	-	-	-
Other State Revenues (All other resources not reported separately)	8300-8599			651,278	54,085	651,278	54,085	651,278	-
<b>Total - Other State Revenues</b>		<b>78,782</b>	<b>6,098</b>	<b>1,049,631</b>	<b>186,911</b>	<b>1,128,413</b>	<b>193,009</b>	<b>1,128,413</b>	<b>-</b>
4. Local Revenue (8600-8799)									
All Local Revenues	8600-8799	133,556	56,595			133,556	56,595	133,556	-
<b>Total - Local Revenues</b>		<b>133,556</b>	<b>56,595</b>	<b>-</b>	<b>-</b>	<b>133,556</b>	<b>56,595</b>	<b>133,556</b>	<b>-</b>
<b>5. TOTAL REVENUES</b>		<b>4,735,147</b>	<b>1,366,624</b>	<b>1,269,700</b>	<b>192,228</b>	<b>6,004,847</b>	<b>1,558,852</b>	<b>6,014,309</b>	<b>9,462</b>
<b>B. EXPENDITURES AND OTHER OUTGO (1000-7499)</b>									
1. Certificated Salaries									
Teachers' Salaries	1100	2,105,460	626,426	150,000	49,037	2,255,460	675,463	2,255,460	-
Pupil Support Salaries	1200	56,160	19,333			56,160	19,333	56,160	-
Supervisors' and Administrators' Salaries	1300	230,000	79,333	5,000	1,250	235,000	80,583	235,000	-
Other Certificated Salaries	1900	47,000	13,500	100,000		147,000	13,500	147,000	-
<b>Total, Certificated Salaries</b>		<b>2,438,620</b>	<b>738,592</b>	<b>255,000</b>	<b>50,287</b>	<b>2,693,620</b>	<b>788,879</b>	<b>2,693,620</b>	<b>-</b>

**Charter School First Interim Report**

FY 2023-2024  
For the Period July 1, 2023 through October 31, 2023  
Accrual Basis

Financial Accounting Department  
Charter Schools Accounting Office  
Authorizing Agency Contact: Theresa Goody (tgoody@sandi.net)  
Authorizing Agency Contact: Nadine Creer (ncreer@sandi.net)

Charter School Name: **Innovations Academy**  
CDS #: **37-68338-0118083**  
Charter Approving Entity: **San Diego Unified School District**  
County: **San Diego**  
SBE Charter #: **1024**

Has board approved a revised budget? (check box below)  
 No.  
 Yes. (Enter board approved revision date below)  
Revised Date: **12/12/2023**

Description	Object Code	A	B	C	D	(A + C) E	(B + D) F	(E + H) G	(G - E) H
		Unrestricted Budget	Unrestricted Actuals through 10/31/23	Restricted Budget	Restricted Actuals through 10/31/23	Total Budget	Total Actuals through 10/31/23	Projected EFB/NP (Higher of Budget or Actual)	Amount over Budget
<b>2. Classified Salaries</b>									
Instructional Salaries	2100	480,795	118,179	100,000	16,481	580,795	134,660	580,795	-
Support Salaries	2200	111,715	74,515	-	-	111,715	74,515	111,715	-
Supervisors' and Administrators' Salaries	2300	-	-	-	-	-	-	-	-
Clerical and Office Salaries	2400	158,205	71,142	65,000	20,417	223,205	91,558	223,205	-
Other Classified Salaries	2900	-	-	-	-	-	-	-	-
<b>Total, Classified Salaries</b>		<b>750,715</b>	<b>263,836</b>	<b>165,000</b>	<b>36,897</b>	<b>915,715</b>	<b>300,733</b>	<b>915,715</b>	<b>-</b>
<b>3. Employee Benefits</b>									
STRS	3101-3102	395,356	130,594	60,000	12,911	455,356	143,505	455,356	-
PERS	3201-3202	-	-	-	-	-	-	-	-
OASDI/Medicare (Social Security)	3301-3302	85,841	29,685	10,000	1,786	95,841	31,471	95,841	-
Health and Welfare Benefits	3401-3402	241,867	118,161	45,000	9,294	286,867	127,455	286,867	-
Unemployment Insurance	3501-3502	27,560	2,314	1,000	96	28,560	2,410	28,560	-
Workers' Compensation Insurance	3601-3602	40,395	6,374	4,000	722	44,395	7,096	44,395	-
OPEB, Allocated	3701-3702	-	-	-	-	-	-	-	-
OPEB, Active Employees	3751-3752	-	-	-	-	-	-	-	-
Other Employee Benefits	3901-3902	-	-	-	-	-	-	-	-
<b>Total, Employee Benefits</b>		<b>791,019</b>	<b>287,128</b>	<b>120,000</b>	<b>24,810</b>	<b>911,019</b>	<b>311,938</b>	<b>911,019</b>	<b>-</b>
<b>4. Books and Supplies</b>									
Approved Textbooks and Core Curricula Materials	4100	15,000	11,295	15,000	5,889	30,000	17,185	30,000	-
Books and Other Reference Materials	4200	3,195	25	5,000	3,753	8,195	3,779	8,195	-
Materials and Supplies	4300	71,321	28,358	20,000	5,645	91,321	34,003	91,321	-
Non-capitalized Equipment	4400	81,557	56,601	75,000	30,965	156,557	87,566	156,557	-
Food (Food used in food-service activities for which the purpose is nutrition)	4700	-	-	130,000	15,296	130,000	15,296	130,000	-
<b>Total, Books and Supplies</b>		<b>171,073</b>	<b>96,280</b>	<b>245,000</b>	<b>61,549</b>	<b>416,073</b>	<b>157,829</b>	<b>416,073</b>	<b>-</b>
<b>5. Services and Other Operating Expenditures</b>									
Subagreements for Services	5100	-	-	198,967	-	198,967	-	198,967	-
Travel and Conferences	5200	2,092	573	40,000	17,274	42,092	17,847	42,092	-
Dues and Memberships	5300	9,469	9,469	-	-	9,469	9,469	9,469	-
Insurance	5400	85,000	21,907	-	-	85,000	21,907	85,000	-
Operations and Housekeeping Services	5500	315,000	122,516	-	-	315,000	122,516	315,000	-
Rentals,Leases,Repairs,and Noncapitalized Improvements	5600	67,620	29,759	10,000	1,939	77,620	31,698	77,620	-
Transfer of Direct Costs ( <b>MUST net to zero</b> )	5700	-	-	-	-	-	-	-	-
Prof/Consulting Svcs and Operating Expend ( <b>Include District Oversight</b> )	5800	272,884	125,037	500,000	91,025	772,884	216,062	772,884	-
Communications	5900	24,000	8,808	4,000	39	28,000	8,848	28,000	-
<b>Total, Services and Other Operating Expenditures</b>		<b>776,065</b>	<b>318,069</b>	<b>752,967</b>	<b>110,277</b>	<b>1,529,032</b>	<b>428,346</b>	<b>1,529,032</b>	<b>-</b>
<b>6. Capital Outlay</b>									
Depreciation Expense (See Sections G.9 & F.2.a)	6900	90,000	-	-	-	90,000	-	90,000	-
<b>Total, Capital Outlay</b>		<b>90,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,000</b>	<b>-</b>	<b>90,000</b>	<b>-</b>
<b>7. Other Outgo</b>									
Tuition to Other Schools ( <i>Include contribution to unfunded cost of Sp Ed.</i> )	7110-7143	-	-	-	-	-	-	-	-
Transfers of Pass-Through Revenues to Other LEAs	7211-7213	-	-	-	-	-	-	-	-
Transfers of Apportionments to Other LEAs - Spec Ed and All Others	7221-7223	-	-	-	-	-	-	-	-
All Other Transfers	7280-7299	-	-	-	-	-	-	-	-
Transfers of Indirect Costs ( <b>MUST net to zero</b> )	7300-7399	-	-	-	-	-	-	-	-
Debt Service - Interest	7430-7439	-	-	-	-	-	-	-	-
Debt Service - Principal (FOR MODIFIED ACCRUAL BASIS ONLY)	7439	-	-	-	-	-	-	-	-
<b>Total, Other Outgo</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8. TOTAL EXPENDITURES</b>		<b>5,017,492</b>	<b>1,703,905</b>	<b>1,537,967</b>	<b>283,821</b>	<b>6,555,459</b>	<b>1,987,725</b>	<b>6,555,459</b>	<b>-</b>
<b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPEND. BEFORE OTHER FINANCING SOURCES AND USES (A5-B8)</b>		<b>(282,345)</b>	<b>(337,281)</b>	<b>(268,267)</b>	<b>(91,593)</b>	<b>(550,612)</b>	<b>(428,874)</b>	<b>(541,150)</b>	<b>-</b>

**Charter School First Interim Report**

Charter School Name: Innovations Academy  
 CDS #: 37-68338-0118083  
 Charter Approving Entity: San Diego Unified School District  
 County: San Diego  
 SBE Charter #: 1024

FY 2023-2024  
 For the Period July 1, 2023 through October 31, 2023  
 Accrual Basis

Financial Accounting Department  
 Charter Schools Accounting Office  
 Authorizing Agency Contact: Theresa Goody (tgoody@sandi.net)  
 Authorizing Agency Contact: Nadine Creer (ncreer@sandi.net)

Has board approved a revised budget? (check box below)

- No.  
 Yes. (Enter board approved revision date below)

Revised Date: 12/12/2023

Description	Object Code	A	B	C	D	(A + C) E	(B + D) F	(E + H) G	(G - E) H
		Unrestricted Budget	Unrestricted Actuals through 10/31/23	Restricted Budget	Restricted Actuals through 10/31/23	Total Budget	Total Actuals through 10/31/23	Projected EFB/NP (Higher of Budget or Actual)	Amount over Budget
<b>D. OTHER FINANCING SOURCES/USES (7600-7699, 8930-8999)</b>									
1. All Other Financing Sources	8930-8979					-	-	-	
2. Other Uses	7630-7699					-	-	-	
3. Contributions between unrestricted and restricted accounts ( <i>MUST net to zero</i> ) ( <i>Include contribution to the unfunded cost of Special Education</i> )	8980-8999	(268,267)	(91,593)	268,267	91,593	-	-	-	
4. TOTAL OTHER FINANCING SOURCES/USES		(268,267)	(91,593)	268,267	91,593	-	-	-	
<b>E. NET INCREASE (DECREASE) IN FUND BALANCE/NET POSITION (C + D.4.)</b>		(550,612)	(428,874)	-	-	(550,612)	(428,874)	(541,150)	
<b>F. FUND BALANCE/NET POSITION (Budget and Actuals MUST match) ( F.1.a-b)</b>									
1. Beginning Fund Balance/Net Position									
a. July 1 ( <i>MUST match EFB/Net Position of PY Unaudited Actuals, Section F.2</i> )	9791	4,088,944	4,088,944	2,936	2,936	4,091,880	4,091,881	4,091,881	
b. Adjustments/Restatements	9793, 9795	(79,638)	(79,638)	-	-	(79,638)	(79,638)	(79,638)	
c. Adjusted Beginning Fund Balance/Net Position		4,009,306	4,009,306	2,936	2,936	4,012,242	4,012,243	4,012,243	
<b>2. Projected Ending Fund Balance/Net Position, June 30 (E + F.1.c.)</b>	See cell M128	3,458,694	3,580,433	2,936	2,936	3,461,630	3,583,369	3,471,092	
<b>Components of Ending Net Position</b>									
a. Net Investment in Capital Assets ( <i>See Sections B.6 and G.9</i> )	9796		-				-		
b. Restricted Net Position	9797				2,936		2,936		
c. Unrestricted Net Position	9791		3,580,433		-		3,580,433		
<b>G. ASSETS</b>									
1. Cash									
In County Treasury	9110		3,524,456				3,524,456		
Fair Value Adjustment to Cash in County Treasury	9111		(79,638)				(79,638)		
In Banks	9120		1,160,380		2,936		1,163,316		
In Revolving Fund	9130						-		
With Fiscal Agent/Trustee	9135						-		
Collections Awaiting Deposit	9140						-		
2. Investments	9150						-		
3. Accounts Receivable	9200		2,380				2,380		
4. Due From Grantor Government	9290		293,054				293,054		
5. Due From Other Funds	9310						-		
6. Stores	9320						-		
7. Prepaid Expenditures (Expenses)	9330		8,655				8,655		
8. Other Current Assets	9340		136,981				136,981		
9. Capital Assets ( <i>See Sections B.6 &amp; F.2.a</i> )	9400-9489						-		
10. Total Assets			5,046,269		2,936		5,049,205		
<b>H. DEFERRED OUTFLOWS OF RESOURCES</b>									
1. Deferred Outflows of Resources	9490						-		
2. Total Deferred Outflows			-		-		-		

**Charter School First Interim Report**

FY 2023-2024  
For the Period July 1, 2023 through October 31, 2023  
Accrual Basis

Financial Accounting Department  
Charter Schools Accounting Office  
Authorizing Agency Contact: Theresa Goody (tgoody@sandi.net)  
Authorizing Agency Contact: Nadine Creer (ncreer@sandi.net)

Charter School Name: Innovations Academy  
CDS #: 37-68338-0118083  
Charter Approving Entity: San Diego Unified School District  
County: San Diego  
SBE Charter #: 1024

Has board approved a revised budget? (check box below)

- No.  
 Yes. (Enter board approved revision date below)

Revised Date: 12/12/2023

Description	Object Code	A	B	C	D	(A+C) E	(B+D) F	(E+H) G	(G-E) H
		Unrestricted Budget	Unrestricted Actuals through 10/31/23	Restricted Budget	Restricted Actuals through 10/31/23	Total Budget	Total Actuals through 10/31/23	Projected EFB/NP (Higher of Budget or Actual)	Amount over Budget
<b>I. LIABILITIES</b>									
1. Accounts Payable	9500		199,813				199,813		
2. Due to Grantor Government	9590		111,250				111,250		
3. Due to Other Funds	9610						-		
4. Current Loans	9640						-		
5. Deferred Revenue	9650		1,154,773				1,154,773		
6. Long-term Liabilities	9660-9669						-		
7. Total Liabilities			1,465,836				1,465,836		
<b>J. DEFERRED INFLOWS OF RESOURCES</b>									
1. Deferred Inflows of Resources	9690						-		
2. Total Deferred inflows of Resources			-				-		
<b>K. ENDING FUND BALANCE/NET POSITION, October 31, 2023</b>									
1. Ending Fund Balance/Net Position (G10+H2-I7-J2)			3,580,433		2,936		3,583,369		
<i>(MUST agree with F.2)</i>									

**BUDGET VARIANCE ANALYSIS**  
**1st Interim Budget vs Preliminary Budget**  
**FY 2023-24**

**Instructions:**

Column G "Preliminary Budget" - manual input (data source: Budget submitted in June 2023)  
 Column H "1st Interim Budget" - will automatically populate (linked to Interim Input tab)  
 Column I "\$ Difference" - will automatically populate  
 Column J "% Change" - will automatically populate  
 Column K "Explanation" - provide an explanation if Column J is highlighted in RED

Charter School Name:	Innovations Academy
CDS #:	37-68338-0118083
Charter Approving Entity:	San Diego Unified School District
County:	San Diego
SBE Charter #:	1024

Description	Object Code	1st Interim Budget vs Preliminary Budget				Explanation of Change <i>(e.g. enrollment increase from 350 students to 280.; one-time purchase of 100 chrome books, etc.) =&gt;10% and =&gt;(-10%)</i>
		Preliminary Budget (A)	1st Interim Budget (B)	\$ Difference (Col B & A) (C)	% Change (C/A) (D)	
<b>A. REVENUES (8000-8799)</b>						
1. Local Control Funding Formula (LCFF) Sources - (8011-8097)						
LCFF State Aid - Current Year (CY) (Res 0000)	8011	1,690,515	1,037,421	(653,094)	-39%	Expected decrease in ADA.
Education Protection Account State Aid (EPA) - CY (Res 1400)	8012	87,868	82,410	(5,458)	-6%	
State Aid - Prior Years (LCFF State Aid and EPA) (Res 0000 and Res 1400)	8019	-	(19,180)	(19,180)	0%	
Transfers to Charter Schools In Lieu of Property Taxes - CY & PY (Res 0000)	8096	3,088,986	3,422,158	333,172	11%	Offset with note above.
Other LCFF Transfers	8091, 8097	-	-	-	0%	
<b>Total, LCFF Sources</b>		<b>4,867,369</b>	<b>4,522,809</b>	<b>(344,560)</b>	<b>-7%</b>	
2. Federal Revenues (8100-8299)						
ESEA (ESSA), Title I, Part A, Basic Grants Low-Income and Neglected (Res 3010)	8290	33,392	33,392	-	0%	
ESEA (ESSA): Title II, Part A, Improving Teacher Quality Program (Res 4035)	8290	7,432	7,432	-	0%	
ESEA (ESSA): Title III, Limited English Proficient Student Program (Res 4203)	8290	-	-	-	0%	
ESEA (ESSA): Title III, Immigrant Education Program (Res 4201)	8290	-	-	-	0%	
ESEA (ESSA): Title IV, 21st Century Learning Communities (Res 4124)	8290	-	-	-	0%	
ESEA (ESSA): Title IV, Part A, Student Support and Academic Enrichment Grants (Res 4)	8290	10,000	10,000	-	0%	
ESSA: Title V, Part B, Public Charter Schools Grant Program (Res 4610)	8290	-	-	-	0%	
Fed SpEd, IDEA Basic Local Assistance Entitlement, Part B, Sec 611 (Res 3310)	8181	58,250	58,250	-	0%	
Fed Sp Ed, IDEA Mental Health Allocation Plan, Part B, Sec 611 (Res 3327)	8182	-	-	-	0%	
Child Nutrition - Federal (NSLP) (Res 5310 and others)	8220	40,000	40,000	-	0%	
Maintenance and Operations (Public Law 81-874) (Res 0000)	8110	-	-	-	0%	
Other Federal Revenues (All other resources not reported separately)	8100-8299	51,306	70,995	19,689	38%	Recognize additional restricted funds.
<b>Total - Federal Revenues</b>		<b>200,380</b>	<b>220,069</b>	<b>19,689</b>	<b>10%</b>	
3. Other State Revenues (8300-8599)						
State Special Education (Res 6500)	8792	371,995	348,779	(23,216)	-6%	
State Special Education Mental Health Services (Res 6512)	8590	21,967	21,967	-	0%	
Mandate Block Grant (Res 0000)	8550	8,733	8,733	0	0%	
After School Education and Safety (ASES) (Res 6010)	8677, 8590	-	-	-	0%	
Common Core Standards Implementation (Res 7405)	8590	-	-	-	0%	
Charter School Facility Grant Program (SB 740) (Res 6030)	8590	-	-	-	0%	
COVID-19 LEA Response Funds (SB 117) (Res 7388)	8590	-	-	-	0%	
Lottery, Unrestricted (Res 1100)	8560	74,688	70,049	(4,639)	-6%	
Lottery, Restricted - Prop 20 (Res 6300)	8560	29,436	27,607	(1,829)	-6%	
Proposition 39 - California Clean Energy Jobs Act (Res 6230)	8590	-	-	-	0%	
Other State Revenues (All other resources not reported separately)	8300-8599	643,958	651,278	7,320	1%	
<b>Total - Other State Revenues</b>		<b>1,150,776</b>	<b>1,128,413</b>	<b>(22,363)</b>	<b>-2%</b>	
4. Local Revenue (8600-8799)						
All Local Revenues	8600-8799	128,014	133,556	5,542	4%	
<b>Total - Local Revenues</b>		<b>128,014</b>	<b>133,556</b>	<b>5,542</b>	<b>4%</b>	
<b>5. TOTAL REVENUES</b>		<b>6,346,540</b>	<b>6,004,847</b>	<b>(341,693)</b>		
<b>B. EXPENDITURES AND OTHER OUTGO (1000-7499)</b>						
1. Certificated Salaries						
Teachers' Salaries	1100	2,121,322	2,255,460	134,138	6%	
Pupil Support Salaries	1200	267,163	56,160	(211,003)	-79%	Budget moved to other object codes
Supervisors' and Administrators' Salaries	1300	367,263	235,000	(132,263)	-36%	Budget moved to other object codes
Other Certificated Salaries	1900	-	147,000	147,000	0%	
<b>Total, Certificated Salaries</b>		<b>2,755,748</b>	<b>2,693,620</b>	<b>(62,128)</b>	<b>-2%</b>	
2. Classified Salaries						
Instructional Salaries	2100	284,224	580,795	296,571	104%	Additional staff for additional needs.
Support Salaries	2200	201,940	111,715	(90,225)	-45%	Budget moved to other object codes
Supervisors' and Administrators' Salaries	2300	-	-	-	0%	
Clerical and Office Salaries	2400	220,800	223,205	2,405	1%	
Other Classified Salaries	2900	-	-	-	0%	
<b>Total, Classified Salaries</b>		<b>706,964</b>	<b>915,715</b>	<b>208,751</b>	<b>30%</b>	

**BUDGET VARIANCE ANALYSIS**  
**1st Interim Budget vs Preliminary Budget**  
**FY 2023-24**

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Charter Approving Entity:	San Diego Unified School District
County:	San Diego
SBE Charter #:	1024

