

**CALIFORNIA VIRTUAL ACADEMY  
@ MARICOPA**

(A Non-Profit Organization)

FINANCIAL REPORTS

YEAR ENDED JUNE 30, 2015

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**

(A Non-Profit Organization)

**FINANCIAL REPORTS**

**YEAR ENDED JUNE 30, 2015**

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## **SECTION A**

### **Financial Statements**

**CALIFORNIA VIRTUAL ACADEMY**  
**@ MARICOPA**  
(A Non-Profit Organization)

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**  
(A Non-Profit Organization)

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
California Virtual Academy @ Maricopa

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

We have audited the accompanying financial statements of California Virtual Academy @ Maricopa (A Non-Profit Organization) (the Organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015, 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.

To the Board of Directors  
California Virtual Academy @ Maricopa

**Other Matters - Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of charter school organization structure, average daily attendance and instructional time, and combining statements of financial position, activities and functional expenses, are presented for purposes of additional analysis and are 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 the Organization's internal control over financial reporting and compliance.

*Green Hasson & Janks LLP*

December 10, 2015  
Los Angeles, California

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**  
(A Non-Profit Organization)

STATEMENT OF FINANCIAL POSITION  
June 30, 2015

**ASSETS**

Cash and Cash Equivalents	\$ 5,535,961
Due from Federal, State and Local Governments	1,370,121
Prepaid Expenses and Other Assets	18,684
Property and Equipment (Net)	<u>91,566</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 7,016,332</u></u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES:**

Accounts Payable and Accrued Expenses	\$ 545,445
Due to Federal, State and Local Governments	88,840
Deferred Revenue	607,883
Due to K12 California LLC	<u>5,774,164</u>
<b>TOTAL LIABILITIES</b>	<b>7,016,332</b>

**COMMITMENTS AND CONTINGENCIES**

**NET ASSETS:**

Unrestricted	<u>-</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 7,016,332</u></u></b>

The Accompanying Notes are an Integral Part of These Financial Statements



**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**  
(A Non-Profit Organization)

**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2015

**REVENUE AND SUPPORT:**

Revenues from Governmental Agencies:

State	\$ 15,520,476
Federal	<u>648,823</u>

***TOTAL REVENUE AND SUPPORT*** \$ 16,169,299

**EXPENSES:**

Program Services	13,622,992
Supporting Services	<u>2,546,307</u>

***TOTAL EXPENSES*** 16,169,299

***CHANGE IN NET ASSETS*** -

Net Assets - Beginning of Year -

***NET ASSETS - END OF YEAR***  
***(UNRESTRICTED)*** \$ -

The Accompanying Notes are an Integral Part of These Financial Statements

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**  
(A Non-Profit Organization)

**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2015

	Program Services	Supporting Services	Total
Communication	\$ -	\$ 51,155	\$ 51,155
Depreciation Expense	24,161	-	24,161
Instructional Materials and Technology	7,156,999	-	7,156,999
Insurance	21,246	1,118	22,364
Leased Equipment	990,538	22,759	1,013,297
Management Fees	-	2,102,358	2,102,358
Office Expense	-	27,168	27,168
Other Expense	-	52,255	52,255
Oversight Fees to District	-	330,430	330,430
Personnel	6,739,827	54,569	6,794,396
Professional Fees	73,664	54,273	127,937
Rent and Maintenance	23,631	35,445	59,076
Travel and Conferences	-	75,734	75,734
Balanced Budget Credits	(1,407,074)	(260,957)	(1,668,031)
<b><i>TOTAL FUNCTIONAL EXPENSES</i></b>	<b><i>\$ 13,622,992</i></b>	<b><i>\$ 2,546,307</i></b>	<b><i>\$ 16,169,299</i></b>

The Accompanying Notes are an Integral Part of These Financial Statements

# CALIFORNIA VIRTUAL ACADEMY @ MARICOPA

(A Non-Profit Organization)

## STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in Net Assets	\$ -
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:	
Depreciation	24,161
Balanced Budget Credits	(1,668,031)
(Increase) Decrease in:	
Due from Federal, State and Local Governments	2,266,974
Prepaid Expenses and Other Assets	(6,199)
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	(65,124)
Due to Federal, State and Local Governments	32,400
Deferred Revenue	(78,159)
Due to K12 California LLC	942,998
	<hr/>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	1,449,020
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of Property and Equipment	<hr/> (38,200)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(38,200)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,410,820
Cash and Cash Equivalents - Beginning of Year	<hr/> 4,125,141
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<hr/> <hr/> \$ 5,535,961

The Accompanying Notes are an Integral Part of These Financial Statements

# **CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**

(A Non-Profit Organization)

## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

### **NOTE 1 - ORGANIZATION**

The financial statements include the accounts of California Virtual Academy @ Maricopa (CAVA @ Maricopa), California Virtual Academy @ Maricopa High School (CAVA @ MaricopaHS) and California Virtual Academy @ Kern (CAVA @ Kern) (collectively, the Organization) after elimination of all inter-school transactions and balances.