Description	Object Code	1st Interim Budget vs Preliminary Budget				Explanation of Change <i>(e.g. enrollment increase from 350 students to 280.; one-time purchase of 100 chrome books, etc.)</i> =>10% and =>(-10%)
		Preliminary Budget (A)	1st Interim Budget (B)	\$ Difference (Col B & A) (C)	% Change (C/A) (D)	
<b>3. Employee Benefits</b>						
STRS	3101-3102	510,113	455,356	(54,757)	-11%	Adjusted according to needs.
PERS	3201-3202	-	-	-	0%	
OASDI/Medicare (Social Security)	3301-3302	99,311	95,841	(3,470)	-3%	
Health and Welfare Benefits	3401-3402	283,208	286,867	3,659	1%	
Unemployment Insurance	3501-3502	24,360	28,560	4,200	17%	
Workers' Compensation Insurance	3601-3602	42,591	44,395	1,804	4%	
OPEB, Allocated	3701-3702	-	-	-	0%	
OPEB, Active Employees	3751-3752	-	-	-	0%	
Other Employee Benefits	3901-3902	-	-	-	0%	
<b>Total, Employee Benefits</b>		<b>959,583</b>	<b>911,019</b>	<b>(48,564)</b>	<b>-5%</b>	
<b>4. Books and Supplies</b>						
Approved Textbooks and Core Curricula Materials	4100	30,000	30,000	-	0%	
Books and Other Reference Materials	4200	8,195	8,195	-	0%	
Materials and Supplies	4300	91,321	91,321	-	0%	
Non-capitalized Equipment	4400	156,557	156,557	-	0%	
Food (Food used in food-service activities for which the purpose is nutrition)	4700	130,000	130,000	-	0%	
<b>Total, Books and Supplies</b>		<b>416,073</b>	<b>416,073</b>	<b>-</b>	<b>0%</b>	
<b>5. Services and Other Operating Expenditures</b>						
Subagreements for Services	5100	198,967	198,967	-	0%	Adjusted according to needs.
Travel and Conferences	5200	42,091	42,092	1	0%	
Dues and Memberships	5300	7,535	9,469	1,934	26%	
Insurance	5400	85,000	85,000	-	0%	
Operations and Housekeeping Services	5500	265,000	315,000	50,000	19%	
Rentals,Leases,Repairs,and Noncapitalized Improvements	5600	47,620	77,620	30,000	63%	
Transfer of Direct Costs ( <i>MUST net to zero</i> )	5700	-	-	-	0%	
Prof/Consulting Svcs and Operating Expend ( <i>Include District Oversight</i> )	5800	741,284	772,884	31,600	4%	
Communications	5900	28,000	28,000	-	0%	
<b>Total, Services and Other Operating Expenditures</b>		<b>1,415,497</b>	<b>1,529,032</b>	<b>113,535</b>	<b>8%</b>	
<b>6. Capital Outlay</b>						
Depreciation Expense (See Sections G.9 & F.2.a)	6900	90,000	90,000	-	0%	
<b>Total, Capital Outlay</b>		<b>90,000</b>	<b>90,000</b>	<b>-</b>	<b>0%</b>	
<b>7. Other Outgo</b>						
Tuition to Other Schools ( <i>Include contribution to unfunded cost of Sp Ed.</i> )	7110-7143	-	-	-	0%	
Transfers of Pass-Through Revenues to Other LEAs	7211-7213	-	-	-	0%	
Transfers of Apportionments to Other LEAs - Spec Ed and All Others	7221-7223	-	-	-	0%	
All Other Transfers	7280-7299	-	-	-	0%	
Transfers of Indirect Costs ( <i>MUST net to zero</i> )	7300-7399	-	-	-	0%	
Debt Service - Interest	7430-7439	-	-	-	0%	
Debt Service - Principal (FOR MODIFIED ACCRUAL BASIS ONLY)	7439	-	-	-	0%	
<b>Total, Other Outgo</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	
<b>8. TOTAL EXPENDITURES</b>		<b>6,343,865</b>	<b>6,555,459</b>	<b>211,594</b>		
<b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPEND. BEFORE OTHER FINANCING SOURCES AND USES (A5-B8)</b>		<b>2,675</b>	<b>(550,612)</b>			
<b>D. OTHER FINANCING SOURCES/USES (7600-7699, 8930-8999)</b>						
1. All Other Financing Sources	8930-8979	-	-	-		
2. Other Uses	7630-7699	-	-	-		
3. Contributions between unrestricted and restricted accounts ( <i>MUST net to zero</i> ) ( <i>Include contribution to the unfunded cost of Special Education</i> )	8980-8999	-	-	-		
<b>4. TOTAL OTHER FINANCING SOURCES/USES</b>		<b>-</b>	<b>-</b>	<b>-</b>		
<b>E. NET INCREASE (DECREASE) IN FUND BALANCE/NET POSITION (C + D.4.)</b>		<b>2,675</b>	<b>(550,612)</b>	<b>-</b>		

Cost Comparison Audit Firm Proposals

Wilkenson, Hadely, King LLP		
	Audit Fees	taxes
Year 1	\$12,500	\$1500
Year 2	\$12,750	\$1500
Year 3	\$13,000	\$1500
Christy White		
Year 1	\$16,125	\$1800
Year 2	\$17,095	\$1800
Year 3	\$18,120	\$1800
Baker Tilly		
Year 1	\$40,000	\$3000
Year 2	\$42,800	\$3200
Year 3	\$45,800	\$3400

# Innovations Academy

## Proposal for Independent Audit Services



Wilkinson Hadley King & Co. LLP

218 W. Douglas Ave.

El Cajon, California 92020

Ph: (619) 447-6700

Fax: (619) 447-6707

E-mail: [ksproul@whllp.com](mailto:ksproul@whllp.com)

## Title Page

**RFP Subject:** Independent Audit Services

**Firm Name:** Wilkinson Hadley King & Co. LLP

**Firm Addresses:** 218 W. Douglas Ave.  
El Cajon, California 92020

**Website:** [www.whllp.com](http://www.whllp.com)

**Firm Contact Person:** Kevin Sproul, CPA

**Bid Contact Phone:** (619) 447-6700

**Bid Contact Email:** [ksproul@whllp.com](mailto:ksproul@whllp.com)

**Date Submitted:** December 8, 2023

**Proposal is effective for 60 days.**

December 8, 2023

Innovations Academy  
5454 Ruffin Road  
San Diego, CA 92123

We are pleased to have this opportunity to present you with a proposal for independent audit services. As a firm with extensive experience auditing California local education agencies, we understand the requirements of this engagement for Innovations Academy (the School) and the importance of providing the School with reports by the required deadlines. Wilkinson Hadley King & Co. is committed to meeting all of the School's requirements and timelines for successful completion of the annual audit engagement.

Throughout this proposal, we identify the many reasons why we feel that the strengths of Wilkinson Hadley King & Co. LLP create the optimal model to provide the auditing and financial compliance services required by the School. We feel the most important of these strengths are as follows:

- **Charter Schools are a strategic industry for Wilkinson Hadley King & Co. LLP.** We are on the forefront of issues impacting charter schools in California, and we look forward to sharing this knowledge with your school. As a show of our commitment to the education industry, we are actively involved in the California Association of School Business Officials, the Government Audit Quality Center, and the Audit Guide Committee which aids the Education Audit Appeals Panel in writing the annual Audit Guide for California local education agencies. Our objective is to add value beyond the basic financial statement audit by sharing knowledge gained from our vast experience and professional associations.
- **Fresh Perspective.** Our firm engages in audit partner rotation in order to provide a fresh perspective on internal controls, compliance risks, and other operational matters. As noted throughout our proposal, our objective is to provide value beyond our financial and compliance audits.
- **The right people.** Your engagement partner, Kevin Sproul, CPA, is involved in the audit guide committee and has been a guest speaker for the School District Conference hosted by the California CPA Education Foundation to train school auditors. He has extensive knowledge of governmental accounting standards as well as federal and state compliance.

- **Record of timely completion.** Our firm has a record of timely completion of audits acceptable to the State Controller's Office. We obtain annually the State Controller's desk review checklist and verify each of our audits against the checklist to ensure all requirements have been met. Once that verification has been completed, we electronically submit reports to the California State Controller's Office prior to the audit report deadline.
- **Communication.** We believe in frequent communication not only during the audit but throughout the year. Our mission is to proactively work with management and those charged with governance to ensure concerns are addressed before they become problems. If we do identify a problem, we will immediately discuss with management.

I am authorized to execute and negotiate this contract on behalf of Wilkinson Hadley King & Co. LLP. Should you have any questions concerning our proposal or you need any additional information, please contact me at (619) 447-6700 or [ksproul@whllp.com](mailto:ksproul@whllp.com).

Sincerely,



Kevin Sproul, CPA  
Partner

## Part II: Table of Contents

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## Part III: Background and Experience

### Firm's Background and Experience

The firm of Wilkinson Hadley King & Co. LLP was formed in January 2002 and is a local accounting with two offices located in El Cajon, California and Berkeley, California.

The partners of the firm have collectively more than 50 years of experience in auditing school districts, charter schools, governmental agencies, and nonprofit organizations. Managers and staff have collectively more than 35 years of experience in auditing public entities and nonprofit organizations. Below is a summary of our firm's auditing experience during the past year:

Audits of K-12 School Districts	39
Audits of Charter Schools	74
Audits of County Offices of Education	3
Audits of Proposition 39 General Obligation Bonds	19
Audits of Other Governmental or Nonprofit Organizations	23
Total Audits Performed	<u>158</u>

Our firm has been engaged to work with California local education agencies of all sizes. We currently audit the largest elementary school district in the state along with a number of other large districts. While every school district audit is unique, the breadth of our experience ensure that we can provide the Innovations Academy (the School) with the expertise and understanding needed for an effective and efficient engagement.

### Range of Services

We are a full-service accounting firm providing professional accounting, auditing, tax, and management advisory services for our clients. These services currently include the following:

#### Assurance Services and Reporting

- Financial Statement audits
- Single Audits (Uniform Guidance)
- Agreed-upon procedures
- Comprehensive Annual Financial Reports for Certificate of Excellence Awards
- Assistance with financial statement preparation
- Performance audits

#### Consulting and Training Services

- Recommendations for business operations
- Reviews of accounting policies and procedures
- On-site presentations and staff trainings
- Fraud investigations
- Procurement reviews and investigations
- Preparation of internal audit manuals

## Experience in Auditing Computerized Systems

As a firm who specializes in auditing charter schools, we are extremely familiar with the requirements on auditing your computerized systems. The variety of automated fund accounting software programs, spreadsheets, report writers, and specialized programs seem unlimited. Our auditors and consultants are familiar with the most common systems used by our clients. Because of our experience, we are familiar with the capabilities and limitations of the programs most commonly utilized by California local education agencies.

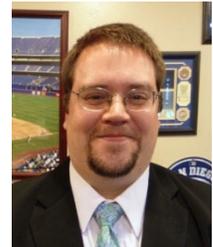
A review and evaluation of school information technology systems will be performed during the audit due to the integral nature and relationship to the financial reporting of the School. Both general information technology (IT) controls and application controls will be assessed during the planning of the audit. Systems tests for integrity, system security tests, use of computer assisted audit tools (CAATs), and/or the use of an IT specialist will be applied as deemed necessary to achieve the planned audit objectives.

## Auditor's Staffing and Qualifications

Wilkinson Hadley King & Co. LLP is committed to ensuring your school receives the best auditing services available on a year-to-year basis. As part of our firm's quality control we provide for partner and staff rotation on each engagement. This process ensures to our clients that a fresh set of eyes reviews each years' financial information and provides the quality control that our clients desire. Your audit will be assigned the following leads:

### Kevin Sproul, CPA Engagement Partner

Kevin is a graduate of the University of Louisville with degrees in both Accounting and Business Administration. He began his accounting career within a private company working directly under the CFO in Louisville, Kentucky. Kevin joined the firm in 2013 and was admitted as a partner in 2016. Kevin is a licensed Certified Public Accountant in the state of California and is also a member of the California Association of Certified Public Accountants. Kevin has experience in audits of local school districts and charter schools.



Kevin began participating on the planning committee for the School District Conference put on by the California Society of CPA's in 2015. He Co-Chaired the 2018 conference. Kevin also participates on the audit guide committee which makes recommendations to the Education Audit Appeals Panel in preparing the audit guide for California K-12 Local Education Agencies.

### **Additional Wilkinson Hadley King & Co. Partners**

Below are brief profiles for the other partners of Wilkinson Hadley King & Co. LLP. More detailed resumes will be provided upon request.

#### **Aubrey W. Mann, CPA, Managing Partner**

Aubrey is a graduate of Southern Utah University with a Bachelor of Science degree in accounting. Aubrey also obtained a Master of Business Administration with an emphasis in Finance from Washington State University. Aubrey joined the firm in 2003 and was admitted as a partner to the firm in 2006. Aubrey is a licensed Certified Public Accountant in the state of California (certificate #95713). Aubrey has extensive experience in audits of local school districts and has been instrumental in working with the firm's school district and charter school clients. Aubrey also has experience in non-profit auditing and has overseen numerous audits of the firm's governmental and non-profit clients.



For the past several years Aubrey has participated on the planning committee for the School District Conference put on by the California Society of CPA's. In addition to her role on the planning committee, she has been asked to co-chair and speak at the conference a number of times. Aubrey also participates on the audit guide committee which makes recommendations to the Education Audit Appeals Panel in preparing the audit guide for California K-12 Local Education Agencies.

Aubrey is also a member of the AICPA, the California Society of Certified Public Accountants (CalCPA), and the California Association of School Business Officials (CASBO).

#### **Brian K. Hadley, CPA Partner**

Brian graduated from Brigham Young University with a Master of Science Degree in Accounting and he has more than twenty years of public accounting experience. Brian started his career in 1986 with Peat, Marwick, and Mitchell where he worked as a staff accountant and tax preparer. Brian has also worked for the national firm of McGladrey & Pullen in the Las Vegas office and with the San Diego firm of Levitz, Zacks & Ciceric.



Brian has experience in the retail, construction, technology, manufacturing, and service industries as well as working with local governmental agencies and school districts. Brian is a licensed Certified Public Accountant in the state of California and also a member of the American Institute of Certified Public Accountants (AICPA). Brian meets all governmental continuing professional education requirements.

## Audit Team Levels

The staffing levels which will be utilized for this engagement are outlined below. In addition to the specific qualifications required for each level, all assigned audit staff will also meet the requirements for performing audits in accordance with *Governmental Auditing Standards* as well as *Yellow Book Standards*.



### Engagement Partner

The engagement partner assumes responsibility for the overall quality of the audit engagement and is responsible for the managerial, administrative and technical aspects of the engagement. The assigned engagement partner will be a Certified Public Accountant with at least fifteen years of financial statement auditing experience in the school district and governmental industry.

Responsibilities of the engagement partner include:

- Assistance with scheduling and team assignments
- Review of planning documentation and initial audit plan
- On-site assistance as required for critical portions of the audit
- Technical review of financial statements and working papers
- Responsibility to address any concerns from District management regarding audit matters
- Responsibility to address and complete technical and complex audit procedures
- Technical assistance to District personnel
- Authorization of issuance of audit reports to the School and other parties

### **Engagement Supervisor**

The engagement supervisor is responsible for conducting and directing the audit engagement and duties include planning and direction of the engagement, as well as examination and analysis of District records. The engagement supervisor will be a Certified Public Accountant and must have at least five years of financial statement auditing experience in the school district and governmental industry.

Responsibilities of the engagement manager include:

- Assistance with planning of the audit engagement
- Plans and monitors overall audit progress
- Fieldwork supervision when the engagement partner is not on-site
- Supervision of in-charge auditor and any assigned associates during all phases of the audit
- Performance of test work and evaluation of the School's internal controls as needed
- Evaluation of the School's financial records for compliance with generally-accepted accounting principles, federal and state laws, regulations, policies and procedures
- Additional analysis of District's accounts or performance of other audit work as necessary
- Responsibility to address and complete technical and complex audit procedures
- Technical assistance to District personnel
- Initial reviews of working papers and certain compliance reports

### **Engagement Staff**

Assigned engagement staff members will perform tasks assigned by the engagement partner and engagement supervisor. Engagement staff positions require a B.S. or M.S. degree with a major in Accounting.

Responsibilities of the engagement staff may include:

- Examining the School's financial records
- Evaluating the School's internal controls
- Assisting with interviews of District personnel to obtain data and other supporting information to assess District operations
- Analyzing District accounts as specified in the audit program
- Preparing documentation as evidence of and to support analysis
- Assisting with preparation of final audit reports

## Peer Review

Wilkinson Hadley King & Co. LLP firm works hard to ensure all audits by the firm are completed based on the highest standards as outlined in *Generally Accepted Government Auditing Standards*.

Our firm participates in the American Institute of Public Accountants (AICPA) Peer Review Program which evaluates the firm's system of quality control. Our most recent peer review was completed for the year ended December 31, 2020 in which our firm received a score of "Pass", which is the best score that can be received in a peer review.

A copy of the peer review report has been provided on the following page. As our firm received a rating of pass, no deficiencies were noted for the review of the year ended December 31, 2020.

---

***Poulsen VanLeuven & Catmull PA***  
**Certified Public Accountants**

Members of the American Institute of CPA's  
and the Idaho Society of CPA's  
**Jeffrey D. Poulsen, CPA**  
**Darren B. VanLeuven, CPA**  
**Jacob H. Catmull, CPA**

**Report on the Firm's System of Quality Control**

September 29, 2021

To the Owners of  
Wilkinson Hadley King & Co LLP  
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Wilkinson Hadley King & Co LLP (the firm) in effect for the year ended December 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

**Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

**Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

**Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Wilkinson Hadley King & Co LLP in effect for the year ended December 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Wilkinson Hadley King & Co LLP has received a peer review rating of *pass*.

*Poulsen, VanLeuven + Catmull*  
Poulsen, VanLeuven & Catmull P.A.

## References

The following selection of references are California local education agencies whose financial statements have been recently audited by Wilkinson Hadley King & Co. LLP.

### **Helix Charter High School**

7323 University Ave

La Mesa, CA 91942

Contact: David Yeager

P: (619) 644-1940

E: [yeager@helixcharter.net](mailto:yeager@helixcharter.net)

Work Performed Last 2 Years: Single Audit

Engagement Partner: Kevin Sproul, CPA

Engagement Supervisor: Aubrey W. Mann, CPA

### **O'Farrell Charter Schools**

6130 Skyline Drive

San Diego, CA 92114

Contact: Jonathan Dean

P: (619) 263-3009

E: [susan.cuttitta@ofarrellschool.org](mailto:susan.cuttitta@ofarrellschool.org)

Work Performed Last 2 Years: Single Audit

Engagement Partner: Kevin Sproul, CPA

Engagement Supervisor: Aubrey W. Mann, CPA

### **Granada Hills Charter School**

10535 Zelah Ave

Granada Hills, CA 91344

Contact: Tammy Stanton

P: (818) 360-2361 x1014

E: [tammystanton@ghctk12.com](mailto:tammystanton@ghctk12.com)

Work Performed Last 2 Years: Single Audit

Engagement Partner: Kevin Sproul, CPA

Engagement Supervisor: Kevin Sproul, CPA

## AICPA Governmental Audit Quality Center Membership



Wilkinson Hadley King & Co. PPC are members of the American Institute of Certified Public Accountants (AICPA) Governmental Audit Quality Center, which is committed to the highest standards of quality in governmental audits.

As a national community of CPA firms, these memberships provide access to best practices and tools that help ensure the quality of governmental audits while providing the up-to-date information needed to serve the School during this engagement.

## Assurances

We attest that our firm will meet all requirements as listed in the School's RFP for Independent Audit Services, including the following:

- Wilkinson Hadley King & Co. LLP is a properly licensed certified public accounting firm in California. In addition, all managing and supervising auditors will be properly, licensed certified public accountants on or before July 1, 2015.
- Wilkinson Hadley King & Co. LLP meets the independence requirements of *Government Auditing Standards* and those of the AICPA Code of Conduct. We have established the proper procedures to query our employees and have determined that there are no independence issues that would prevent us from issuing an opinion of the School's financial statements.
- Wilkinson Hadley King & Co. LLP has no record of substandard work.
- Wilkinson Hadley King & Co. LLP agrees to the primary purpose of the audit as outlined in the School's RFP. No extended services will be performed under this contract unless authorized by the School. Any such additional work will be discussed with the School in advance and the existing agreement with the School will be amended to reflect the change in services.
- In accordance with auditing standards and other applicable guidelines and regulations, Wilkinson Hadley King & Co. LLP will select the procedures necessary to test compliance and disclose noncompliance with specified laws, regulations and contracts.

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## Part IV: Scope of Services

### Audits to be Completed

We propose to provide the following services to Innovations Academy:

1. Audit of the financial statements for Innovations Academy, inclusive of reporting on state and federal compliance as outlined in the RFP.

### Audit Requirements to Be Followed

Due to our team's experience in auditing California local education agencies, Wilkinson Hadley King & Co. LLP is knowledgeable of the applicable audit requirements. We therefore can assure the School that this engagement will adhere to the audit requirements of the California K-12 Local Education Agency Audit Guide, as prepared by the Education Audit Appeals Panel, and Uniform Grants Guidance, 2 CFR Part 200, Subpart F.

### Financial and Compliance Areas to Be Audited

Typically, our firm will select various departments of the School for sampling purposes and will test the internal controls on other various departments of the School during each audit. The departments to be tested will be based on the risk assessment completed during the planning phase of the audit. Concerns indicated by the School's management during audit planning are factors considered during the risk assessment process.

In addition, the following are objectives for the financial statement audit of the School. During the audit planning stage, we may identify additional objectives specific to the School. More detailed information about the approach to the audit is provided later in this proposal.

- All cash and investments on the balance sheet are on hand, in transit, or on deposit with third parties (depositories) in the name of the School.
- Cash balances reflect a proper cutoff of receipts and disbursements and are stated at the correct amount.
- Payroll (wages, salaries, and benefits) disbursements are made only for work authorized and performed.
- Payroll is computed using rates and other factors in accordance with contracts and relevant laws and regulations.
- Expenditures for goods or services are authorized and in accordance with USFR, Arizona Procurement Code, and Federal program requirements, as applicable.
- Expenditures for goods or services and related disbursements and liabilities have been recorded correctly as to account, fund, budget category, period, and amount.
- Revenues have been billed or charged and recorded at the correct amount and in the correct fund, and receivables are stated at the net realizable amount.
- Account balances and transactions are properly classified in the financial statements and the related note disclosures to the financial statements are adequate.
- Grants are administered, and grant revenues and expenditures are recorded, in accordance with grant provisions and related laws and regulations, as applicable.

- Capital assets have been recorded at the correct amount in the proper asset category and assigned an appropriate useful life over which the asset will be depreciated.
- Fund balances and net position are properly stated.
- Long-term liabilities of the School and the related payments are properly recorded.

### **Audit Report Submission Date**

Our firm agrees to meet the time constraints and reporting deadline requirements specified in the School's Request for Proposals; therefore, the final audit reports will be provided to the School no later than December 15<sup>th</sup> each year.

### **Audit Documentation**

Wilkinson Hadley King & Co. LLP has appropriate policies and procedures in place to ensure proper retention of audit documentation for a period of at least three years as required by the School's RFP. Our firm agrees to make available, on request by the California Department of Education, a copy of documentation pertaining to the audit of Innovations Academy.

### **Audit Report Issuance**

Upon issuance of the final audit reports to the School, Wilkinson Hadley King & Co. LLP will also provide copies of the audit report, as well as any management or communication letter, directly to the California Department of Education, the California State Controller's Office, authorizing School District, the appropriate County Office of Education, and the Federal Audit Clearinghouse on behalf of the School.

## Audit Approach

### 1. Audit Phases and Audit Work Plan



This section provides an outline of work typically completed by Wilkinson Hadley King & Co. LLP during each of the major phases of the audit.

#### Audit Planning

Audit planning procedures will begin at the time of the contract award. These procedures will develop the audit team's understanding of the School's operations, will be used to clarify audit objectives, and will help with the development of a detailed audit plan.

- Preparation and issuance of engagement letter
- Conduct entrance conference with key personnel as deemed necessary
- Perform risk assessment procedures
  - Inquiries of management and staff
  - Preliminary analytical procedures
  - Observation of operations
  - Perform transaction walkthroughs
  - Engagement team discussions
- Develop an understanding of client, the environment and internal controls
  - Review prior year financial statements and applicable accounting records
  - Review of industry guides, regulatory information, statutes, internal/external reports, etc.
  - Preparation of process and control memorandums
  - Completion and review of internal control questionnaires
  - Obtain understanding of information technology systems
- Develop a preliminary judgment of materiality
- Develop a detailed audit plan to include preparation of audit programs
- Identification of major Federal programs for Single Audit, as applicable
- Identify responsibilities and assign tasks to the audit staff and District personnel
- Submit audit questionnaires to audit liaison for assignment to District staff (usually submitted to client approximately a month before scheduled fieldwork dates)
- Other planning procedures, as deemed necessary

### Audit Procedures

Certain core audit procedures will be performed at the School during scheduled fieldwork dates; however our firm also minimizes disruption for District operations by conducting audit procedures from our office when appropriate and practical. District management and staff should be available during any scheduled fieldwork dates for discussions and to provide requested materials.

- Perform tests of key operational controls. May include, but not limited to the following areas:
  - Payroll and related benefits
  - Disbursements and accounts payable
  - Capital asset additions and deletions
  - Cash receipts
- Develop and perform compliance tests for applicable compliance requirements
- Perform substantive procedures on the primary financial statement accounts
  - Cash and investments
  - Receivables, including interfund balances
  - Capital assets
  - Payables, including accounts payable, and accrued wages and benefits
  - Long-term debt, including compensated absences, bonds, loans, notes, and leases
  - Intergovernmental revenue, including grants and contributions
  - Net position liability and related accounts
  - Charges for services revenue
  - Other sources/uses, including interfund transfers, debt proceeds, and capital contributions
  - Payroll and related benefit expenditures/expenses
  - Goods and services expenditures/expenses
  - Debt service expenditures
  - Property tax revenues
  - Data analytic procedures on various account balances
- Other necessary audit procedures, if applicable

### Audit Conclusion

Audit conclusion procedures include the communication of the audit results to the School's management, quality control procedures over the audit, and drafting and final distribution of applicable audit reports.

- Perform final analytical review procedures
- Perform subsequent events review
- Perform exit conferences with District staff upon completion of audit
- Perform final review of working papers and audit programs
- Audit staff to draft financial statements and applicable audit and compliance reports
- Engagement partner to review financial statements and audit reports
- Secondary partner review of financial statements and key audit documentation, as applicable
- Distribute final audit reports to applicable recipients

## Audit Approach Details

### Financial Statements

Audit procedures necessary to complete our audit objectives are dependent upon an extensive risk assessment process performed during the planning phase of the audit in which we will gain an understanding of the School and its operations, evaluate internal controls, and assess risks of misstatement for account balances and transaction classes. While it is difficult to provide a complete description of the detailed audit procedures to be performed, the following provides some examples of procedures that are commonly performed by our firm.

- Cash on deposit – review and re-perform reconciliation procedures to the County Treasurer
- Property tax receivables – confirm balances to the County Treasurer
- Due from other governments – confirm balances to supporting documentation
- Capital assets – test amounts recorded to supporting documentation
- Accounts payable – analytical procedures to prior and current year activity, test amounts to supporting documentation
- Accrued payroll – analytical procedures, test amounts to supporting documentation
- Bonded Debt – agree amounts to debt amortization schedules, test transactions to county treasurer records
- Pension/OPEB liabilities – agree amounts to supporting schedules, analytical procedures to District records
- Property tax revenue – analytical procedures, confirm amounts to county treasurer
- Intergovernmental revenue – analytical procedures, confirm amounts, agree to supporting documentation
- Payroll – detail test of controls performed on a sample of transactions, analytical procedures, comparison to IRS form 941, data analytic procedures including vendor/employee fuzz logic test
- Disbursements – detail test of controls performed on a sample of transactions, data analytic procedures including Benford’s analysis
- Depreciation – analytical procedures, recalculation of detail asset postings
- Journal entries – detail test of controls performed on a sample of transactions, data analytic procedures including keyword search analysis

### Financial Statements Sampling for Detail Tests

Wilkinson Hadley King & Co. LLP will select sample sizes derived from the entire population of transactions within the major transaction cycles considering both quantitative and qualitative factors. Statistical sampling will typically be utilized for larger, significant transaction classes such as payroll, disbursements, and certain cash receipts. Statistical sampling will be completed utilizing CaseWare IDEA Data Analysis Software. Nonstatistical haphazard or judgmental selections will be utilized for smaller populations that do not provide for the application of statistical sampling, or populations that have attribute testing considerations. Typical sample sizes for a particular control test range from 25 to 60 transactions; however sample sizes are modified based on our assessment of the controls and risk of misstatement.

### **Single Audit Requirements**

If federal award expenditures exceed \$750,000 a Single Audit will be required. We will complete procedures under Uniform Guidance if required to do so. While all the detailed procedures required under Uniform Guidance will be properly completed, the following provides information about some of the more significant procedures and steps in conducting a Single Audit.

- Determination of low-risk auditee status
- Identification of high-risk programs
- Determination of major federal programs to be tested
- Identification of direct and material compliance requirements
- Development of program materiality
- Documentation of internal controls over each major program
- Assessment and documentation of program risk
- Performance of tests of internal controls over compliance
- Performance of compliance tests for major programs
- Review the schedule of expenditures of federal awards for presentation requirements
- Audit reporting on compliance of each major program, internal controls over compliance and the schedule of expenditures of federal awards
- Completion of the data collection form

### **Federal Programs Sampling for Detail Tests**

Nonstatistical judgmental selection sampling is generally utilized for tests of compliance in order to ensure items selected meet the specific objectives of Uniform Guidance compliance requirement of the program or other applicable compliance requirement. Sampling for tests of compliance for a Single Audit requires a planned low level of control risk. In addition, dual purpose samples will be utilized for Uniform Guidance audit procedures when deemed appropriate to test both the operating effectiveness of controls over compliance as well as compliance with a particular compliance requirement. Typical sample sizes for a particular compliance requirement test range from 25 to 60; however sample sizes are modified based on our assessment of the controls and risk of noncompliance.

### **Gaining an Understanding of Internal Controls**

Auditing standards require us to obtain an understanding of internal controls to plan the audit and to assist in determining the nature, timing and extent of audit procedures to be performed. Our understanding of the School's internal control framework will primarily be obtained through inquiry and discussions with management. In addition, an understanding of the School's internal controls over financial reporting will be completed and documented through a series of internal control questionnaires. Key controls will be tested through observation, inspection of documents and detail tests of transactions. Resources such as the School's budget, organizational charts, policy and procedure manuals, and assessment of information technology systems will be utilized accordingly to gain an understanding of the School's internal control structure.

## Customer Service Philosophy

Our firm is committed to keeping an open communication with management throughout the audit process. Our client relationships rely upon open and regular communication. We know that your time is valuable and you often need assistance quickly. Due to our specialization in the school district industry, the Santa Monica-Malibu Unified School District will receive knowledgeable assistance throughout the year. The Engagement Partner and Audit Manager will be available continuously throughout the engagement period for consultation or discussion.

Our goal is to respond to all client questions within one workday. Full contact information for your audit team, including emails and cell phone numbers, will be provided to the School. If your audit supervisors happen to be unavailable, the School also may request assistance from other members of our firm. Due to our extensive experience working with school district, you can be assured that all members of our team will provide knowledgeable assistance to the School.

## Use of Data Analytics Audit Methodology



CaseWare IDEA software, a comprehensive, powerful tool that allows for faster and more effective auditing techniques over various audit areas, will be utilized for this audit engagement. The use of data analytics will allow for audit procedures to be focused on those items which appear to be anomalies as identified through this analysis. In some instances, the use of data analytics will allow for the testing of complete sets of data rather than the sampling of a limited number of transactions.

Data analytics procedures applied in the audit may include:

- Analyzing month-to-month and year-to-year audit data to identify trends and anomalies
- Examining all weekend, holiday and off hour general ledger activity
- Technology controls checks by comparing established user roles with user activity
- Applying Benford's Law to examine frequency distribution of transactions
- Identifying fluctuations and anomalies in bank account reconciliations
- Using "fuzzy logic" to identify addresses shared by employees and vendors
- Identifying and examining anomalies in payroll-related transactions

Additional audit requests for data analytic procedures may include, but are not limited to, the following data files:

- Detail payroll data file
- Adjusting journal entries
- Employee maintenance files
- Vendor maintenance files
- Invoice processing file
- Banking and credit card reports

## Part V: Proposed Fees

The following represents our proposal for the audit fees for the School. Our proposed fees are all-inclusive for the audit engagement. The proposed fees are:

	2023-24	2024-25	2025-26
<b>Financial &amp; State Compliance:</b>			
<b>Innovations Academy</b>	\$12,500	\$12,750	\$13,000
<b>Total Financial and State Compliance Audit</b>	<b>\$12,500</b>	<b>\$12,750</b>	<b>\$13,000</b>
<b>Federal Compliance (if expenses exceed \$750,000)</b>	\$3,000	\$3,000	\$3,000
<b>Tax Return Preparation</b>	\$1,500	\$1,500	\$1,500

The following represents our firm's billing rates for any additional accounting or audit work that may be requested by your school. We will not engage any services outside of the annual audit without permission from you. The following represents our hourly rate for charter schools which are discounted 25% from our standard hourly rates:

Classification	Rate
<b>Partner</b>	\$200
<b>Manager</b>	\$150
<b>Senior Accountant</b>	\$100
<b>Staff Accountant</b>	\$75
<b>Clerical</b>	\$45



Proposal for  
**Innovations Academy**  
San Diego, California

For the fiscal year ending June 30, 2024,  
plus optional renewals through June 30, 2026

***Submitted on November 8, 2023***

By: Marcy Kearney, CPA  
619-270-8222  
mkearney@christywhite.com

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**APPENDIX:**

QUALITY CONTROL PEER REVIEW OPINION

November 8, 2023

Board of Directors  
Innovations Academy  
San Diego, California

Dear Members of the Board,

Christy White, Inc. (CW) is pleased to respond to Innovations Academy's request for Annual Financial Statement Audits for the fiscal year ending June 30, 2024 (plus the two optional renewal periods through 2026).

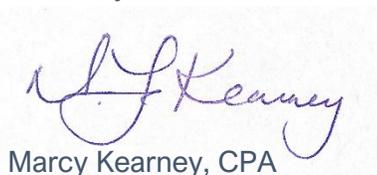
We **specialize in auditing California charter schools**, including High Tech High (16 charter schools), Da Vinci Schools (5 charter schools), and San Diego Global Vision Academy (over 400 pupils). For 2022-23, we are providing services to over 120 nonprofit organizations with charter schools and 190+ school districts. We also perform school facility program (SFP) and general obligation bond audits, plus, should the need arise, we have certified fraud examiners on our team to perform forensic audits.

**CW will serve Innovations Academy with our audit team of charter school nonprofit specialists.** For 20 years, our firm has specialized in charter school audits, so you get the benefits of not only an experienced specialized team but an entire firm of more than 45 professionals. As a leader in the K-12 education industry, we provide educational organization audit focused staff training unmatched by other firms. We assure you that every Christy White team member will be trained to handle your audit efficiently and effectively. Moreover, we provide **free training and accounting advice** to our clients.

I, Marcy Kearney, CPA and founding partner, Christy White, have over 45 combined years of local education agency (LEA) audit and consulting experience. We are joined by Partners Heather Daud Rubio, Michael Ash, John Whitehouse, and Kyle Montgomery, plus several experienced auditors and staff. My partners and I have a great deal of interest and **commitment to providing excellent auditing services to Innovations Academy**. Our team is committed to meeting all requirements and timelines for the successful completion of the engagement.

After reading through our proposal, should you have any questions, please feel free to contact me by phone at (619) 270-8222 or via email at [mkearney@christywhite.com](mailto:mkearney@christywhite.com). I would be happy to meet with you!

Sincerely,



Marcy Kearney, CPA  
Partner

## EXECUTIVE SUMMARY

Christy White, Inc. (CW), a professional accountancy corporation, is the 2nd largest CPA firm in the number of Local Educational Agencies (LEAs) audited annually. Home-based in San Diego with professional staff that resides across the State to best serve our clients. Marcy Kearney, CPA, and Christy White Brook, CPA, CFE, will lead the proposed auditing services that include an audit of the annual financial statements and compliance for Innovations Academy for the fiscal year ending June 30, 2024, plus two optional renewal years.

When considering whether to hire our firm, you will find that CW can be differentiated from our competitors in several areas, such as:

- **EXPERIENCED AND INVOLVED PARTNERS AND MANAGERS:** Christy White Brook, CPA, CFE, President and Partner, has 36 years of audit and consulting experience garnered from 29 years in public accounting and 7 years with School Services of California, Inc. Marcy Kearney, CPA, Audit Partner of the charter school division and tax department, has over 14 years of experience working directly with independent charter schools, other nonprofit organizations, and school districts. You can expect that Ms. White Brook and Ms. Kearney will be accessible to Innovations Academy when the audit is underway and lend their expertise freely on accounting and internal control issues.
- **TIMELY AUDITS:** CW is committed to meeting all audit deadlines. All of our audits have been performed according to agreed-upon audit schedules, with the final reports to the State of California filed on time.
- **SECURE REMOTE AUDIT TECHNOLOGY:** Our firm implemented a "virtual office" setting several years preceding the pandemic. With our technology, we are fully capable of conducting a secure remote audit by providing audit-related items via our client-secured online portal (Suralink). Your CW audit manager will help set up you and your staff. The portal is very user-friendly.
- **COMMITMENT TO QUALITY:** CW has received an "unqualified" audit opinion by our peer reviewers regarding our firm's Quality Control Standards. All audits submitted to the State have been approved. Current client references are available upon request.
- **SMOOTH AUDIT PROCESS:** CW specializes in governmental and not-for-profit entities, so the process for the audit will be smooth. CW guarantees that: (1) trained and supervised staff will be on-site; (2) clients will be given a detailed audit plan; (3) CW will be considerate of your staff and their workload; and (4) all audit findings will be discussed before the report is finalized.
- **FINDING SOLUTIONS:** CW is not content to simply identify problem areas that may exist in your Organization but seeks ways to help provide solutions. Any CPA firm can discover a problem, but with our combined backgrounds and experiences, we can supply our clients with a wide range of possible solutions.

The following proposal provides more specific information on the scope of the audit services, our experience, qualifications, client references, and audit approach. We hope that you select our audit firm.

## GENERAL INFORMATION – ABOUT CW

### LEGAL NAME AND CORPORATE CONTACT INFORMATION

Legal Name: Christy White, A Professional Accountancy Corporation (dba Christy White, Inc.)  
 Corporate Address: 348 Olive Street, San Diego, CA 92103  
 Telephone Number: 619-270-8222  
 Fax Number: 619-260-9085  
 Email Address: [cwhite@christywhite.com](mailto:cwhite@christywhite.com)  
 Website: [www.christywhite.com](http://www.christywhite.com)

### FIRM HISTORY, SERVICES, AND SIZE

Christy White, Inc. was incorporated in 2010, succeeding Nigro Nigro & White (NNW) as the AICPA designated successor firm (Christy White was a founding partner NNW in 1999). Our firm has grown steadily over the past 20 years and now has 30 professionals, including seven CPAs.

We offer services exclusively to local educational agencies (LEAs), including school districts and charter schools. It's our full specialization in LEAs that makes us unique among CPA firms and provides added value to our clients. As your educational audit specialist, CW audits over 190 school districts, 10+ county offices of education, 100+ Proposition 39 bonds, 50+ State School Facilities Grant audits, and roughly 170 charter schools operated by over 120 separate nonprofit organizations. Our audit clients range in size from large charter schools to mid-size and small entities. We also prepare the annual tax Forms 990/199 for our nonprofit charter school clients. Our consulting capabilities include helping our clients with:

ASB Training	Forensic/Fraud Audits
Attendance Accounting	Business Functions Organization
FASB and Compliance Implementation	Charter School Back Office
Efficiency Studies	Financial Reporting

### FIRM LICENSE, AFFILIATIONS AND ASSOCIATIONS

Christy White, Inc. (CW) is incorporated in the State of California. CW is licensed by the State Board of Accountancy. We are a majority women-owned firm. The California State Controller's Office CPA Directory lists Christy White as an eligible CPA firm that conducts LEA audits.

CW is a member of the Private Companies Practice Section (PCPS) and Government Audit Quality Center (GAQC) of the American Institute of CPAs, which requires an independent peer review every three years. We are members of the American Institute of CPAs (AICPA) and the California Society of CPAs. We are also associate members with the California Charter School Association (CCSA), the California Association of School Business Officials (CASBO), the Government Finance Officers' Association (GFOA), and the Association of Certified Fraud Examiners.

CW is also an active participant with the Education Audit Appeals Panel in developing the annual K-12 audit guide and dialogues regularly with State agencies on audit issues that affect our charter school clients.

## GENERAL INFORMATION – ABOUT CW (CONT.)

### FIRM INDEPENDENCE

One of the benefits of an audit is having an "independent" assessment of your internal controls over financial statements and compliance matters. Our quality control program ensures that we adhere to auditor independence's strictest standards, including those required by the Standards for Audit of Governmental Organization, Programs, Activities and Functions, published by the United States, General Accounting Office. We ensure that all firm partners and any staff working on the engagement do not have any financial or other interests in your Organization other than a strictly professional one. Our continued success as your business partner depends upon our independence.

CW has had no personal or business relationship with Innovations Academy or its board members. CW holds a business relationship with the business services provider, CSMC, and works with several mutual clients. Should a professional relationship occur that presents an independence conflict during the contract period, CW would immediately notify Innovations Academy.

### RESPONSIBLE BUSINESS PRACTICES

Christy White, Inc. is financially stable. We have no long-term debt and have remained fiscally stable throughout our 20-year history. We will not joint venture with another firm on this engagement.

CW has a standing record of performing quality audits. Our clients and the State Controller's Office have accepted all of our audit reports. No client has terminated a contract during the performance of the audit. Additionally, we have not been involved in litigation or any investigation by a state, federal, or professional agency.

There have been no complaints levied by the State Board of Accountancy or other regulatory authority in the history of CW or its predecessor firm of Nigro Nigro & White, PC. None of the CPAs of CW have had any individual complaints or sanctions.

### CW'S QUALITY CONTROL SYSTEM

Our quality control systems include policies and procedures in leadership, ethical requirements, acceptance of new clients, personnel management, engagement performance, monitoring, and communication. We actively monitor compliance with our quality control document by reviewing work papers, training on new standards, consultation on complex areas, and sound human resources practices. CW has received the highest level of assurance from our peer reviewer, which is "Pass." Attached is our most recent quality control report.

### INDEMNITY

CW has errors and omissions insurance and will indemnify and hold harmless the Organization from and against all losses and claims in the execution of our work or the consequences of any negligence or carelessness on our part. We are also fully insured for workers' compensation. Our current policies are attached.

## AUDIT STAFFING AND PERSONNEL

### STAFF QUALIFICATIONS

The firm partners and staff of Christy White, Inc. (CW) bring an extensive background of audit and consulting experience to CW clients. We have audited local educational agencies (LEAs) throughout California. We are familiar with the unique issues relative to charter school finance: budgetary constraints, construction accounting, new federal and state program compliance, attendance accounting, state funding models, cash flow management, and more. The audit team will include:

Christy White, Inc. Personnel Assigned	
Name	Classification
Marcy Kearney, CPA	Signing Partner
Christy White Brook, CPA, CFE	Assisting Partner
Amanda Long	In-Charge Auditor

### ABBREVIATED RESUMES OF CHRISTY WHITE, INC.'S ASSIGNED AUDIT TEAM

Biographies of all staff members assigned to your audit are shown below.



**Audit Partner Marcy Kearney, CPA**, is a licensed CPA in California with over fourteen years of experience, individually working with public school districts, independent charter schools, and not-for-profit entities for both audit and tax preparation. She manages the tax department and the charter school division of the audit department. Additionally, Marcy has been a long-time member of the California Society of CPAs (CalCPA) and is a member of the American Institute of CPAs (AICPA). Marcy holds a Bachelor of Science degree in Business Administration with an emphasis in Accountancy from Cal State University, San Marcos.



**President Christy White Brook, CPA, CFE**, has served hundreds of school districts and charter schools as an auditor, school finance consultant, professional author, and trainer. Christy provides audit and financial consulting in organizational structure, internal controls, school district reorganization, attendance accounting, forensic and fraud audits, and developing and conducting six workshop series throughout the State. Christy received a Best Volunteer Trainer award from the California Society of CPA's Education Foundation. And she is a Certified Fraud Examiner (CFE) in addition to her CPA license.



**Supervisor, Amanda Long** knows charter school business from both sides of the desk. She's an experienced finance manager from a San Diego County charter school and is now an auditor with Christy White. Amanda enjoyed working as a Fiscal Manager, where she performed budget and fiscal services, including oversight of all business areas for the school, ensuring grant compliance, and filing interims and unaudited actuals with the authorizing district. Amanda previously worked for a large back-office provider where she performed fiscal services for multiple clients. Amanda is a graduate of Colorado State University, Global Aurora, CO, where she obtained a Master's in Professional Accounting. Amanda also earned a Bachelor of Science Degree in Management, Computer Information Systems from Park University Parkville, MO. She is CPA eligible and currently completing the CPA examination testing requirements to apply for CPA licensure in California.