The Organization is a non-profit public benefit corporation, which is part of California Virtual Academies (CAVA), a network of virtual public charter schools. In July 2012, the Organization closed the California Virtual Academy @ Kern Charter School and transferred the students from this school to California Virtual Academy @ Maricopa and California Virtual Academy @ Maricopa High School. Both these schools offer non-classroom based classes to students. The activities of California Virtual Academy @ Kern consist of closing out its operations.

CAVA programs blend innovative new instructional technology with a traditional curriculum for students all across California. The Organization has chosen K12 California LLC (K12) as its sole curriculum provider. K12 provides the Organization's management, as well as, the accounting, operations and record keeping. The Organization is funded principally through the State of California public education monies received through the California Department of Education and its chartering district, the Maricopa Unified School District (the District) in Kern County. The Organization's principal office is located in Simi Valley, California.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) BASIS OF PRESENTATION**

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### **(b) ACCOUNTING**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Organization are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted Net Assets.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Temporarily Restricted Net Assets.** The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from program or capital restrictions. The Organization has no temporarily restricted net assets at June 30, 2015.

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**

(A Non-Profit Organization)

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) ACCOUNTING (continued)**

- **Permanently Restricted Net Assets.** These stipulate that resources are to be maintained permanently but permit the Organization to expend all of the income or other economic benefits derived from the donated assets. The Organization has no permanently restricted net assets at June 30, 2015.

**(c) CASH AND CASH EQUIVALENTS**

For financial statement purposes, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents at June 30, 2015 approximates its fair value.

The Organization maintains its cash in bank checking accounts and other highly liquid investments which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

As of June 30, 2015, the District holds \$3,204,839 of the Organization's cash and cash equivalents in a bank checking account, of which \$100,000 is the minimum balance the Organization is required to maintain with the District. The Organization has rights to such balance and may request to draw down the cash at any time.

**(d) MANAGEMENT'S USE OF ESTIMATES**

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

**(e) DUE FROM (TO) FEDERAL, STATE AND LOCAL GOVERNMENTS**

Due from (to) federal, state and local governments are recorded based on amounts to be primarily awarded from the California Department of Education which are, in turn, based on the average daily attendance (ADA) of students. The amounts to be awarded are subject to change based on the availability of funds from the State of California. As a result, differences may occur when accruals are estimated because the exact amounts are not available at the time of the accrual. Any changes are recorded in the period that they are estimable.

The carrying value of due from federal, state and local governments, net of the allowance for doubtful accounts, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, the age of outstanding amounts due from federal, state and local governments and existing economic conditions. If events or changes in circumstances indicate that specific due from federal, state and local government balances may be impaired, further consideration is given to the collectibility of those balances and the allowance is adjusted accordingly. Past due balances are written off when internal collection efforts have been unsuccessful in collecting the amount due. As of June 30, 2015, the Organization has not established any allowance for doubtful accounts.

Due to federal, state and local governments represent amounts to be returned to the funding agency subsequent to the period of availability.

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**

(A Non-Profit Organization)

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation, if donated. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Office Equipment	5 Years
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**(g) DEFERRED REVENUE**

Government grants are recognized as revenue in accordance with the terms of the applicable grant agreement, which is generally upon the incurrence of expenditures related to the required services. Any funds received in excess of expenditures are recorded as deferred revenue.

**(h) INCOME TAXES**

The Organization is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). There is no unrelated taxable income and, accordingly, no provision for income taxes has been recorded.

**(i) FUNCTIONAL ALLOCATION OF EXPENSES**

Costs of providing the Organization's programs and other activities have been presented in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited by a method that best measures the relative degree of benefit.

**(j) SUBSEQUENT EVENTS**

The Organization evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2015, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 10, 2015, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as disclosed in Note 4(a).

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**  
(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2015 consists of the following:

Office Equipment	\$	314,695
Less: Accumulated Depreciation		<u>(223,129)</u>
<b><i>PROPERTY AND EQUIPMENT (NET)</i></b>	<b>\$</b>	<b><u>91,566</u></b>

Depreciation expense for the year ended June 30, 2015 was \$24,161.

**NOTE 4 - COMMITMENTS AND CONTINGENCIES**

**(a) OPERATING LEASES**

CAVA rents office space under a lease agreement which expires in November 2015. Payments are to escalate based on a schedule specified under the agreement. This lease is a common expense shared by all CAVA schools. The leases are allocated to each school based on its proportion of ADA relative to all CAVA schools. Since ADA totals, and the resulting lease allocated to each school, can vary in future periods, the future minimum lease payments for these non-cancelable leases are presented in an aggregate level for all schools which is \$135,589 for the year ended June 30, 2016.