## AUDIT STAFFING AND PERSONNEL (CONT.)

### STAFF TRAINING PROGRAMS

CW's program of staff development includes two full weeks of focused in-house training in the audit of charter schools and school districts. We also provide opportunities to staff to attend professional training provided by outside providers, such as School Services of California, the California Society of CPAs, and CCSA. A sampling of training programs our staff has attended within the last year include:

Sampling of Recent Training Courses Taken by Staff	Training Provider Organizations
<ul style="list-style-type: none"> <li>• Annual California Charter School Conference</li> <li>• Annual CASBO Conference, Attendance Accounting</li> <li>• January, May, and Summer Budget Conferences</li> <li>• School District Conference</li> <li>• Annual Fraud Conference</li>   <li>• Annual GFOA Conference</li> <li>• Annual Conference, Charter Schools Development Center</li> <li>• Nonprofit Accounting and Auditing Conference, Single Audit Conference</li> </ul>	<ul style="list-style-type: none"> <li>• CCSA</li>   <li>• CASBO</li>   <li>• School Services of California, Inc.</li>   <li>• California Society of CPAs</li> <li>• Association of Certified Fraud Examiners</li>   <li>• GFOA</li> <li>• Charter Schools Development Center</li>   <li>• AICPA</li> </ul>

### STAFF CAPACITY

CW has a corporate office located in San Diego and numerous remote offices throughout California. We have over 45 professional employees, including seven certified public accountants, and sufficient audit capacity to provide excellent audit services to Innovations Academy.

### EQUAL OPPORTUNITY EMPLOYER

CW is an equal opportunity employer. We do not discriminate based on race, ethnicity, age, or religion. We are in compliance with all applicable federal and state laws and regulations relating to equal opportunity employment, including the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all other applicable Federal and State laws and regulations relating to equal opportunity employment, including Executive Order No. 11246 of September 24, 1965.

## PAST PERFORMANCE

### SPECIALIZING IN K-12 AUDITS

CW devotes our practice exclusively to K-12 auditing and consulting, including charter schools, schools districts and county offices. A full list of all charter schools served is included on the following page and below is a list of all charter schools in San Diego County as well as charter schools that we work with that also contract with CSMC for business services. References can be provided upon request.

### LIST OF SAN DIEGO COUNTY CHARTER SCHOOL CLIENTS

In addition to the charter schools listed below, we also audit several school districts in the County as well as the San Diego County Office of Education.

Charter School Non-Profit	County	Years Audited
B.E.S.T Academy	San Diego	2019-20 through present
College Preparatory Middle School	San Diego	2021-22 through present
Dual Language Immersion North County	San Diego	2020-21 through present
EJE Academies (2 schools)	San Diego	2006-07 through present
Elevate Elementary School	San Diego	2014-15 through present
Empower Charter School	San Diego	2014-15 through present
Hawkings STEAM Charter School	San Diego	2021-22 through present
High Tech High (16 schools)	San Diego	2008-09 through present
Howard Gardner Community Charter	San Diego	2012-13 through present
Kidinnu Academy	San Diego	2019-20 through present
Literacy First Charter School	San Diego	2021-22 through present
North County Trade Tech High School	San Diego	2021-22 through present
San Diego Global Vision Academy	San Diego	2020-21 through present
School for Entrepreneurship & Technology (SET)	San Diego	2020-21 through present
Sparrow Academy	San Diego	2019-20 through present
Suncoast Preparatory Academy	San Diego	2021-22 through present
Urban Discovery Schools	San Diego	2017-18 through present

### LIST OF CHARTER SCHOOL CLIENTS WITH CSMC

Our firm works with a full range of business offices from internal operations to an array of back-office/business services providers, such as CSMC.

Charter School Non-Profit	County	Years Audited
ABLE Charter Schools	San Joaquin	2012-13 through present
Children's Community Charter School	Butte	New for 2022-23
Compass Charter Schools (3 schools)	Multiple	2012-13 through present
Da Vinci RISE High	Los Angeles	2017-18 through present
Da Vinci Schools (4 schools)	Los Angeles	2008-09 through present
Dual Language Immersion North County	San Diego	2020-21 through present
Granite Mountain Charter School	San Bernardino	2019-20 through present
International School of Monterey	Monterey	2011-12 through present
Kinetic Academy	Orange	New for 2022-23
Lashon Academy (2 schools)	Los Angeles	New for 2022-23
Learning by Design Charter School	Los Angeles	2021-22 through present
Learning for Life Charter School	Monterey	New for 2022-23
Los Angeles Academy of Arts & Enterprise	Los Angeles	2013-14 through present
Orange County Educational Arts Academy	Orange	New for 2022-23
Sparrow Academy	San Diego	2019-20 through present
Three Rivers Charter School	Mendocino	2018-19 through present

## PAST PERFORMANCE (CONT.)

### FULL LIST OF CURRENT CA CHARTER SCHOOL AUDIT CLIENTS OPERATED BY NONPROFIT ORGANIZATIONS

Charter School Non-Profit	Charter School Non-Profit
ABLE Charter Schools	Leadership Public Schools (3 schools)
Academy of Media Arts	Learning by Design Charter School
AeroSTEM Academy	Learning for Life Charter School
Agnes J. Johnson Charter School	Lennox Math, Science & Technology Academy
Alma Fuerte Public Charter School	Literacy First Charter School
Almond Acres Charter Academy	Los Angeles Academy of Arts & Enterprise
Aurum Preparatory Academy	Los Angeles College Prep Academy
B.E.S.T. Academy	Monarch River Academy
Bay Area Technology Charter School	Nevada City School of the Arts
Bitney Prep High Charter School	North County Trade Tech High School
Bullis Charter School	North Oakland Community Charter School
Capitol Collegiate Academy	New Heights Charter School
Clarksville Charter School	New Hope Charter School
Clear Passage Educational Center	NEW Academy Charter Schools (2 schools)
Clovis Global Academy	New Los Angeles Charter Schools (2 schools)
Collegiate Charter High School of Los Angeles	New School of San Francisco
College Preparatory Middle School	Oasis Charter Public School
Compass Charter Schools (3 schools)	Odyssey Charter Schools (2 schools)
CORE Butte Charter School	Orange County Academy of Sciences and Arts (2 schools)
CORE Charter School	Orange County Educational Arts Academy
Crete Academy	Oxford Preparatory Academy (2 schools)
Da Vinci RISE High	Pacific Community Charter School
Da Vinci Schools (4 schools)	Palisades Charter High School
Discovery Charter Schools (2 schools)	PazLo Education Foundation (2 schools)
Dual Language Immersion North County	Plumas Charter School
EJE Academies (2 schools)	Provisional Accelerated Learning Academy
El Camino Real Charter High School	Renaissance Arts Academy
El Concilio CA Academies dba Astronaut Hernandez Academy	Rising Sun Montessori
Elevate Elementary School	Samueli Academy
Empower Charter School	San Carlos Charter Learning Center
Encore Jr./Sr. High School for the Arts	San Diego Global Vision Academy
Excelsior Charter School	Santiago Middle School
Excelsior Charter School Corona-Norco	School for Entrepreneurship & Technology
Feather River Charter School	Sierra Expeditionary Learning School
Fenton Charter Public Schools (5 schools)	Shanél Valley Academy
Forest Charter School	Sparrow Academy
Goethe International Charter School	Suncoast Preparatory Academy
Golden Charter Academy	Sycamore Creek Community Charter School
Golden Eagle Charter School	Taylion High Desert Academy/Adelanto
Granite Mountain Charter School	The Academy of Alameda (2 schools)
Griffin Technology Academies (4 schools)	The Accelerated Schools (3 schools)
Hawkings STEAM Charter School	The Foundation for Hispanic Education (3 schools)
High Tech High (16 schools)	Three Rivers Charter School
High Tech Los Angeles (2 schools)	TIME Community Education
Howard Gardner Community Charter	Tree of Life Charter School
Ingenium Charter Schools (4 schools)	Twin Ridges Home Study Charter School
International School of Monterey	Twin Rivers Charter School
Irvine International Academy	University Preparation School at CSU Channel Islands
John Muir Charter School	Urban Discovery Academy
Kidinnu Academy	Village Charter School
Kinetic Academy	We the People Public Schools
Lake County International Charter School	Wildflower Open Classroom
Lake View Charter School	Yu Ming Charter School
Lashon Academy (2 schools)	Yuba River Charter School
Leadership Military Academy	

## CAPACITY AND METHODOLOGY

### SCOPE OF THE AUDIT

The scope of auditing services provided includes the **Annual Financial Statements** of Innovations Academy (the nonprofit Organization) including its charter school, and Compliance with State Audit and Federal Requirements for the fiscal year ending June 30, 2024, with options to extend through 2026.

The purpose of the financial audits is to render the following opinions and reports:

- Auditor's Opinion on the Financial Statements
- Auditor's Opinion on Internal Controls and Compliance required by *Governmental Auditing Standards*
- Auditor's Opinion on State Compliance Requirements
- Current Year Findings and Recommendations
- Status Report on Prior-Year's Findings and Recommendations

Also, we will conduct the audit to meet procedures required of:

- Federal OMB Uniform Guidance and the Compliance Supplements, when applicable
- Other guides as required by the federal and State agencies, when applicable

### RISK ASSESSMENT

CW has long taken a risk-based audit approach in our audits of LEAs for audit effectiveness and efficiency. We will perform our **Audit Risk Assessment** to include, at a minimum:

- Overall Internal control structure; precisely controls over electronic data processing systems, cash collections, cash disbursements, maintenance and operations and segregation of duties
- Compliance with Education Code and federal and state laws and regulations
- Capitalization and depreciation of assets

### DOCUMENTATION OF INTERNAL CONTROL STRUCTURES

For each engagement performed, we conduct a thorough **Understanding of Internal Control Systems**, assess control risk, and suggest improvements to our clients. CW is well versed in the Risk-based Assessment Standards and will incorporate these requirements into our audit programs. Areas of **Internal Control** typically evaluated for our charter school clients include:

- |   |  |
|---|--|
| ➤ Cash receipting and cash management                       | ➤ Inventory and fixed assets             |
| ➤ Purchasing and accounts payable                           | ➤ Attendance and compliance reporting    |
| ➤ Personnel requisition/terminations and payroll processing | ➤ Financial Reporting                    |
|   | ➤ Student body activities, if applicable |

Our examination of internal controls helps us plan our audit procedures. More importantly, we will communicate both positive control points and points where areas of improvement are needed.

## CAPACITY AND METHODOLOGY (CONT.)

### APPROACH TO FRAUD RISK AND TESTING

CW plans audit procedures to ensure that the financial statements and compliance areas are materially free of errors and irregularities (i.e., fraud). In doing this, we consider the audit risk of each significant transaction and group of transactions and design tests to ensure the transactions are free of material errors and irregularities. Our procedures meet the fraud risk and testing requirements of the clarified Statements on Auditing Standards (SAS).

Suppose fraud is suspected or detected in the preparation of financial statements or the misappropriation of assets. In that case, CW will bring the matter to the attention of the appropriate level in the Organization. You can then take prompt action and prevent further instances from occurring as quickly as possible. We are also skilled in fraud investigations should the need arise.

### MANAGEMENT DISCUSSION AND LETTERS

Christy White, Inc. (CW) believes the purpose of a quality audit is to provide management with feedback on the internal control structure's effectiveness, including the data processing systems. We will report all reportable conditions and discuss potential audit findings, observed good fiscal practices, and then recommend ways to enhance the overall effectiveness and efficiency of the Organization as a whole.

After thoroughly discussing each finding with management and incorporating the Organization's response, we will issue our final management letter. The audit findings will meet *Government Auditing Standards* and standards established by the State Controller's Office.

### PLANNING AND EXIT CONFERENCE MEETINGS

CW works closely with management at various stages during the audit cycle. We will organize both group and one-on-one meetings with individuals such as the Business Manager, the Executive Director, and a governing board representative.

- Audit Planning/Entrance Meeting: During our planning phase, we discuss our proposed audit timelines, deliverables and ask for input on areas deemed "new or high risk."
- Exit Conferences: After fieldwork, we will meet with you to discuss the results of our audit work and preliminary findings, if any. We do not want you to experience "audit surprises." Timely communication is the key to a surprise free audit.
- Review of Draft Audit Reports: Upon the audit's conclusion, we provide you with a draft report (which we are happy to review with you), our findings, and the charter management's response.

We are also available to meet with you on an ad hoc basis if an issue or question arises.

## CAPACITY AND METHODOLOGY (CONT.)

### GENERAL AUDITING APPROACH

By following the professional standards prescribed by **Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards**, we are confident that we are meeting our professional standards for the industry. We will conduct the audit to meet procedures required of:

- K-12 Audit Guide, as published by the State Controller's Office
- *Government Auditing Standards*, as published by the Federal Office of Management and Budget

Being a leading CPA firm in the LEA industry, we have experience working with State, and Federal agencies in the development of the K-12 audit guide, client resolution of findings, researching laws and regulations and aiding on sensitive client situations further elaborate on our **Audit Project Plan**, below are the three stages of the audit process:

### THREE STAGE AUDIT PLAN

Stage 1 – Planning and Risk Assessment

Stage 2 – Fieldwork: Internal Controls Evaluation, Compliance Testing, and Financial Statement Substantive Testing

Stage 3 – Drafting and Finalization of Financial Statements, Preparation of Forms 990/199

### Stage 1 – Planning and Risk Assessment

We will confer with charter school personnel to discuss our plan to commence the audit. We hold an entrance conference call with representatives from the Board, Executive Director, Business/Finance office, and other department heads to discuss risk, concerns, expectations, and audit protocol. Our planning activities include:

- Reviewing and updating our understanding of the organization
- Identification of critical audit areas, plus changes to compliance areas
- Performing preliminary risk assessments
- Establishing an audit timeline
- Compiling data request lists
- Establishing agreed-upon deadlines

CW plans audit procedures to ensure that the financial statements and compliance areas are materially free of errors and irregularities (i.e., fraud). In doing this, we consider the audit risk of each significant account (e.g., cash, capital assets, accounts payable, and debt) and transaction group (e.g., payroll, cash disbursements, and cash receipts).

Upon assessing audit risk, we then design audit tests to meet the overall objective of the financial statements and compliance areas free of material errors and irregularities, under the clarified Statements on Auditing Standards (SAS).

## CAPACITY AND METHODOLOGY (CONT.)

### GENERAL AUDITING APPROACH (CONTINUED)

#### Stage 2 – Fieldwork: Internal Controls Evaluation, Compliance Testing, and Financial Statement Substantive Testing

CW will gain an understanding of the internal control structure of the organization for financial accounting and compliance over federal and State programs. We also evaluate electronic data, including general and application controls over financial reporting and compliance with laws and regulations.

We develop our substantive testing by utilizing the results of our internal control testing and risk assessments. As in all stages of the audit, we will communicate with the Organization to permit timely resolution of any issues found. We will hold an exit conference with the Organization to summarize our fieldwork results and review significant findings.

#### Stage 3 – Drafting and Finalization of Financial Statements, Preparation of Forms 990/199

CW will draft the financial statements and provide the draft and any adjusting entries to the Organization for review and approval. Reports to management will include written reports, and discussions will be held with management and the Audit and Finance Committee or Governing Board. After the audit, we will prepare the Forms 990/199, should you contract for our tax services.

### YEAR-ROUND FASB STATEMENT IMPLEMENTATION AND ON-GOING ASSISTANCE

The partners at CW are thoroughly knowledgeable about FASB standards. CW has assisted all of our nonprofit audit clients, *without extra charges*, with FASB implementation, and on an on-going basis by, for example:

- **Not-for-Profit Financial Reporting Model:**
  - Providing training on implementation and impact on accounting recordkeeping
  - Providing draft financial reports
- **IASB and FASB Revenue Recognition Standards:**
  - Training on revenue recognition framework
  - Advising on the adoption of the new standards and financial statement impacts
- **Accounting for Leases**
  - Consulting on changes in accounting for leases
  - Support in financial reporting changes

## CAPACITY AND METHODOLOGY (CONT.)

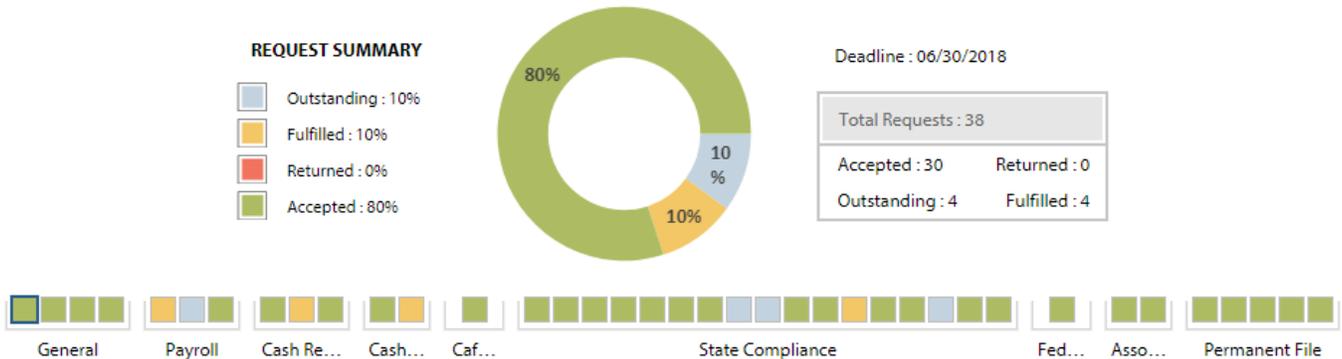
### LEVEL AND NATURE OF SUPPORT REQUIRED

We conduct our audit using a client-driven approach; either fully remote or a combination of off-site and on-site work. We are entirely paperless and have a client portal for ease of document transmission. As such, we can make sample selections in advance of our fieldwork and conduct specific audit tests right from our office. We ask that the accounting staff be generally available to answer questions, upload documentation, and scan sampled document support throughout the audit.

### SECURED PORTAL TO UPLOAD YOUR RECORDS WITH EASE

Christy White, Inc. uses a secure portal for seamless document-request coordination. Using the portal means all our requests are in one place, accessible by everyone assigned, and updated in real-time. Some of the key elements are summarized below:

- **Portal Dashboard:** The dashboard provides a real-time snapshot of the audit progress by indicating the number of outstanding, fulfilled, returned, and accepted items in a color-coded and easy to understand interface
- **Security:** Our portal boasts State of the art security in which all data is stored and transferred with AES 256-bit encryption, and servers are housed in SSAE16 Type II SOC1, SOC2 data centers with daily fail-safe backups
- **Drag and Drop Functionality:** To upload documents to the portal, drag and drop the file(s) from your computer to the requested item in the portal, at which time the status will be automatically changed from outstanding to fulfilled
- **Email Notifications:** Receive summary email notifications based on your timing preference (ex. daily, weekly, morning, afternoon, etc.), which provides activity updates for the engagement (ex. when files are uploaded/downloaded, or the status of an item has been changed)



## STATEMENT OF WORK

### PROPOSED TIMEFRAME

The following is an estimate of the audit and tax work to be conducted each month. The final schedule would be arranged based on the planning meeting that CW holds with you and your stakeholders.

Month	Proposed Work	Percentage of Work Done
Late March – June	Audit planning; the test of internal controls and state compliance with school site personnel	15%
June – August	Tests of internal controls, state compliance testing with CSMC	22%
Late August – November	Year-end fieldwork, depending on when books are closed	35%
October – early December	Reports drafted, reviewed, and finalized	22%
No later than December 15 <sup>th</sup>	Final audit reports distributed	1%
January – May	Preparation/filing of tax forms 990/199	5%
<b>Total</b>		<b>100%</b>

Before each phase of the audit, we will discuss the upcoming work with you, provide weekly progress reports, and conduct an exit conference. The exit conference will provide you with the preliminary results of the recent work, recommendations and list any outstanding audit items.

### ESTIMATED HOURS BY MAJOR WORK SEGMENT

We have reviewed the previous 2021-22 audit report as well as information from the 2023-24 K-12 Audit Guide to plan what we believe to be reasonable hours to complete the audit for the 2023-24 fiscal year.

<u>Audit Work Segments</u>	<u>Estimated Hours of Completion</u>	<u>Audit Work Segments</u>	<u>Estimated Hours of Completion</u>
<b>Planning, Supervision/Review</b>		<b>State Compliance Testing</b>	
Planning and Risk Assessment	5	Attendance	6
Supervision and Quality Control Review	3	Unduplicated LCFF Pupil Count	3
Contingencies/Subsequent Events	2	All Other Areas	8
Board Minutes	3	<b>Substantive Testing Areas</b>	
Correspondence (including Confirmations)	1	Assets (Cash, Receivables, etc.)	8
Entrance/Exit Conference	2	Liabilities (Accounts Payable, Loans, etc.)	6
<b>Internal Control Review/Transaction Testing</b>		Net Assets	2
Interviews and Risk Assessment	2	Revenues	8
Cash Disbursements & Payroll	7	Expenses	6
Cash Receipts	4	<b>Report Preparation and Review</b>	
Journal Entries	1	Audit Reports Review and Opinions	18
		Management Letters/Secretarial	5
		<b>Total Audit Hours</b>	<b>100</b>

Cont'd next col.

## PROPOSED FEES

### FEE STRUCTURE FOR INNOVATIONS ACADEMY

The proposed fees are all-inclusive and will not change unless there are significant changes in the scope of the audit or tax services proposed, as imposed by state or federal agencies or directly requested by the Organization. Audit fees increase per year at a rate of six percent for Cost of Living Adjustment (COLA). We do not bill for advisory services related to the audit or an application of accounting standards. We encourage our clients to contact us at any time year-round for free advice on general finance and accounting issues.

We propose to conduct the audit engagement and submit the audit reports in compliance with the instructions provided by the State Controller's Office. The fee schedule below includes a list of personnel by classification assigned to the audits, indicating the estimated number of hours and rate per hour for the audits.

<u>Classification</u>	<u>Billing Rates</u>	<u>Estimated Hours</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Partner	\$ 255	5	\$ 1,275	\$ 1,352	\$ 1,433
Director/Supervisor	205	25	5,125	5,433	5,759
Senior	165	25	4,125	4,373	4,635
Staff	130	40	5,200	5,513	5,844
Clerical Assistant	80	5	400	424	449
		<u>100</u>			
<b>Total Audit Fees*</b>			<b>\$ 16,125</b>	<b>\$ 17,095</b>	<b>\$ 18,120</b>
<b>Tax Preparation Fees**</b>			1,800	1,800	1,800
<b>Total Professional Fees</b>			<b>\$ 17,925</b>	<b>\$ 18,895</b>	<b>\$ 19,920</b>

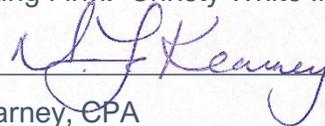
\*If a Federal Single Audit under OMB Uniform Guidance (UG) becomes applicable during any given year, an additional \$5,000 will be added to the annual audit fee. A Federal Single Audit under OMB UG is applicable in any given year that the Organization expends more than \$750,000 in Federal funds.

\*\*Fees noted for preparation of tax returns include Federal IRS Form 990 and related schedules, California Form 199. If these are not the appropriate forms or if any additional Federal or State forms are necessary, this fee may be modified based on the client tax compliance needs (i.e. Form 990-T for reporting of taxable income).

We will enter into an agreement with Innovations Academy in the form of an engagement letter upon acceptance of this proposal document.

We look forward to the opportunity to work with the Innovations Academy. Please do not hesitate to contact us with any questions or to arrange an interview. Thank you!

Name of Accounting Firm: Christy White Inc.

Authorized By: 

Name: Marcy Kearney, CPA

Title: Partner

Date: November 8, 2023



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**APPENDIX: QUALITY CONTROL PEER REVIEW OPINION**

---

# Grant Bennett Associates

A PROFESSIONAL CORPORATION

## Report on the Firm's System of Quality Control

February 26, 2021

To Christy White Associates, Inc. and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Christy White Associates, Inc. (the firm) in effect for the year ended December 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Christy White Associates, Inc. in effect for the year ended December 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Christy White Associates, Inc. has received a peer review rating of *pass*.

*Grant Bennett Associates*

GRANT BENNETT ASSOCIATES  
A PROFESSIONAL CORPORATION  
Certified Public Accountants



[www.gbacpa.com](http://www.gbacpa.com)

1375 Exposition Boulevard, Suite 230  
Sacramento, CA 95815  
916/922-5109 FAX 916/641-5200

P.O. Box 223096  
Princeville, HI 96722  
888/769-7323



December 8, 2023

# Innovations Academy

Forward-thinking audit and tax services from  
not-for-profit specialists



December 8, 2023

Michelle Anderson  
Innovations Academy  
5454 Ruffin Road  
San Diego, California 92123  
United States  
*Delivered Electronically*

Baker Tilly US, LLP  
3655 Nobel Drive  
Suite 300  
San Diego, CA 92122  
T: +1 (858) 597 4100  
[bakertilly.com](http://bakertilly.com)

Dear Michelle:

Not-for-profit organizations like Innovations Academy often struggle with the choice of dedicating resources to programs over general expenses and management. With Baker Tilly at your side, Innovations Academy can direct valuable resources toward supporting your students while we focus on your organization's operational and financial excellence.

Based on what we know about you, we are confident we are the right fit to serve you with audit and tax services. This proposal marks the beginning of a valuable relationship we plan to build with Innovations Academy and describes our unique proposition for how we plan to support your mission while meeting your key objectives.

Benefits of working with Baker Tilly include:

#### The right firm

Baker Tilly's size allows our firm to be one of the few advisory CPA firms with dedicated professionals who focus all of their time on serving not-for-profit clients. Our combination of technical qualifications, technology tools and expansive resources of a large advisory CPA firm with the responsive service, personalized attention and proactive communication of smaller firms make us the perfect fit for Innovations Academy.

#### The right team

Our not-for-profit specialists spend all of their time focused on clients like Innovations Academy. This makes them proficient in identifying risks and exposure areas specific to the not-for-profit sector. Our understanding of your organization, paired with targeted training on industry-specific issues serving charter school clients, means that Innovations Academy will receive a tailored approach.

#### The right expertise

We provide high-quality service for a fair and reasonable fee. Our significant level of partner and manager involvement will translate into a responsive, efficient engagement for Innovations Academy. We will deliver additional enhancements throughout the year through complimentary thought leadership, including webinars, articles and training, and continual connection and communication with your engagement team.

Your school is important to the community you serve and the community we share. Thank you for the opportunity to serve you. We look forward to discussing your questions and feedback.

Sincerely,

**Brenda Bock, CPA, MBA**  
Partner  
+1 (858) 597 4100  
[brenda.bock@bakertilly.com](mailto:brenda.bock@bakertilly.com)

**James Rotherham, CPA**  
Concurring Partner  
+1 (858) 320 6773  
[jim.rotherham@bakertilly.com](mailto:jim.rotherham@bakertilly.com)

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We have multiple charter schools, which require a separate set of financial statements yet operate within the normal operations of our district. Baker Tilly made sure our audit met the requirements and worked with DPI, as our charter school operations are rather unique. Baker Tilly has given us the confidence in ourselves and our operations, along with any guidance needed to include the addition of our third charter school within our district.

*Business Manager and Director at School District of Mauston*



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# Executive summary

*What makes Baker Tilly different from other firms? We bring valuable insights and specialized expertise gained from nearly nine decades of serving not-for-profit clients like Innovations Academy.*

## Understanding your needs to help achieve your mission

As a charter school that prioritizes self-expression, compassionate connection and purposeful learning, Innovations Academy deserves to work with dedicated not-for-profit specialists who go far beyond simply putting the right numbers in the right boxes. You require a dedicated team who will support your mission—the impact in your community you have worked hard to create and grow — and who will offer audit and tax services that meet your needs now and as they evolve.

Education clients like Innovations Academy are central to our business, and we apply experience-based insight to help solve problems and look ahead to opportunities. The following table details how we plan to address your needs in a valuable way.

WHAT INNOVATIONS ACADEMY NEEDS	HOW BAKER TILLY WILL EXCEED YOUR EXPECTATIONS
<b>Relevant education industry experience, specialization and expertise</b>	<ul style="list-style-type: none"> <li>Specialized knowledge and direct experience gained from serving more than 700 elementary and secondary school clients</li> <li>Support from more than 200 team members who are deeply entrenched in the not-for-profit industry and receive focused training and continuing education</li> <li>In-depth understanding of the unique nature of your organization and ability to proactively address your most pressing challenges</li> <li>Full suite of advisory CPA services to help you stay ahead</li> </ul>
<b>Responsive, collaborative engagement team dedicated to serving not-for-profit clients</b>	<ul style="list-style-type: none"> <li>Thoughtful, strategic guidance from a consistent team that will serve you year after year — enhancing your impact over the long term</li> <li>Handpicked not-for-profit specialists who will deliver big-picture insights and best practices</li> <li>Engagement team leaders who are thought leaders in the industry and experts in serving not-for-profit organizations, including schools</li> <li>Commitment to year-round accessibility, continuity and communication</li> <li>Cohesive integration between accounting, tax and advisory services</li> </ul>
<b>Value for fees paid</b>	<ul style="list-style-type: none"> <li>Competitive fee arrangements, without additional charges for every question or concern and without extra onboarding or transition costs</li> <li>Significant partner and manager involvement to deliver timely service</li> <li>Year-round client training, education and insights at no additional cost</li> <li>Streamlined approach that pairs technical expertise with innovative technology to achieve efficiencies</li> </ul>

**YOU RECEIVE MANY BENEFITS BY CHOOSING TO WORK WITH BAKER TILLY**  
*We understand your needs and will meet your objectives with our ability to offer valuable resources, experience and solutions.*

# Meeting your needs with our resources

*While other CPA firms may pay little attention to the not-for-profit space, Baker Tilly has doubled down on our investment in your sector. We have the reputation and the resources ready to dedicate to Innovations Academy — both now and in the future.*

## Offering our resources: Baker Tilly at a glance

We dedicate ourselves to delivering efficiency, quality, creativity, innovation and forward-thinking solutions to education clients. Baker Tilly is passionate about enhancing and protecting our clients' impact, which is a collective effort by everyone across our firm. **Our not-for-profit team maintains a separate practice group of approximately 200 professionals devoted to serving clients like you. Innovations Academy will receive an exceptional experience for your school.** Below are some key facts about our firm and the resources we bring to your engagement.



**10th**  
largest accounting firm in the U.S.



**6,500**  
team members



**550**  
partners



**2,000+**  
Certified Public Accountants



**\$1.3B**  
firm revenue in FY2022



**60+**  
U.S. office locations



**250+**  
workplace and culture awards

### COMPREHENSIVE EXPERIENCE TO SERVE YOU

*Innovations Academy will receive support and guidance from a respected firm that continues to grow — as evidenced by INSIDE Public Accounting naming Baker Tilly as the 10th largest accounting firm in the United States on their 2022 IPA Top 100 list.*

## Supporting you with a deep bench strength and offices across California

Innovations Academy will be a valued client, and you should expect to receive exceptional client service. To be accessible and responsive to you year-round, your engagement will be led from our California offices to minimize travel costs, strengthen the relationship and improve efficiencies.

Our expanding client relationships, on-the-ground local presence and knowledge of the state's unique requirements are driving our explosive growth and strong position in the Golden State.

We offer Innovations Academy more than 800 professionals across nine offices, including one in San Diego. California is also home to a large not-for-profit practice.



### DEPTH OF CALIFORNIA RESOURCES

*Innovations Academy will receive exceptional service with our deep bench strength of nine offices in California.*

# Not-for-profit specialization

*Not-for-profit leaders and governance teams wear many hats. Our team members support Innovations Academy with reliable solutions that deliver measurable enhancements to your organization and those you serve.*

## Helping you achieve your mission with our not-for-profit specialization

As a charter school program, we know Innovations Academy is continually looking to improve efficiencies and direct more dollars and resources toward educating your students. Our firm’s long-standing reputation for providing high-quality accounting, tax and advisory services, paired with decades of experience serving the not-for-profit industry, enables us to help you meet your specific needs and develop real solutions to the challenges you face.

We serve more than 2,000 not-for-profit clients throughout the United States whose annual budgets typically range from less than \$1 million to more than \$100 million.

### Serving clients like Innovations Academy

Baker Tilly serves the full spectrum of clients in the not-for-profit sector, including other charter schools. A listing of the types of organizations we work with is provided below.

### Not-for-profit focus

Because the financial needs of not-for-profits are unique, we maintain a separate practice group that:

-  Comprises approximately 200 team members
-  Serves more than 2,000 not-for-profit organizations
-  Performs more than 700 single audits each year, ranking us in the top three nationally among CPA firms

## WE BRING IN-DEPTH EXPERIENCE SERVING THE FOLLOWING TYPES OF ORGANIZATIONS

- |   |   |   |
|---|---|---|
| <ul style="list-style-type: none"> <li>• Affordable housing</li> <li>• Agricultural and horticultural organizations</li> <li>• Behavioral healthcare</li> <li>• Colleges and universities</li> <li>• Foundations</li> <li>• Fraternal societies</li> <li>• <b>K-12 schools</b></li> </ul> | <ul style="list-style-type: none"> <li>• Labor organizations</li> <li>• Museums and cultural organizations</li> <li>• Primary healthcare</li> <li>• Private clubs and community foundations</li> <li>• Professional, membership and trade associations</li> <li>• Public charities</li> </ul> | <ul style="list-style-type: none"> <li>• Relief agencies</li> <li>• Religious organizations</li> <li>• Residential retirement facilities</li> <li>• Social service organizations</li> <li>• Trusts and funds</li> <li>• Voluntary health and welfare organizations</li> </ul> |
|---|---|---|

### Delivering the full breadth of our professional services

Approximately 200 not-for-profit auditors, tax specialists, forensic accountants, management consultants and risk consultants stand ready to deliver a tailored service methodology for Innovations Academy.

## SERVICES WE PROVIDE TO NOT-FOR-PROFIT ORGANIZATIONS INCLUDE

- |  |   |   |
|--|---|---|
| <ul style="list-style-type: none"> <li>• Board governance</li> <li>• Corporate registrations</li> <li>• Cost reduction strategies</li> <li>• Disaster recovery</li> <li>• Due diligence</li> <li>• Employee benefit plan audit and consulting</li> <li>• Enterprise Risk Management</li> <li>• <b>Financial statement audit, review and compilation</b></li> <li>• Forensic valuation and litigation support</li> <li>• Formation / dissolution</li> </ul> | <ul style="list-style-type: none"> <li>• Governmental relief programs (such as the Employee Retention Credit)</li> <li>• Grant, contract and research management</li> <li>• Human resources consulting and outsourcing</li> <li>• Information technology and cybersecurity</li> <li>• Internal audit</li> <li>• Leadership and board development</li> <li>• Management consulting and reporting</li> <li>• Property tax exemptions</li> </ul> | <ul style="list-style-type: none"> <li>• Public charity conversions</li> <li>• Public support consulting</li> <li>• Resource and performance optimization</li> <li>• Single audit</li> <li>• Strategic planning</li> <li>• Succession planning</li> <li>• <b>Tax planning and compliance</b></li> <li>• Tax-exempt status reinstatements</li> <li>• Transaction advisory</li> </ul> |
|--|---|---|

More information on Baker Tilly's not-for-profit specific services is available in **Appendix B**.

### Helping Innovations Academy stay at the forefront of the not-for-profit industry

We are committed to helping Innovations Academy stay up to date on emerging issues and trending topics. Our team members serve in leadership positions on various boards and committees, and they regularly give educational presentations on industry and technical topics. Our firm's leadership and involvement in industry associations and conferences will help Innovations Academy stay at the forefront of industry trends.

### Complimentary thought leadership and training to keep Innovations Academy informed

Our team members will share complimentary webinars, alerts, whitepapers, articles, case studies, events, resources and insights year-round so you can focus on what matters most: your mission. We invite you to click on the below examples that demonstrate the value Baker Tilly can provide to Innovations Academy. More are available online at [bakertilly.com/industries/notforprofit](http://bakertilly.com/industries/notforprofit).

 <p><b>Not-for-profit fiscal workshop 2022</b></p>	 <p><b>NFP online journal (resource)</b></p> <p>A Baker Tilly blog providing timely, actionable guidance on key topics to not-for-profit leaders and board members.</p>	 <p><b>Gift acceptance: Thanks for the gift! Now how do I report it? (article)</b></p>
 <p><b>2022 NFP tax and accounting update webinar (webinar)</b></p>	 <p><b>Board and audit committee governance (resource)</b></p>	 <p><b>Embracing the virtual audit (article)</b></p>

### Using our experience serving K-12 schools, including independent and charter schools, to tailor our ideas, insights and support for Innovations Academy

We developed a specialty in serving education institutions nationwide more than 50 years ago. Our education team spends their time with independent and charter schools, research institutions and colleges and universities and understands the nuances of working in education.

Today, Baker Tilly provides audit, tax and advisory services to **more than 700 elementary and secondary educational institutions** or related organizations, including **more than 145 independent and charter schools**.

They choose Baker Tilly because of our depth of experience, industry-specific knowledge and commitment to their success. In addition, we have experience with charter schools that have contracts with public school districts and whose financial statements include a schedule of contract revenues and expenditures. Our firm supports similar clients with implementing and understanding accounting pronouncements, capital campaigns and construction and endowment disclosures. In addition, we provide ratios and analysis to assist clients in developing enrollment goals.

Because of our long-standing commitment to not-for-profits, Innovations Academy will not need to spend time explaining your operations to us. Our staff is already extremely knowledgeable about not only the special needs of not-for-profit organizations, but also the needs of your K-12 organization. We understand that your time is best spent focusing on your school's mission, not getting your audit and tax team up to speed.

Charter schools are required to have an annual independent fiscal audit that is performed in accordance with generally accepted auditing standards. We work closely with the State Controller's Office and the California Department of Education to ensure that audit issues are effectively and appropriately addressed. We also confer with the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB) to help charter schools handle emerging accounting issues.

#### A SELECT LIST OF OUR CHARTER AND INDEPENDENT SCHOOL CLIENTS:

- Acuitus, Inc.
- Amethod Public Schools
- Bay Area Educational Institute
- Berkwood Hedge School
- C5 Children's School
- Charles Armstrong School
- Epic Charter School
- Escuela Popular
- Global Education Collaborative
- Heartland Charter School
- Khan Lab School
- Leadership High School
- Mission Vista Academy
- Montclair Community Play Center
- Partnerships to Uplift Communities (PUC Schools)
- Peninsula School
- Presidio Preschool
- REACH Leadership Academy
- Seven Hills School
- SLS Preschool
- Waldorf School of the Peninsula
- Town School for Boys
- Turlock Christian Schools

# Your dedicated Baker Tilly team

*Innovations Academy will work with a consistent team who understands your organization and can enhance your mission from day one. The combination of your engagement team's not-for-profit experience and service knowledge translates into tangible results for Innovations Academy.*

## Aligning key engagement team members with Innovations Academy's goals

While other firms may not always assign their best and most experienced people to not-for-profit engagements, that is not the case at Baker Tilly. We believe in strong personal relationships, and this means a personal interest in Innovations Academy from some of our most experienced team members. You will work with our best and brightest education professionals who will be dedicated to you and the industry you serve. This handpicked team offers a collaborative focus supported by the breadth and depth of our firm's resources. Engagement team members are introduced below, and complete resumes are available in **Appendix C**.

### INTENTIONALLY SELECTED ENGAGEMENT TEAM FOR INNOVATIONS ACADEMY



#### Brenda Bock, CPA, MBA — Audit partner

Brenda has more than 15 years of experience in public accounting and private industry specialization. She has significant experience performing audits of charter schools, school districts, local governments, Native American tribal governments and casinos and not-for-profit organizations. Brenda serves on Baker Tilly's Not-for-Profit Technical committee and serves as a peer reviewer and internal inspector for the firm.



#### Jim Rotherham, CPA — Concurring partner

Jim offers our clients more than 30 years of experience in public accounting and private industry. He leads numerous audit engagements for clients in the education industry. His specialties include audits of charter schools, school districts, local governments, Native American tribal governments and not-for-profit organizations.



#### Kathy Schmidt, CPA — Tax senior manager

Kathy is an established tax professional in our San Diego, California office. She focuses on delivering high-quality tax and accounting solutions to clients. She has worked with a diverse clientele throughout her career but has spent the last 10 years focusing primarily on not-for-profit organizations, including charter and independent schools.

### INNOVATIONS ACADEMY WILL RECEIVE TANGIBLE RESULTS WITH BAKER TILLY

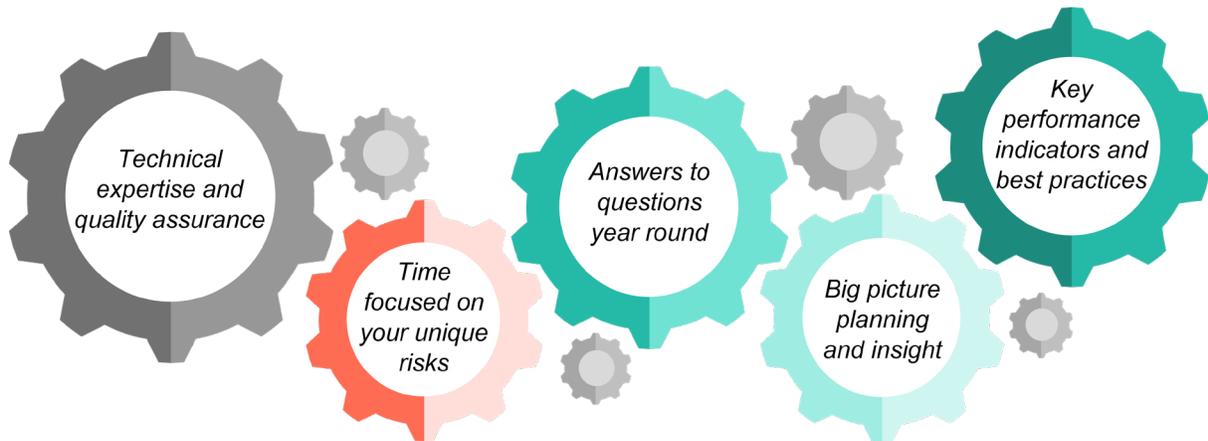
*All engagement team members are committed to your success. Their industry experience and service expertise translate into tangible results for Innovations Academy.*

## Building trust with our unique approach to staffing to demonstrate how important you are to our firm

Innovations Academy will benefit from our unique approach to staffing, which emphasizes significant partner and manager involvement throughout the entire engagement process. Unlike other firms, Baker Tilly provides our top staff and most experienced team members to serve your school. You can expect an open line of communication with and access to your senior team leaders year-round. This promotes an efficient, effective audit and tax engagement.

We will be responsive to your needs, quickly resolve challenges and build trust. You can expect to receive technical insights and an approach customized to your unique structure, culture, timing and strategic goals.

The graphic below details how we will build trust with Innovations Academy.



### COLLABORATING WITH YOU AS YOUR TRUSTED TEAM

*Your partners and managers will be deeply involved in the engagement and develop an in-depth working knowledge of your school and processes to deliver value throughout the year.*



*When you're running a not-for-profit, it's so important to get your financials validated from a trustworthy source. Baker Tilly did that for us, and on top of that reiterated the value for our donors in choosing New Horizons because of how much goes back to programs for each dollar donated. It's clear they understand our organization and believe in our mission.*

*Tim Hatfield, CEO | New Horizons Rehabilitation Services, Inc.*

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# Service approach

*Our relationship-driven approach is powered by technology and led by partners and managers who deliver a cost-effective, quality engagement for Innovations Academy. We will deliver audit and tax solutions that address the education industry's underlying complexities and your unique opportunities.*

## Designing a collaborative, integrated audit and tax approach to gain efficiencies for Innovations Academy

Baker Tilly streamlines year-end procedures by approaching your engagement with an integrated team of partners and managers who will be involved in every phase of the compliance process. These partners and managers make sure your leadership does not have to wait unnecessarily for decisions to go through layers of approval.

Our integrated approach aligns our tax and audit professionals to encourage collaboration throughout all phases of the engagement. As a team, we share relevant information obtained through meetings, transactions and other sources in real time. We collaborate internally to make sure we address issues throughout the year instead of just at year-end.

Your service team will work with you to ensure your deadlines are met and there are no unexpected delays. Our methodology involves a well-organized process that results in cost and time savings for Innovations Academy. Benefits include:

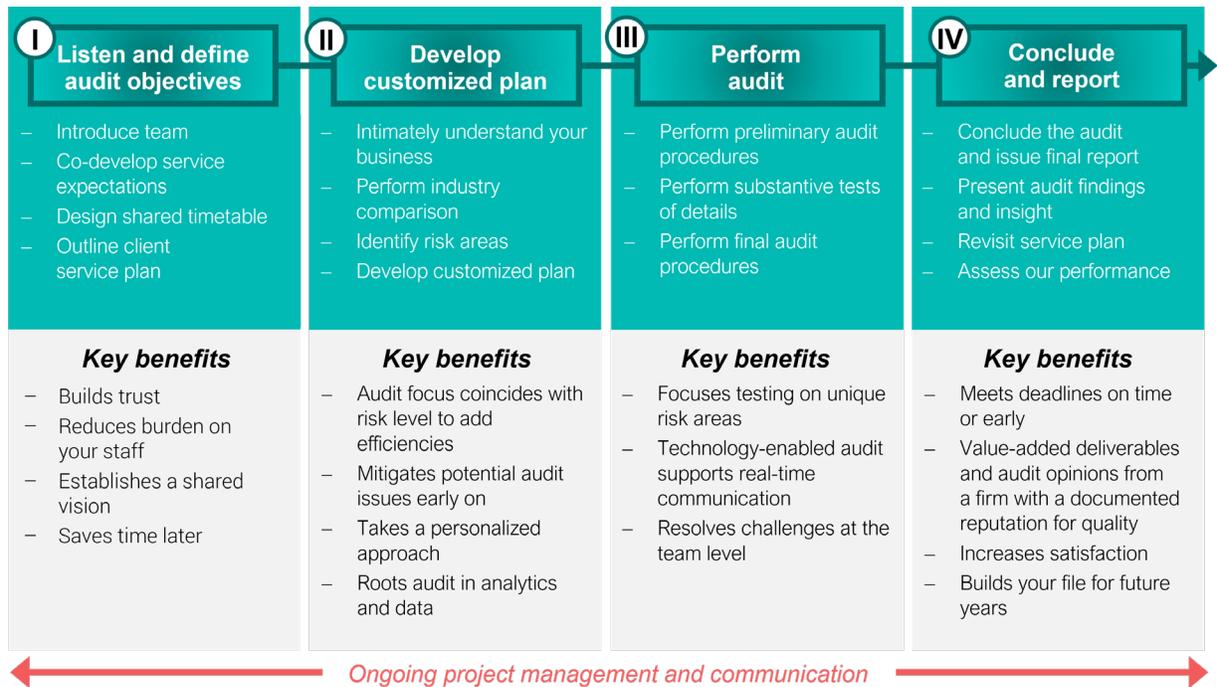
- BENEFITS OF OUR METHODOLOGY INCLUDE:**
- Cost and time savings by having all team members work together and share information internally
  - Cross-functional collaboration to build a customized risk and tax profiles
  - Ability to leverage unique talent and skillsets to evolve and improve the engagement
  - Lack of disruption for your internal team by eliminating needless, duplicative meetings or last-minute requests
  - Reduction in hours required to complete your compliance work every year and reallocation of time toward valuable ideas and insights
  - Team members who leverage each other's work, share information and frequently communicate to make sure we do not waste your time; for example:
    - Using CaseWare and other technology tools to populate data automatically
    - Combined prepared-by-client (PBC) list to enable Innovations Academy to complete documentation or summarize requested work papers at the same time
  - Strengthened understanding of your operations, structure, opportunities and risks

## Designing a collaborative audit approach tailored to the not-for-profit industry

**What** we do in terms of our audit approach is designed to deliver a high-quality audit. **How** we do it is what distinguishes our firm. To help Innovations Academy adapt to and benefit from change, Baker Tilly works hard to be a consultative assurance ally that proactively manages risk.

### Tailoring our approach to meet your needs

An overview of our collaborative, industry-focused and advisory-based audit approach is detailed below.



#### TAILORED AUDIT APPROACH

*A high-touch audit service model assures Innovations Academy of accessibility, reliability and a tailored approach. We will work hard to gain your trust and solve problems through open, engaging dialogue and frequent communication.*

## Providing tax capabilities that benefit Innovations Academy

Baker Tilly specializes in serving the unique needs of tax-exempt organizations, and our engagement team members regularly help clients like Innovations Academy comply with the latest federal, state, local and international regulations for tax-exempt organizations.

**Our firm prepares or reviews more than 2,800 Form 990 tax returns on an annual basis.** Baker Tilly’s technical tax capabilities allow us to:

**2,800+**

Our not-for-profit tax professionals prepare more than 2,800 Form 990 tax returns on an annual basis – adding efficiencies and value to your tax engagement.

WHAT WE WILL DO FOR INNOVATIONS ACADEMY	HOW WE WILL DO IT
<b>Deliver effective tax strategies to fit your needs</b>	Our industry-specialized tax professionals will not take things at face value or make unfounded assumptions. We will leverage our not-for-profit experience to appropriately respond to the nuances and needs of your organization and connect you with the right tax specialists.
<b>Save you time</b>	We will readily identify exposure areas and go beyond merely “checking the boxes,” as our focus is not-for-profit tax.
<b>Share ideas</b>	Your engagement team will execute benchmarking as part of the process.
<b>Draw upon our expertise and experience</b>	Innovations Academy will benefit from our extensive experience completing the following tax forms: <ul style="list-style-type: none"> <li>• Form 990, Return of Organization Exempt from Income Tax</li> <li>• Form 990-EZ, Short Form Return of Organization Exempt from Income Tax</li> <li>• Form 990-T, Exempt Organization Business Income Tax Return</li> <li>• Foreign Tax Reporting for U.S. Organization, including Forms 5471, 5713, 8858 and 8892</li> </ul>
<b>Integrate tax and audit activities</b>	To minimize follow-up, eliminate redundancies and enable timely completion, our tax and audit professional will collaborate closely on your engagement.
<b>Perform timely tax services</b>	Provide Innovations Academy the expertise you need when you need it.

## Co-developing a timeline to meet or beat Innovations Academy’s deadlines

Other advisory CPA firms may not prioritize not-for-profit work. It is often seen as “filler work,” done in the summer and at the last minute. At Baker Tilly, we adjust our approach to your timelines and prioritize your deadlines. We start work early in March instead of waiting until the last minute. We will aim to present a draft of the financials and not-for-profit tax returns at the same meeting.

Your time is valuable, and one significant way we will support your school is by delivering your services on time or ahead of schedule.

# SERVICE APPROACH

Below is an overview of our customized approach to successfully provide audit and tax services to Innovations Academy. During the client service plan development phase, we will collaborate with you to co-develop an agreed-upon service timeline that meets your needs and timing requirements.

ACTIVITY	2024									
	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Kickoff		█								
Risk and opportunity assessment		█	█							
Interim fieldwork		█	█							
Year-end fieldwork				█	█					
Tax return preparation and submission					█	█				
Audit conclusion (reporting and discussing audit results)						█	█			
Feedback and idea sharing								█		

**COMMITMENT TO SUCCESSFULLY DELIVER AUDIT AND TAX SERVICES TO MEET INNOVATIONS ACADEMY'S REQUIREMENTS**

*Innovations Academy's time is valuable. We will co-develop a timeline to provide Innovations Academy services on time or ahead of schedule.*



In my years of working with other auditing firms, I can assess the quality of the firm by the way they orient to the organization and the time it takes them to get up to speed. Baker Tilly came on board with a partner that really understands the not-for-profit field and a staff that has experience with organizations like us. They were up and running quickly with very few questions. The team didn't miss a beat with the audit, everything was on time, right on schedule. I was extremely impressed.

*Chief Executive Officer, not-for-profit organization*

# Value for fees

*We don't just put the right numbers in the right boxes on your return or cross things off a checklist for your audit – we take pride in proactively identifying potential issues and helping you stay ahead of changes using our not-for-profit focus.*

## Delivering a professional fee estimate for Innovations Academy

We are excited about the opportunity to work with Innovations Academy and have prepared the below fee estimate to meet Innovations Academy's needs and objectives. Our fees allow for thorough and insightful advice from experienced professionals without unnecessary add-on charges.

SERVICES	2024	2025	2026
Audit of financial statements for the year ended June 30	\$40,000	\$42,800	\$45,800
Tax Form 990	\$3,000	\$3,200	\$3,400

*\*Fees do not include an administrative fee of 5% of the total fee.*

### VALUE FOR FEES PAID

*Innovations Academy can expect exceptional service paired with a fair, competitive fee arrangement that allows us to deliver continuous value throughout our relationship.*

## Avoiding surprises and a nickel-and-dime billing approach

Routine phone calls, emails and quick consultations are included in Innovations Academy's fee estimate. We do not believe in billing for every question, comment or concern, and we encourage you to discuss any unusual transactions with us to gain efficiencies for year-end.

If an issue arises, your engagement team members will work with you to determine the level of assistance required and arrange an appropriate fee at that time. We will **always** tell you if the assistance you need is out of scope, and we **never** perform additional work without approval.

## Detailing our assumptions

Our estimate is based on the below assumptions. Should any of these change during the engagement, we will contact Innovations Academy immediately and prepare a change order detailing the new requirements and any corresponding budget impact.

- Adequate support, preparedness and cooperation from Innovations Academy's management
- Organized books and records
- Fees based on current advisory, tax and assurance standards
- No major changes in scope or organizational structure, including mergers or expansions into new markets

---

## Voice of our clients

*We are always happy to provide references because it is important for you to talk with the organizations we serve. Our similar client base equals experience-derived insights for Innovations Academy.*

### Demonstrating successful relationships with similar clients

We encourage you to connect with the clients below to learn more about the value of their relationship with Baker Tilly. Each client will offer a different perspective as you consider your own needs.

PUC SCHOOLS			
<b>Name</b>	Lisa Tovar	<b>Title</b>	Chief Financial Officer
<b>Phone</b>	+1 (818) 559 7699	<b>Email</b>	<a href="mailto:l.tovar@pucnational.org">l.tovar@pucnational.org</a>

HEARTLAND CHARTER SCHOOL			
<b>Name</b>	Courtney McCorkle	<b>Title</b>	Executive Director
<b>Phone</b>	+1 (661) 384 6135	<b>Email</b>	<a href="mailto:courtney@heartlandcharterschool.com">courtney@heartlandcharterschool.com</a>

#### PROVIDING VALUABLE PERSPECTIVES FROM CURRENT CLIENTS

*At Baker Tilly, relationships matter. Our team has a record of successfully enhancing and protecting similar clients' mission — resulting in experience-based insights for Innovations Academy.*

# Appendix A: Additional qualifications

**Prioritizing Diversity, Inclusion, Belonging and Societal impact (DIBS)**

*At Baker Tilly, DIBS is who we are rather than what we do. Creating an environment where all team members are valued empowers us to bring our authentic selves to work each day. When our contributions reflect our individual best, we achieve better results for Innovations Academy.*

Belonging is a core Baker Tilly value. We foster a deep level of mutual respect where each one of us feels seen, heard, valued and connected. Each team member commits to upholding a diverse and inclusive workplace driven by fairness, compassion and equality.



**MEET SHANE LLOYD,  
DIBS STRATEGY LEADER**  
*In his role as Head of Diversity, Inclusion and Belonging at Baker Tilly, Shane oversees our company's DIBS initiatives and serves on influential national diversity and inclusion boards.*

Throughout our firm, you will find our DIBS philosophy and practices embedded into everything we do. We hire people who bring new perspectives and experiences, including Shane Lloyd, who joined Baker Tilly as our DIBS strategy leader in 2021. Shane was named to the Washington Business Journal's 2022 "40 under 40," a prestigious list that recognizes individuals with impressive careers who demonstrate a strong commitment to philanthropy and community building.

Shane was also selected as Program Chair to The Conference Board's Diversity, Equity and Inclusion (DEI) Strategists Council I, where he will strategize on key topics and trends to educate and connect other senior DEI leaders in the corporate space. Read more about the council [here](#).

We embrace our differences and believe a more open, connected world serves everyone better. DIBS is the lens that helps us see things more broadly and lights the path for us to follow. This benefits our people, our clients and our communities. [Watch this video](#) to learn more about the ways Baker Tilly celebrates diversity, inclusion and belonging and values the contributions of every team member across our firm.

**DIBS steering committee**

Baker Tilly's national DIBS steering committee is designed to strengthen our firm's culture of diversity, inclusion and belonging.

A cross-section of leaders across our firm oversees our strategy – from inclusion-related communications to accountability measures for our key diversity goals and coordination of our signature initiatives described below and on the following pages.



**WE EMBED DIBS INTO ALL ASPECTS OF OUR BUSINESS**  
*From how we recruit, develop and promote team members, to the way we serve clients and treat each other. Day in, day out.*

## APPENDIX A: ADDITIONAL QUALIFICATIONS



### Growth and Retention of Women (GROW)



Through our GROW initiative, Baker Tilly provides women valuable opportunities to network, share their stories, acquire skills, strengthen professional relationships and advance in their careers. Our commitment to GROW increases the number of women in management positions, enhances the retention of women at all firm levels, creates an environment where women feel empowered and supports our advocacy of advancing women in business. It also helps us share knowledge gained with clients and creates a workforce that reflects our client base.

### Supporting Opportunity, Advancement and Recognition (SOAR)



SOAR focuses on improving inclusion and increasing retention of team members of color to create a more inclusive, innovative and productive workforce. Diversity makes each of our professionals unique; inclusion is how that unique team collaborates to achieve common goals. Our SOAR strategy rests on four key pillars: talent acquisition, advancement, education and awareness, and recognition.

### NexGen: joining workforce generations



Today, four generations coexist in the workplace – baby boomers, Gen X, millennials and Gen Z – and each brings unique viewpoints influenced by events and experiences in their lifetime. With NexGen, we aim to empower the next generation of team members to collaboratively engage in our firm's progress while promoting an overall investment in our future. Key components of NexGen's vision involve discovering how different generations can build rewarding professional relationships that are mutually beneficial. NexGen amplifies the voices of our firm's next generation of professionals, providing leadership and growth opportunities along the way.

### PRIDE team member network



Our PRIDE team member network exists to support the LGBTQ+ community and their allies within Baker Tilly. We strive to create an open environment centered on LGBTQ+ issues and topics relevant to the workplace. This effort includes involvement, support, understanding and acceptance from colleagues across our firm.

### Racial Equity Action Plan (ACTION) and focus on social justice



Our firm developed an ACTION plan to support our strategic goal of increasing the retention of team members of color and to create positive change in our communities and our profession. As initial steps in our plan, we convened our DIBS steering committee and formed a racial equity advisory group consisting of a diverse group of team members. We then worked closely with a highly respected consulting firm to assess the current state of our workplace as it relates to diversity, inclusion and racial equity. We used their recommendations to refine our DIBS strategic plan and inform the next steps in our journey.

## APPENDIX A: ADDITIONAL QUALIFICATIONS

Baker Tilly team members continue to take the time to have difficult conversations and reflect deeply. Colleagues shared stories of how racism and discrimination affect their daily lives – stories they did not feel comfortable sharing before. Others gained new insight into their own unconscious biases and the steps needed to overcome them. We are committed to continuing on this learning journey and achieving tangible results together.

### Baker Tilly Foundation support for racial justice advocacy



As a firm, we have made our position clear: We stand against racism and discrimination in any form. Our Baker Tilly Foundation's board of directors, with input from our team members, selected key racial justice organizations as recipients of direct financial support from our firm with a commitment to match team member donations. Additionally, our local SOAR committees support social justice causes across the United States through event sponsorship, fundraising initiatives and volunteer engagement.

### Baker Tilly backs Human Rights Campaign initiatives and national associations for accountants of color

In May 2022, Baker Tilly signed on to the Human Rights Campaign's Business Statement Opposing Anti-LGBTQ State Legislation and Business Coalition for Equality Act, taking a stand against legislation that would attempt to exclude LGBTQ+ people from full participation in daily life and promoting workplace equality.

Baker Tilly is also expanding our connections and alignment with key professional organizations. We are a Platinum Sponsor of the 2022 National Association of Black Accountants (NABA) National Convention and a participant in conferences for the Ascend Pan-Asian professional network and the Association of Latino Professionals in Finance and Accounting (ALPFA).

### Tone from the top: CEO Action for Diversity & Inclusion

#### CEO **ACT!ON** FOR DIVERSITY & INCLUSION

Baker Tilly is a member of CEO Action for Diversity & Inclusion, a steering committee of CEOs focused on making diversity and inclusion a business priority. CEO Action for

Diversity & Inclusion is the most extensive alliance of business leaders openly committed to sharing successful diversity initiatives and lessons learned. **As a member, Baker Tilly pledges to:**

- Make our workplace a safe place to have open conversations about diversity and inclusion
- Implement and expand unconscious bias education
- Share best, and unsuccessful, practices
- Create and share strategic inclusion and diversity plans with our board of partners



**BAKER TILLY RECOGNIZED WITH PERFECT SCORE ON CORPORATE EQUALITY INDEX**

*The Human Rights Campaign awarded Baker Tilly 100 points out of 100 on the 2022 Corporate Equality Index (CEI), an industry-standard measure created to evaluate corporate policies, practices and benefits that support LGBTQ+ team members.*

As evidence of our commitment to DIBS, examples of public recognition received in recent years are listed below.

## APPENDIX A: ADDITIONAL QUALIFICATIONS

### PUBLIC RECOGNITION AND AWARDS FROM INDEPENDENT PUBLICATIONS FOR OUR DIBS EFFORTS

Named to the Forbes Best Employers for Diversity 2022 list

Winner of the 2022 Human Rights Campaign Foundation's Best Places to Work

Ranked #7 in the 2023 Vault Accounting 25, receiving special recognition for improving our diversity scores in every area, including categories for women, racial/ethnic diversity, LGBTQ+ and overall diversity ranking

Business Wire and Inside Public Accounting articles on Shane Lloyd's appointment as Baker Tilly's Head of Diversity, Inclusion and Belonging

Podcast with Shane Lloyd on diversity

Host of 2020 "Diversity Well Beyond the Theory: The 'how' in recruitment, retention and inclusion" event in Tysons, Virginia

Recognition as 2018 Corporate Partner of the Year by the National Association of Black Accountants (NABA) Metropolitan Washington, D.C. Chapter

Winner of Corp! Magazine's "Salute to Diversity" Award

Journal of Accountancy article featuring Baker Tilly's diversity initiatives: "The business case for diversity and inclusion at CPA firms"

Pennsylvania Institute of Certified Public Accountants (PICPA) article by a Baker Tilly team member discussing her experience with diversity at our firm: "CPA Now - My Experience with a Diversity Initiative"

Twin Cities Business article highlighting Baker Tilly's commitment to our GROW initiative: "All In: Hiring Women Executives"

# Appendix B: Additional services

*Innovations Academy's service needs may evolve over time. Baker Tilly offers you a full complement of accounting, tax and advisory solutions to address any risks and challenges you may face and maximize opportunities.*

## Education risks and opportunities

We have found that not-for-profit organizations face challenges in a number of unique areas. The following identifies many of the solutions we offer our clients today.

### ENTERPRISE RISK MANAGEMENT AND GOVERNANCE

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Audit exception follow-up</li> <li>• Board of directors governance</li> <li>• Compliance and internal audit infrastructure</li> <li>• Compliance risk assessment</li> <li>• Enterprise risk assessment</li> <li>• Fraud risk assessment</li> <li>• State registration services</li> </ul> | <ul style="list-style-type: none"> <li>• Governance and internal controls training</li> <li>• Registered governance self-assessment</li> <li>• Internal audit best practices support and guidance</li> <li>• Internal audit charter development</li> <li>• Internal controls diagnostic</li> <li>• Statements on Auditing Standards (SAS) nos. 104-112 compliance</li> </ul> |
|--|--|

### FINANCIAL AND ACCOUNTING OPERATIONS

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Billing</li> <li>• Budgeting</li> <li>• Cash disbursements and receipts</li> <li>• Cost center management and tracking</li> <li>• Designated special-purpose funds</li> <li>• Due diligence</li> <li>• Employee compensation</li> <li>• Endowment accounting</li> <li>• Endowment transactions</li> <li>• Executive compensation</li> <li>• Executive office expenditures</li> <li>• Expenses</li> </ul> | <ul style="list-style-type: none"> <li>• External audit assistance</li> <li>• Fair value measurement</li> <li>• Financial reporting controls</li> <li>• Fundraising</li> <li>• Investment management</li> <li>• Not-for-profit tax Form 990</li> <li>• Not-for-profit tax status and compliance</li> <li>• Payroll</li> <li>• Receivables and collections</li> <li>• Refunds</li> <li>• Restricted funds</li> <li>• Wire transfers</li> </ul> |
|---|---|

### OPERATIONS

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Business reorganization</li> <li>• Constituent relationship management</li> <li>• Construction management</li> <li>• Energy and utilities utilization and efficiency</li> <li>• Enrollment management</li> <li>• Facilities management</li> <li>• Financial disclosure</li> <li>• Inventory and asset management</li> <li>• New business opportunities</li> </ul> | <ul style="list-style-type: none"> <li>• Operational efficiency and cost cutting</li> <li>• Physical security</li> <li>• Project risk management</li> <li>• Real estate management</li> <li>• Record retention</li> <li>• Space utilization</li> <li>• Stakeholder relationship management</li> <li>• Sustainability</li> <li>• Vendor and service outsourcing activities</li> </ul> |
|--|--|

## APPENDIX B: ADDITIONAL SERVICES

### GRANTS, CONTRACT AND RESEARCH MANAGEMENT

- Cost allowability, allocability and reasonableness
- Effort and time reporting
- Export controls
- Facilities and administrative rate development
- Governmental audit preparation
- Grants and contracts compliance
- U.S. General Services Administration (GSA) compliance
- Individual conflicts of interest
- Institutional conflicts of interest
- Salary charging and effort certification
- Service center rate and allocation
- Sponsored research administration and compliance
- Sponsored research risk assessment
- Subcontractor monitoring

### PROCUREMENT AND ACCOUNTS PAYABLE

- Accounts payable
- Contract management
- Contracting estimates and bids
- Individual procurement
- Purchasing cards (p-cards)
- Vendor management

### HUMAN RESOURCES

- Background check process
- Benefits and administration
- Benefit plan audits
- Employee leave
- Human resources operations
- Retirement plan administration outsourcing
- 403(b) plan issues

### SPECIAL INVESTIGATIONS

- Fraud investigation
- Government audit preparation
- Whistleblower investigation

## Accounting software designed for not-for-profit organizations

Baker Tilly integrates and optimizes finance and accounting technology solutions for growing not-for-profit organizations. We can fill any gaps in Innovations Academy's finance and accounting technology stack with our purpose-built software products or custom solutions designed specifically for you. With Baker Tilly, you gain the finance and accounting software capabilities to have a deeper insight into your organization's financial health. Additional information can be found at [faas.bakertilly.com/not-for-profit](https://faas.bakertilly.com/not-for-profit).

# Appendix C: Resumes

PARTNER

# Brenda Bock, CPA, MBA

*Brenda Bock is a partner in Baker Tilly's San Diego, California office.*



## **Baker Tilly US, LLP**

3655 Nobel Drive  
Suite 300  
San Diego, CA 92122  
United States

T: +1 (858) 597 4100  
[brenda.bock@bakertilly.com](mailto:brenda.bock@bakertilly.com)

[bakertilly.com](http://bakertilly.com)

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## **Education**

Master of Business Administration  
in accounting  
Montclair State University  
(Montclair, New Jersey)

Bachelor of Arts in economics and  
Spanish  
Rutgers University  
(New Brunswick, New Jersey)

Brenda has more than 15 years of experience in public accounting and private industry specialization. She has significant experience performing audits of charter schools, school districts, local governments, Native American tribal governments and casinos and not-for-profit organizations. Brenda serves on Baker Tilly's Not-for-Profit Technical committee and serves as a peer reviewer and internal inspector for the firm.

## **Specific experience**

- Manages all aspects of audit engagements including planning, assessment of internal controls, analytical reviews, budget preparations and audit execution
- Reviews and analyzes financial statements and related footnote disclosures to be in compliance with US GAAP
- Evaluates internal controls and develops recommendations to improve client processes, control structure and efficiency
- Communicates findings directly with senior management
- Licensed CPA in California and New Jersey

## **Industry involvement**

- American Institute of Certified Public Accountants (AICPA)
- California Society of Certified Public Accountants (CalCPA)
- New Jersey Society of Certified Public Accountants (NJCPA)

**PARTNER**

## James A. Rotherham, CPA

*Jim is an audit partner based in our San Diego, California office and has more than 30 years of public accounting experience.*



### **Baker Tilly US, LLP**

3655 Nobel Drive  
Suite 300  
San Diego, CA 92122  
United States

T: +1 (858) 320 6773  
[jim.rotherham@bakertilly.com](mailto:jim.rotherham@bakertilly.com)

[bakertilly.com](http://bakertilly.com)

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### **Education**

Bachelor of Science in finance and  
accounting  
University of Pennsylvania

Jim offers our clients more than 30 years of experience in public accounting and private industry. He leads numerous audit engagements for clients in the education industry. His specialties include audits of charter schools, school districts, local governments, Native American tribal governments, and not-for-profit organizations.

### **Specific experience**

- Serves clients in the education, not-for-profit, technology, and life sciences industries
- Leads and manages financial statement audits
- Offers strong entrepreneurial professional skills in mergers and acquisitions, financing, revenue recognition, auditing and financial analysis
- Formerly co-founded and served as CFO of several privately owned and venture-backed technology companies, including one that he took public in 2003

### **Industry involvement**

- Member, Financial Accounting Standards Board (FASB) Small Business Advisory Committee (SBAC)
- American Institute of Certified Public Accountants (AICPA)
- California Society of Certified Public Accountants (CalCPA)

### **Community involvement**

- Volunteer and past Board Member, Boys and Girls Clubs of Greater San Diego

SENIOR MANAGER

# Kathy Schmidt

*Kathy is a tax senior manager with nearly 40 years of public accounting experience.*



## **Baker Tilly US, LLP**

3655 Nobel Drive  
Suite 300  
San Diego, CA 92122  
United States

T: +1 (858) 320 6766  
[kathy.schmidt@bakertilly.com](mailto:kathy.schmidt@bakertilly.com)

[bakertilly.com](http://bakertilly.com)

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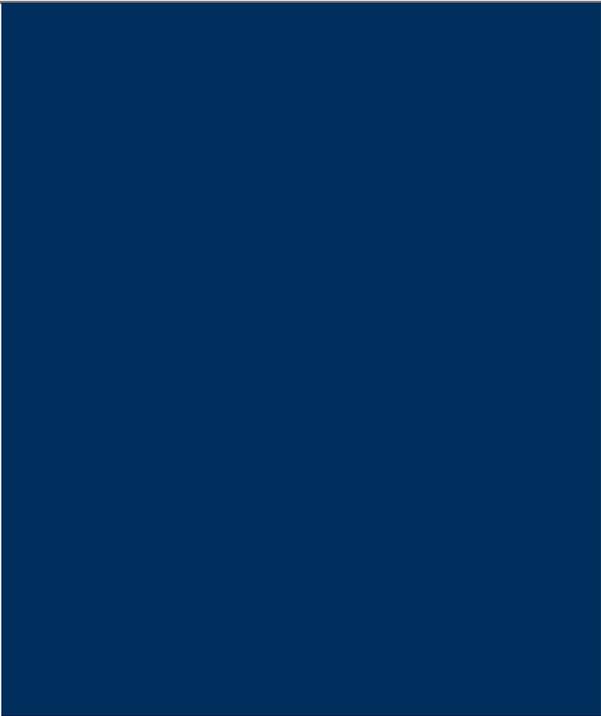
## **Education**

Bachelor of Science in accounting  
San Diego State University

Kathy is an established tax professional in our San Diego, California office. She focuses on delivering high quality tax and accounting solutions to clients. Kathy joined Baker Tilly in 2016.

## **Specific experience**

- Specializes in tax and accounting services
- Provides compliance and consulting services to high-net-worth individuals, small businesses and not-for-profit organizations
- Highly diverse clientele throughout her career, but has spent the last 10 years focusing primarily on not-for-profit organizations, including charter and independent schools
- Prior to joining Baker Tilly, Kathy was responsible for growing the not-for-profit practice at a regional accounting firm



Innovations Academy  
Charter School  
Charter #1024

Audit Report  
June 30, 2023



**Innovations Academy Charter School**  
Financial Statements and Supplemental Information  
Year Ended June 30, 2023

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## **Independent Auditor's Report**

To the Board of Directors  
Innovations Academy Charter School

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Innovations Academy Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Innovations Academy Charter School as of June 30, 2023, 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.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Innovations Academy Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Innovations Academy Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Innovations Academy Charter School’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Innovations Academy Charter School’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as identified in the Table of Contents and as required by the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, is presented for purposes of additional analysis and is not a required part of the 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 accompanying supplementary information, as identified in the Table of Contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of Innovations Academy Charter School’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 Innovations Academy Charter School’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 Innovations Academy Charter School’s internal control over financial reporting and compliance.

El Cajon, California  
December 15, 2023

## Financial Statements

# Innovations Academy Charter School

## Statement of Financial Position

June 30, 2023

---

### Assets

Cash and cash equivalents	\$ 4,469,107
Accounts receivable	813,359
Prepaid expenses	64,202
Property and equipment, net	127,981
Total Assets	<u>\$ 5,474,649</u>

### Liabilities and Net Assets

#### Liabilities

Accounts payable - vendors	\$ 158,160
Accounts payable - grantor government	152,334
Accrued payroll liabilities	71,731
Unearned revenue	1,080,181
Total Liabilities	<u>1,462,406</u>

#### Net Assets

Without donor restrictions	
Undesignated	3,881,326
Invested in property and equipment, net of related debt	127,981
	<u>4,009,307</u>

#### With donor restrictions

Restricted for state programs	<u>2,936</u>
-------------------------------	--------------

Total Net Assets	<u>4,012,243</u>
Total Liabilities and Net Assets	<u>\$ 5,474,649</u>

The accompanying notes are an integral part of this statement.

# Innovations Academy Charter School

Statement of Activities  
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>			
Local Control Funding Formula (LCFF) sources			
State aid	\$ 841,474	\$ -	\$ 841,474
Education protection account state aid	88,078	-	88,078
Transfers in lieu of property taxes	3,698,708	-	3,698,708
Total LCFF sources	4,628,260	-	4,628,260
Federal contracts and grants	-	392,590	392,590
State contracts and grants	529,282	469,459	998,741
Local contracts and grants	42,139	-	42,139
Donations and fundraising	191,508	-	191,508
Interest income and FMV adjustment	(29,161)	-	(29,161)
Net assets released from restriction -			
Grant restrictions satisfied	868,912	(868,912)	-
Total revenue, support, and gains	6,230,940	(6,863)	6,224,077
<b>Expenses and Losses</b>			
Program services expense	4,551,573	-	4,551,573
Supporting services expense	1,008,582	-	1,008,582
Total expenses and losses	5,560,155	-	5,560,155
<b>Change in Net Assets</b>	670,785	(6,863)	663,922
<b>Net Assets, Beginning of Year</b>	3,338,522	9,799	3,348,321
<b>Net Assets, End of Year</b>	\$ 4,009,307	\$ 2,936	\$ 4,012,243

The accompanying notes are an integral part of this statement.

# Innovations Academy Charter School

## Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services	Supporting Services		Total
	Educational Programs	Management and General	Fundraising and Development	
Salaries and wages	\$ 2,463,886	\$ 457,300	\$ -	\$ 2,921,186
Pension expense	516,550	95,872	-	612,422
Other employee benefits	228,604	42,429	-	271,033
Payroll taxes	75,081	13,935	-	89,016
Fees for services:				
Business services	-	66,008	-	66,008
Legal and audit	-	56,712	-	56,712
Professional consulting	268,089	38,030	-	306,119
District oversight	-	137,807	-	137,807
Banking and payroll services	-	17,726	-	17,726
Advertising	-	655	-	655
Office expenses	224,001	-	-	224,001
Communication	26,181	-	-	26,181
Conferences, conventions, and meetings	31,634	-	-	31,634
Operations and housekeeping	79,849	-	-	79,849
Depreciation	40,350	-	-	40,350
Insurance	-	48,282	-	48,282
Other expenses:				
Books and supplies	321,465	-	-	321,465
Equipment rental and repair	25,163	-	-	25,163
Noncapitalized equipment	47,819	-	-	47,819
Student transportation & activities	202,901	-	-	202,901
Miscellaneous	-	27,201	6,625	33,826
Total expenses by function	<u>\$ 4,551,573</u>	<u>\$ 1,001,957</u>	<u>\$ 6,625</u>	<u>\$ 5,560,155</u>

The accompanying notes are an integral part of this statement.

# Innovations Academy Charter School

Statement of Cash Flows

Year Ended June 30, 2023

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<b>Cash Flows from Operating Activities</b>	
Receipts from federal, state, and local contracts and grants	\$ 2,724,247
Receipts from property taxes	3,698,708
Receipts from donations and fundraising	191,508
Receipts from operating interest and FMV adjustment	(29,161)
Payments to employees for services provided	(3,874,785)
Payments to vendors	(1,540,755)
<b>Net Cash Provided by Operating Activities</b>	<u>1,169,762</u>
<b>Cash Flows from Investing Activities</b>	
Purchases of property and equipment	(9,264)
<b>Net Cash Used for Investing Activities</b>	<u>(9,264)</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,160,498
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,308,609</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 4,469,107</u>
<b>Reconciliation of Change in Net Assets to Net Cash Used For Operating Activities</b>	
Change in net assets	\$ 663,922
Adjustments to reconcile change in net assets to net cash:	
Depreciation and amortization	40,350
(Increase) Decrease in assets	
Accounts receivable	(362,744)
Prepaid expenses	(29,858)
Increase (Decrease) in liabilities	
Accounts payable - vendors	115,251
Accounts payable - grantor governments	39,609
Accrued payroll liabilities	18,872
Unearned revenue	684,360
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 1,169,762</u>

The accompanying notes are an integral part of this statement.

# Innovations Academy Charter School

Notes to the Financial Statements

Year Ended June 30, 2023

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## A. Principal Activity and Summary of Significant Accounting Policies

### *Organization Structure*

Innovations Academy Charter School, is a nonprofit organization, organized in the State of California. The School's mission is to provide quality education to students in kindergarten through eighth grade. Innovations Academy Charter School was formed in July 2009 as a charter school pursuant to California Education Code Section 47600 under a charter agreement with the San Diego Unified School District.

### *Basis of Accounting*

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The School uses the accrual basis of accounting, under which revenues are recognized when they are earned, and expenditures are recognized in the accounting period in which the liability is incurred.

### *Cash and Cash Equivalents*

The School considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

### *Accounts Receivable*

Accounts receivable consist primarily of non-interest-bearing amounts due to the School for federal, state, and local grants and contracts receivable. The amounts in accounts receivable are considered fully collectable and as such there has not been an allowance for uncollectable accounts or discount established for the School.

### *Prepaid Expenses*

Prepaid expenses are recorded to account for expenditures during the benefiting period.

### *Property and Equipment*

The School records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed in the current period.

The School reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2023.

# Innovations Academy Charter School

Notes to the Financial Statements (Continued)

Year Ended June 30, 2023

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## *Investments*

The School records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values on the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

## *Net Assets*

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## *Revenue and Revenue Recognition*

The School recognizes revenue from sales when the products are transferred, and services are provided. The School records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Some federal, state, and local contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expense. In such cases the revenue is recognized once all performance requirements have been met.

## *Donated Services and In-Kind Contributions*

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and developing activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

## *Advertising*

Advertising costs are expensed as incurred and approximated \$655 during the year ended June 30, 2023.

# Innovations Academy Charter School

Notes to the Financial Statements (Continued)

Year Ended June 30, 2023

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## *Functional Allocation of Expenses*

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

## *Income Taxes*

The School is a 509(a)(1) publicly supported non-profit organization that is exempt from income taxes under Sections 501(a) and 501(c)(3) of the Internal Revenue Code. The School is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The School may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2023, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The School follows provisions of uncertain tax positions as addressed in ASC 958. The School recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the year ended June 30, 2023.

## *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires the School to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

## *Financial Instruments and Credit Risk*

The School manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the School to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the School has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from government agencies.

## *LCFF Revenues and Payments in Lieu of Property Taxes*

The School's primary funding source is a combination of local property taxes and state revenues. The California Department of Education computes the local control funding formula (LCFF) on statewide charter school rates multiplied by the schools' average daily attendance (ADA) as reported at the second principal apportionment period (P2). The result is then reduced by property tax revenues transferred from the District to the school, which is funding in lieu of property taxes, and education protection account funds paid by the state under Proposition 30. The remaining balance is paid from the state general fund, in the form of LCFF State Aid. LCFF funding sources, inclusive of state and local sources, made up 74.36% of the School's revenue.

The School is not at risk of losing these funding sources, as long as the School maintains a steady level of ADA, as these funding sources are mandated by the California State Constitution to fund schools.

## Innovations Academy Charter School

Notes to the Financial Statements (Continued)

Year Ended June 30, 2023

### *New Accounting Guidance*

The Financial Accounting Standards Board (FASB) issues accounting standards updates and additional guidance for not-for-profit and for-profit agencies to establish consistent accounting across all organizations in the United States. The following table represents items that have been issued by FASB that became effective in the 2022-23 fiscal year:

Description	Date Issued
FASB Accounting Standards Update 2016-02 - Leases (Topic 842)	Feb-16
FASB Accounting Standards Update 2018-01 - Leases (Topic 842)	Jan-18
FASB Accounting Standards Update 2018-11 - Leases Targeted Improvements (Topic 842)	Jul-18
FASB Accounting Standards Update 2018-14 - Compensation, Retirement Benefits - Defined Benefit Plans (Topic 715-20)	Aug-18
FASB Accounting Standards Update 2018-20 - Leases (Topic 842)	Dec-18
FASB Accounting Standards Update 2019-01 - Leases (Topic 842)	Mar-19
FASB Accounting Standards Update 2019-12 - Income Taxes (Topic 740)	Dec-19
FASB Accounting Standards Update 2020-01 - Investments (Topics 321, 323, and 815)	Jan-20
FASB Accounting Standards Update 2020-05 - Revenue from Contracts with Customers (Topic 606)	Jun-20
FASB Accounting Standards Update 2020-05 - Leases (Topic 842)	Jun-20
FASB Accounting Standards Update 2020-08 - Codification Improvements for Receivables (Topic 310-20)	Oct-20
FASB Accounting Standards Update 2021-02 - Franchisors Revenue (Topic 952-606)	Jan-21
FASB Accounting Standards Update 2021-04 - Earnings Per Share (Topic 260)	May-21
FASB Accounting Standards Update 2021-04 - Debt Modifications and Extinguishments (Topic 470-50)	May-21
FASB Accounting Standards Update 2021-04 - Stock Compensation (Topic 718)	May-21
FASB Accounting Standards Update 2021-04 - Derivatives and Hedging (Topic 815-40)	May-21

# Innovations Academy Charter School

Notes to the Financial Statements (Continued)

Year Ended June 30, 2023

Description	Date Issued
FASB Accounting Standards Update 2021-05 - Leases (Topic 842)	Jul-21
FASB Accounting Standards Update 2021-07 - Stock Compensation (Topic 718)	Oct-21
FASB Accounting Standards Update 2021-09 - Leases (Topic 842)	Nov-21
FASB Accounting Standards Update 2021-10 - Government Assistance (Topic 832)	Nov-21
FASB Accounting Standards Update 2022-06 - Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848	Dec-22
FASB Accounting Standards Update 2023-03 - Financial Statement Reporting Amendments to SEC Paragraphs of Multiple Topics	Jul-23
FASB Accounting Standards Update 2023-04 - Liabilities (Topic 405): Amendments to SEC Paragraphs	Aug-23

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The School has adopted provisions of effective Accounting Standards Updates. The implementation of these items did not result in a change to financial presentation for the School.

### *Subsequent Events*

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through December 15, 2023, the date the financial statements were available to be issued.

## **B. Liquidity and Availability**

The School's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 4,469,107
Accounts receivable	813,359
Total	<u>\$ 5,282,466</u>

# Innovations Academy Charter School

Notes to the Financial Statements (Continued)

Year Ended June 30, 2023

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## C. Fair Value Measurements and Disclosure

The School reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3: Unobservable inputs for the asset or liability. In these situations, the School develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset, or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the School's assessment of the quality, risk, or liquidity profile of the asset or liability.

The School has funds at the San Diego County Treasury which invests funds in various markets such as CDs, money market, and U.S. government obligations. Those CDs, money market, and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market rate assumptions and are classified within Level 2.

# Innovations Academy Charter School

Notes to the Financial Statements (Continued)

Year Ended June 30, 2023

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2023:

Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
Cash in county treasury	\$ 2,840,163	\$ -	\$ 2,840,163	\$ -
Total investments by fair value level	<u>\$ 2,840,163</u>	<u>\$ -</u>	<u>\$ 2,840,163</u>	<u>\$ -</u>

## **D. Cash and Cash Equivalents**

The School's cash and cash equivalents on June 30, 2023, consisted of the following:

Cash in county treasury	\$ 2,919,801
Fair market value adjustment	(79,638)
Cash in bank accounts	<u>1,628,944</u>
Total cash and cash equivalents	<u>\$ 4,469,107</u>

### *Cash in County Treasury*

The School is a voluntary participant and therefore maintains a portion of its cash in the San Diego County Treasury as part of the common investment pool (\$2,919,801 as of June 30, 2023). The County Treasury is restricted by Government Code §53635 pursuant to §53601 to invest in time deposits, U.S. Government Securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse agreements.

The fair value of the School's investment in this pool (\$2,840,163 as of June 30, 2023) is reported in the accompanying financial statements at amounts based upon the School's pro-rata share of the fair value provided by the County Treasury for the entire County Treasury portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasury, which are recorded on an amortized cost basis. Cash may be added or withdrawn from the investment pool without limitation.

### *Cash in Bank*

The remainder of the School's cash, (\$1,628,944 as of June 30, 2023) is held in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. As of June 30, 2023, the School held \$1,148,751 in excess of the FDIC insured amounts. The School reduces its exposure to risk by maintaining such deposits with high quality financial institutions. The School has not experienced any losses in such accounts and believe it is not exposed to any significant credit risk.

# Innovations Academy Charter School

Notes to the Financial Statements (Continued)

Year Ended June 30, 2023

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## E. Accounts Receivable

As of June 30, 2023, the School's accounts receivable consisted of the following:

Federal Government		
Special Education	\$	126,813
Child Nutrition		26,449
Title I		18,285
ESSER III		70,719
Other Federal Programs		18,103
State Government		
Education Protection Account		22,018
State Aid		37,339
Lottery Funding		24,611
Child Nutrition		41,768
Special Education		75,873
Local Government		
Property Tax Payments		339,546
Other Local Sources		
Interest		9,906
Other Local Sources		1,929
Total Accounts Receivable	\$	<u>813,359</u>

## F. Prepaid Expenses

As of June 30, 2023, the School's prepaid expenses consisted of the following:

Health and welfare benefits	\$	7,611
Prepaid vendors		56,591
Total Prepaid Expenses	\$	<u>64,202</u>

# Innovations Academy Charter School

Notes to the Financial Statements (Continued)

Year Ended June 30, 2023

## G. Property and Equipment

As of June 30, 2023, the School's property and equipment consisted of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Work in Progress	\$ 147,319	\$ -	\$ 97,319	\$ 50,000
Total Non-Depreciable Capital Assets	147,319	-	97,319	50,000
Depreciable Capital Assets				
Leasehold Improvements	-	12,115	-	12,115
Equipment, Furniture, and Fixtures	102,488	94,468	-	196,956
Total Depreciable Capital Assets	102,488	106,583	-	209,071
Total Capital Assets	249,807	106,583	97,319	259,071
Less Accumulated Depreciation	(90,740)	(40,350)	-	(131,090)
Capital Assets, Net	\$ 159,067	\$ 66,233	\$ 97,319	\$ 127,981

## H. Unearned Revenue

At year end the School had performance obligations remaining to expend funds for multiple state and federal programs. As such, unexpended cash received is reflected in unearned revenue.

The following table provides information about significant changes in unearned revenue for the year ended June 30, 2023:

Unearned Revenue, beginning of period	\$ 395,821
Increases in unearned revenue due to cash received during the period	877,476
Decreases in unearned revenue due to performance obligations met during the period	(193,116)
Unearned Revenue, end of period	\$ 1,080,181

As of June 30, 2023, unearned revenue consisted of the following:

ESSER III	\$ 84,959
ELO-P	194,907
Educator Effectiveness	98,458
Universal Pre-K	43,587
Expanded Learning Opportunities	80,188
Arts, Music, and Instructional Materials	142,088
Learning Recovery Emergency	335,380
Kitchen Infrastructure and Training Funds	100,000
Pandemic EBT Local Administrative Grant	614
Total	\$ 1,080,181

# Innovations Academy Charter School

Notes to the Financial Statements (Continued)

Year Ended June 30, 2023

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## I. Net Assets With Donor Restrictions

The School receives grants from federal and state agencies that are restricted for specific purposes. Once the restricted purpose has been fulfilled, the assets are released from restriction. At June 30, 2023, net assets were restricted for the following purposes:

Subject to expenditure for specified state purposes:	
National School Lunch Program	\$ <u>2,936</u>
Total net assets with donor restrictions	\$ <u><u>2,936</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended June 30, 2023.

Beginning restricted net assets	\$ 9,799
Restricted grants received	862,049
Net assets released from restriction:	
Restricted purpose satisfied	<u>(868,912)</u>
Ending restricted net assets	\$ <u><u>2,936</u></u>

## J. Employee Retirement System

Qualified employees are covered under a multiple-employer defined benefit pension plan by an agency of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS). The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of the other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If the School chooses to stop participating in some of its multi-employer plans, the School may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

## Innovations Academy Charter School

Notes to the Financial Statements (Continued)

Year Ended June 30, 2023

The School’s participation in this plan for the fiscal year ended June 30, 2023, is outlined in the table below. The “EIN/Pension Plan Number” column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2023, 2022 and 2021 is for the plan’s year-end at June 30, 2023, 2022 and 2021, respectively. The zone status is based on information that the School received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The “FIP/RP Status Pending/Implemented” column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

*Period to Period Comparability:*

Innovations Academy Charter School increased in CalSTRS contributions from 2021 to 2022 by 28.31% followed by an additional increase in 2023 of 72.46%. The increases in CalSTRS contributions were in large due to rising contribution rates along with an increase in salaries.

<u>Pension Fund</u>	<u>EIN/ Pension Plan Number</u>	Pension Protection Act			<u>FIP/RP Status Pending/ Implemented</u>
		Zone Status			
		Year Ended June 30,			
		2023	2022	2021	
CalSTRS	26-0418421	Green	Green	Yellow	No

<u>Pension Fund</u>	Contributions			<u>Number of Employees</u>	<u>Surcharge Imposed</u>
	2023	2022	2021		
	CalSTRS	\$ 612,422	\$ 355,105		
Total	\$ 612,422	\$ 355,105	\$ 276,749	33	

CalSTRS:

The School contributes to the California State Teachers’ Retirement System (CalSTRS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. Required contribution rates are set by the California Legislature and detailed in Teachers’ Retirement Law. Contribution rates are expressed as a level of percentage of payroll using the entry age normal actuarial cost method. CalSTRS also uses the level of percentage of payroll method to calculate the amortization of any unfunded liability. Copies of the STRS annual report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

For the fiscal year ended June 30, 2023, active plan members were required to contribute between 10.205% and 10.25% of their salary, depending on their hire date. The employer contribution rate was 19.1% of annual payroll. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. The School made contributions as noted above. For the year ended June 30, 2023, the State contributed \$347,189 (10.828% of certificated salaries) on behalf of the School.

## Innovations Academy Charter School

Notes to the Financial Statements (Continued)

Year Ended June 30, 2023

### K. Upcoming Changes in Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued the following Accounting Standards Updates (ASU) that become effective over the next few fiscal years:

Description	Date Issued	Fiscal Year Effective
FASB Accounting Standards Update 2016-13 - <i>Credit Losses (Topic 326)</i>	Jun-16	2023-24
FASB Accounting Standards Update 2017-04 - <i>Intangibles, Goodwill &amp; Other (Topic 350)</i>	Jan-17	2023-24
FASB Accounting Standards Update 2018-12 - <i>Financial Services Insurance (Topic 944)</i>	Aug-18	2024-25
FASB Accounting Standards Update 2018-19 - <i>Codification Improvements for Credit Losses (Topic 326)</i>	Nov-18	2023-24
FASB Accounting Standards Update 2019-09 - <i>Financial Services, Insurance (Topic 944)</i>	Nov-19	2024-25
FASB Accounting Standards Update 2019-10 - <i>Financial Instruments, Credit Losses</i>	Nov-19	2023-24
FASB Accounting Standards Update 2020-06 - <i>Debt (Topic 470-20)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-06 - <i>Derivatives and Hedging (Topic 815-40)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-10 - <i>Codification Improvements</i>	Nov-20	2025-26
FASB Accounting Standards Update 2021-08 - <i>Business Combinations (Topic 805)</i>	Oct-21	2024-25
FASB Accounting Standards Update 2022-01 - <i>Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method</i>	Mar-22	2024-25
FASB Accounting Standards Update 2022-02 - <i>Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures</i>	Mar-22	2023-24
FASB Accounting Standards Update 2022-03 - <i>Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions</i>	Jun-22	2025-26
FASB Accounting Standards Update 2022-04 - <i>Liabilities-Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations</i>	Sep-22	2023-24
FASB Accounting Standards Update 2022-05 - <i>Financial Services - Insurance (Topic 944): Transition for Sold Contracts</i>	Dec-22	2025-26
FASB Accounting Standards Update 2023-01 - <i>Leases (Topic 842): Common Control Arrangements</i>	Mar-23	2024-25
FASB Accounting Standards Update 2023-02 - <i>Investments (Topic 323): Accounting for Investments in Tax Credit Structures</i>	Mar-23	2025-26
FASB Accounting Standards Update 2023-05 - <i>Business Combinations - Joint Venture Formations (Subtopic 805-60)</i>	Aug-23	2024-25

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The updates effective during the future fiscal years are not expected to impact the financial accounting or presentation for the School.

## Supplementary Information

# Innovations Academy Charter School

LEA Organization Structure

Year Ended June 30, 2023

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Innovations Academy Charter School (Charter #1024) was established in 2008. The authorizing entity is San Diego Unified School District. Innovations Charter School provides services for Kindergarten through Eighth Grade.

## **GOVERNING BOARD**

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<b>Name</b>	<b>Office</b>	<b>Term and Term Expiration</b>
Nathan Cooper	President	Three Year Term Expires October 2024
Stephen Rosen	Treasurer	Three Year Term Expires February 2024
Cassidy Platt	Secretary	Three Year Term Expires March 2024
Danielle Strachman	Member	Three Year Term Expires April 2024
Faraz Sharafi	Member	Two Year Term Expires June 2023

## **ADMINISTRATION**

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Christine Kuglen  
Director

Devon Woodruff  
Assistant Director

**INNOVATIONS ACADEMY CHARTER SCHOOL**

Schedule of Average Daily Attendance

Year Ended June 30, 2023

	Second Period Report		Annual Report	
	Original 1C06B9AC	Revised N/A	Original C79BB5F4	Revised N/A
<b>Classroom Based Attendance</b>				
Grades K-3	167.41	N/A	165.24	N/A
Grades 4-6	127.38	N/A	126.37	N/A
Grades 7-8	83.21	N/A	82.94	N/A
<b>Total Classroom Based Attendance</b>	<b>378.00</b>	<b>N/A</b>	<b>374.55</b>	<b>N/A</b>
<b>Non-Classroom Based Attendance</b>				
Grades K-3	34.36	N/A	34.82	N/A
Grades 4-6	18.38	N/A	18.77	N/A
Grades 7-8	9.65	N/A	9.20	N/A
<b>Total Non-Classroom Based Attendance</b>	<b>62.39</b>	<b>N/A</b>	<b>62.79</b>	<b>N/A</b>
<b>Total ADA</b>	<b>440.39</b>	<b>N/A</b>	<b>437.34</b>	<b>N/A</b>

N/A – There were no audit findings which resulted in revisions to the second period or annual reports of attendance.

## Innovations Academy Charter School

Schedule of Instructional Time

Year Ended June 30, 2023

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Kindergarten	36,000	46,080	0	46,080	180	0	180	Complied
1st Grade	50,400	56,160	0	56,160	180	0	180	Complied
2nd Grade	50,400	56,160	0	56,160	180	0	180	Complied
3rd Grade	50,400	56,160	0	56,160	180	0	180	Complied
4th Grade	54,000	56,160	0	56,160	180	0	180	Complied
5th Grade	54,000	56,160	0	56,160	180	0	180	Complied
6th Grade	54,000	56,160	0	56,160	180	0	180	Complied
7th Grade	54,000	56,160	0	56,160	180	0	180	Complied
8th Grade	54,000	56,160	0	56,160	180	0	180	Complied

See Accompanying Notes to Supplementary Information

## Innovations Academy Charter School

### Schedule of Financial Trends & Analysis Year Ended June 30, 2023

	Budget 2024	2023	2022	2021
Revenues	\$ 6,346,540	\$ 6,224,077	\$ 5,352,076	\$ 4,275,007
Expenses	6,343,865	5,560,155	4,884,705	3,935,880
Change in Net Assets	<u>2,675</u>	<u>663,922</u>	<u>467,371</u>	<u>339,127</u>
Ending Net Assets	<u>\$ 4,014,918</u>	<u>\$ 4,012,243</u>	<u>\$ 3,348,321</u>	<u>\$ 2,880,950</u>
Unrestricted Net Assets	<u>\$ 4,014,918</u>	<u>\$ 4,009,307</u>	<u>\$ 3,338,522</u>	<u>\$ 2,880,950</u>
Unrestricted net assets as a percentage of total expenses	<u>63%</u>	<u>72%</u>	<u>68%</u>	<u>73%</u>
Total Long Term Debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ADA at P2	<u>439</u>	<u>440</u>	<u>457</u>	<u>377</u>

The School's ending net assets has increased by \$1,131,293 (39.27%) over the past two fiscal years. The significant increase is in large due to additional funding received as a result of the COVID-19 pandemic.

Average daily attendance (ADA) has increased by 63 over the past two years. As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 ADA reported.

The 2023-24 budget is presented for purposes of analysis only and has not been audited. Net assets are projected to increase by \$2,675 and ADA is projected to be 439 for the 2023-24 fiscal year.

## Innovations Academy Charter School

### Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements Year Ended June 30, 2023

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June 30, 2023 annual financial alternative form net assets:	\$ 4,091,881
Adjustments and reclassifications:	
Overstatement of cash and cash equivalents	<u>(79,638)</u>
Total adjustments and reclassifications	<u>(79,638)</u>
June 30, 2023 audited financial statements net assets:	<u>\$ 4,012,243</u>

See Accompanying Notes to Supplementary Information

# Innovations Academy Charter School

Notes to Supplementary Information

Year Ended June 30, 2023

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## A. Purpose of Schedules

### LEA Organization Structure

This schedule provides information about the School's charter number, district of authorization, members of the governing board, and members of administration.

### Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measure of the number of pupils attending classes of the School. 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 and in different programs.

### Schedule of Instructional Time

This schedule provides information regarding compliance with Education Code §47612.

Compliance with Education Code §47612 includes the following:

- 1) Charter schools may operate up to 5 tracks for attendance reporting.
- 2) Each track must be operated for a minimum of 175 days.
- 3) Each track must offer the required number of instructional minutes specified in Education Code §47612.5.
- 4) No track shall have less than 55% of its school days before April 15 each school year.

Compliance with Education Code §47612 involves offering a minimum number of annual instructional minutes as defined by grade level.

An LEA that closed due to a qualifying emergency in the 2022-23 fiscal year may submit a Form J-13A to avoid a penalty for not meeting the annual instructional day requirements. The School did not have an emergency closure and as such there are no credited days to account for on the Schedule of Instructional Time.

### Schedule of Financial Trends & Analysis

This schedule displays summarized information from the current year and two previous years, along with budget information for the upcoming year. The information from this schedule is used to evaluate whether there are any financial indicators the School will not be able to continue operations in the next fiscal year. Based upon the information presented, the School appears to have sufficient reserves to continue operations for the 2023-24 fiscal year.

### Reconciliation of Unaudited Actual Financial Report to Audited Financial Statements

This schedule provides information necessary to reconcile between the audited financial statements and the financial data submitted to the sponsoring school district via the unaudited actual financial report.

## Other Independent Auditor's Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors  
Innovations Academy Charter School

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 Innovations Academy Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Innovations Academy Charter School's internal control over financial reporting (internal control) as a basis for designing 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 Innovations Academy Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Innovations Academy Charter School'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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Innovations Academy Charter School'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

El Cajon, California  
December 15, 2023

Independent Auditor's Report on State Compliance and on Internal Control Over  
State Compliance

To the Board of Directors  
Innovations Academy Charter School

**Report on Compliance for Applicable State Programs**

***Opinion on Each Applicable State Program***

We have audited Innovations Academy Charter School's compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 applicable to the Charter School's statutory requirements identified below for the year ended June 30, 2023.

In our opinion, Innovations Academy Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its applicable state programs for the year ended June 30, 2023.

***Basis for Opinion on Each Applicable State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Innovations Academy Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each applicable state program. Our audit does not provide a legal determination of Innovations Academy Charter School's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Innovations Academy Charter School's state programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Innovations Academy Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Innovations Academy Charter School’s compliance with the requirements of each applicable state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Innovations Academy Charter School’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Innovations Academy Charter School’s internal control over state compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Innovations Academy Charter School’s internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine the Charter School’s compliance with the state laws and regulations applicable to the following items:

<b><u>School Districts, County Offices of Education, and Charter Schools</u></b>		<b><u>Procedures Performed</u></b>
T.	California Clean Energy Jobs Act.....	N/A
U.	After/Before School Education and Safety Program.....	N/A
V.	Proper Expenditure of Education Protection Account Funds.....	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X.	Local Control and Accountability Plan.....	Yes
Y.	Independent Study - Course Based.....	N/A
Z.	Immunizations.....	Yes
AZ.	Educator Effectiveness.....	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G).....	Yes
CZ.	Career Technical Education Incentive Grant.....	N/A
EZ.	Transitional Kindergarten.....	N/A
<b><u>Charter Schools</u></b>		
AA.	Attendance.....	Yes
BB.	Mode of Instruction.....	Yes
CC.	Nonclassroom-Based Instruction/Independent Study.....	Yes
DD.	Determination of Funding for Nonclassroom-Based Instruction..	N/A
EE.	Annual Instructional Minutes - Classroom Based.....	Yes
FF.	Charter School Facility Grant Program.....	N/A

N/A – The School did not offer the program during the current fiscal year or the requirement applied to a different type of LEA.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over State Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide. Accordingly, this report is not suitable for any other purpose.

El Cajon, California  
December 15, 2023

## Auditor's Results, Findings & Recommendations

# Innovations Academy Charter School

Schedule of Auditor's Results

Year Ended June 30, 2023

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## FINANCIAL STATEMENTS

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified?

           Yes        X   No

One or more significant deficiencies identified that are  
not considered material weakness(es)?

           Yes        X   No

Noncompliance material to financial statements noted?

           Yes        X   No

## STATE AWARDS

Type of auditor's report issued on compliance for state programs:

Unmodified

Internal control over applicable state programs:

One or more material weakness(es) identified?

           Yes        X   No

One or more significant deficiencies identified that are  
not considered material weakness(es)?

           Yes        X   No

Any audit findings disclosed that are required to be reported  
in accordance with *2022-23 Guide for Annual Audits  
of California K-12 Local Education Agencies?*

           Yes        X   No

# Innovations Academy Charter School

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

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Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, or the *2022-23 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting* (the Audit Guide). Finding codes as identified in the Audit Guide are as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
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

## A. Financial Statement Findings

None

## B. State Award Findings

None

# Innovations Academy Charter School

## Schedule of Prior Year Audit Findings

Year Ended June 30, 2023

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<u>Finding/Recommendation</u>	<u>Status</u>	<u>Explanation if Not Implemented</u>
There were no findings in the prior year audit.	N/A	N/A

Innovations Academy Board Proposal to Amend Employee Handbook

<p><b>Current Personal Days</b></p> <p><b>Current Vacation Leave</b> Innovations Academy does not offer vacation leave or Paid Time Off. Instead, employees must utilize other calendered breaks and time off provided during the work year for rest and rejuvenation, and paid sick leave for absences related to injury or illness, or other qualifying reasons.</p> <p><b>Current Personal Days Off</b> Innovations Academy does not offer any personal time off.</p> <p><b>Current Sick Leave Policy per Handbook</b></p> <p>To help prevent loss of earnings that may be caused by accident or illness, or by other emergencies, the School offers paid sick leave to its employees. Sick leave may be taken to receive preventive care (including annual physicals or flu shots) or to diagnose, treat, or care for an existing health condition. Employees may also use sick leave to assist a family member (i.e., children, parents, spouses/domestic partners, grandparents, grandchildren, or siblings) who must receive</p>	<p><b>Proposed Vacation Leave</b> Innovations Academy does not offer vacation leave or Paid Time Off. Instead, employees must utilize other calendered breaks and time off provided during the work year for rest and rejuvenation, and paid sick leave for absences related to injury or illness, or other qualifying reasons.</p> <p><b>Proposed Personal Days Off</b> <b>To help prevent loss of earnings to its <u>salariied</u> employees, Innovations Academy offers 5 days (40 hours) of personal time off during the school year. Personal time off can be taken for taking care of children who are at home sick, attending important family engagements that fall on a school day and other non-illness related emergencies.</b> <b>Innovations Academy encourages all of its salaried employees to recognize their value to children on the 180 school days during the year by utilizing the extensive amount of vacation days built into the school year for appointments and personal days. Salaried employees who have used 3 or fewer combined sick and personal days (24 hours) during the school year will be paid a \$500 bonus at the end of the school year.</b></p> <p><b>Proposed Sick Leave Policy (SB616 Compliant)</b></p> <p>To help prevent loss of earnings that may be caused by accident or illness, or by other emergencies, the School offers paid sick leave to its employees. Sick leave may be taken to receive preventive care (including annual physicals or flu shots) or to diagnose, treat, or care for an existing health condition. Employees may also use sick leave to assist a family member (i.e., children, parents, spouses/domestic partners, grandparents, grandchildren, or siblings) who must receive</p>
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Innovations Academy Board Proposal to Amend Employee Handbook

<p>preventative care or a diagnosis, treatment, or care for an existing health condition. Employees may also take paid sick leave to receive medical care or other assistance to address instances of domestic violence, sexual assault, or stalking. Employees may also use paid sick leave for any public health emergency that results in the closure of the employee's worksite, childcare provider, or child's school.</p> <p>Paid sick leave is available to all School employees who work at least two (2) hours in one or more calendar weeks from the commencement of employment. All eligible employees shall accrue one (1) hour of paid sick leave for every thirty (30) hours worked.</p> <p>Employees cannot use paid sick leave until the ninetieth (90th) calendar day following the employee's start date. Sick leave must be taken by eligible employees in increments of two (2) hours. Accrued sick leave carries over from year to year for a maximum accrual of eighty (80) hours of paid sick leave.</p> <p>The School does not pay employees in lieu of unused sick leave and unused sick leave is not paid out at the end of employment. Employees who are rehired by the School within one (1) year of separation will have their accrued, unused leave reinstated. No additional paid sick leave accrues while the employee is at the maximum accrual cap.</p> <p>If an employee is absent longer than three (3) days due to illness, medical evidence of their illness and/or medical certification of their fitness to return to work satisfactory to the</p>	<p>preventative care or a diagnosis, treatment, or care for an existing health condition. Employees may also take paid sick leave to receive medical care or other assistance to address instances of domestic violence, sexual assault, or stalking. Employees may also use paid sick leave for any public health emergency that results in the closure of the employee's worksite, childcare provider, or child's school.</p> <p>Paid sick leave is available to all School employees who work at least two (2) hours in one or more calendar weeks from the commencement of employment. <del>All eligible employees shall accrue one (1) hour of paid sick leave for every thirty (30) hours worked.</del> <b>All eligible employees are granted 40 hours (5 days) of sick leave at the start of the school year or at the commencement of employment for that given school year.</b></p> <p><del>Employees cannot use paid sick leave until the ninetieth (90th) calendar day following the employee's start date. Sick leave must be taken by eligible employees in increments of two (2) hours. Accrued sick leave carries over from year to year for a maximum accrual of eighty (80) hours of paid sick leave.</del> <b>Sick leave does not carry over from year to year. Sick leave is not accrued nor can it be carried over from year to year.</b></p> <p>The School does not pay employees in lieu of unused sick leave and unused sick leave is not paid out at the end of employment. <del>Employees who are rehired by the School within one (1) year of separation will have their accrued, unused leave reinstated. No additional paid sick leave accrues while the employee is at the maximum accrual cap.</del></p> <p>If an employee is absent longer than three (3) days due to illness, medical evidence of their illness and/or medical certification of their fitness to return to work satisfactory to the</p>
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Innovations Academy Board Proposal to Amend Employee Handbook

<p>School may be required. The School will not tolerate abuse or misuse of the sick leave privilege. If the School suspects abuse of sick leave, the School may require a medical certification from an employee verifying the employee's absence.</p> <p>Once an employee has exhausted sick leave, the employee may continue on an unpaid medical leave depending upon the facts and circumstances of the employee's basis for leave beyond accrued sick leave. Employee requests for unpaid medical leave must be approved in advance by the School.</p>	<p>School may be required. The School will not tolerate abuse or misuse of the sick leave privilege. If the School suspects abuse of sick leave, the School may require a medical certification from an employee verifying the employee's absence.</p> <p>Once an employee has exhausted sick leave, the employee may continue on an unpaid medical leave depending upon the facts and circumstances of the employee's basis for leave beyond accrued sick leave. Employee requests for unpaid medical leave must be approved in advance by the School.</p>
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