For the year ended June 30, 2015, the Organization's portion of the total rent commitment was \$51,953, which represents 15.3% of the total commitment among all schools.

Effective November 2015, CAVA entered into a lease agreement with a third party for a new office space which expires in October 2022.

In addition, the Organization also leases instructional computers for students under a month-to-month arrangement with a related party, K12. These instructional computer lease expenses totaled \$932,068 for the year ended June 30, 2015.

Total rent expense under all operating leases for the year ended June 30, 2015 was \$984,021.

**(b) CONTRACTS**

The Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Organization has no provisions for the possible disallowance of program costs on its financial statements.

# **CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**

(A Non-Profit Organization)

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015**

### **NOTE 5 - EMPLOYEE BENEFIT PLAN**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS).

The Organization reports all applicable information to STRS through the District. The Organization is required to contribute up to 8.88% of annual payroll for active plan members for STRS. Total contributions for the year ended June 30, 2015 were \$431,713.

### **NOTE 6 - RELATED PARTY TRANSACTIONS**

- (a)** The District receives 2% of the Organization's annual ADA-related revenues for supervisory oversight, administrative and other services. The total expense incurred for such supervisory oversight, administrative and other services for the year ended June 30, 2015 was \$255,430. The District also receives additional compensation for two of the District employees' personnel costs from the Organization. During the year ended June 30, 2015, this totaled \$75,000 and was included in the oversight fees to District on the statement of functional expenses.
- (b)** The Organization engages in transactions with the other public charter schools that make up the CAVA network. Common expenses such as rent and utilities are shared among the CAVA schools. The Organization also shares in teacher expenses for teachers who perform services among multiple schools within the network. All inter-school receivables and liabilities have been assumed by K12. The net liability as of June 30, 2015 included in Due to K12 California LLC totaled \$2,467,882.
- (c)** K12 charges the Organization 13% of all revenues received from the Charter School Block Grant and other charter school state funding for administrative services and 7% for technology services. The total expense incurred for these transactions for the year ended June 30, 2015 totaled \$3,234,397. K12 also provides curriculum and instructional materials to the Organization. These transactions amounted to \$5,834,020 for the year ended June 30, 2015.

Under the amended service agreement effective July 1, 2012 between K12 and the Organization, K12 has committed to provide credits (balanced budget credits) to be applied to K12 invoices up to the amount necessary to assure the Organization does not end a fiscal year with an accumulated deficit. During the fiscal year ended June 30, 2015, K12 provided balanced budget credits amounting to \$1,668,031 against amounts due to K12; resulting in net charges from K12 of \$7,400,386 relating to the above noted expenses. The balanced budget credits represent a portion of liabilities that had been accumulating up to June 30, 2015. The amounts were treated as a reduction of expenses for financial reporting purposes on the statement of functional expenses.

In addition, if the Organization ends a year in a positive net asset position and K12 has issued balanced budget credits in prior years, the Organization will pay K12 up to the cumulative amount of previously issued balanced budget credits net of prior payments based on the calculation criteria outlined in the amended service agreement. Additionally, in no event will such payments that are paid in a given fiscal year exceed 50% of the unrestricted positive net assets prior to such payments.

There was \$3,306,282 due to K12 at June 30, 2015 relating to these activities as well as activities relating to leased instructional computers in Note 4(a).



**CALIFORNIA VIRTUAL ACADEMY**  
**@ MARICOPA**  
(A Non-Profit Organization)

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2015

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**

(A Non-Profit Organization)

**CHARTER SCHOOL ORGANIZATION STRUCTURE**

**June 30, 2015**

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**

a. **Date and Granting Authority of Charter School:** August 6, 2012; Maricopa Unified School District

b. **Members of the Governing Board:**

<u>Name</u>	<u>Title</u>	<u>Board Term</u>	<u>Term Expiration</u>
Kelly Fellows	President	2 Years	09/10/2016
Devon Freitas	Secretary	2 Years	09/10/2016
Melissa Garcia	Member	2 Years	12/11/2016
Stacey Oglesby	District Representative	2 Years	12/06/2016

c. **Superintendent:** Scott Meier  
**Administrator:** Katrina Abston, Head of School  
**Chief Business Official:** Marguerite Violassi, Director of Finance

d. **Charter School Name:** California Virtual Academy at Maricopa  
**Charter School Number:** 1490

See Independent Auditor's Report

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**

(A Non-Profit Organization)

**CHARTER SCHOOL ORGANIZATION STRUCTURE**

June 30, 2015

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA HIGH SCHOOL**

a. Date and Granting Authority of Charter School: July 1, 2012; Maricopa Unified School District

b. Members of the Governing Board:

<u>Name</u>	<u>Title</u>	<u>Board Term</u>	<u>Term Expiration</u>
Kelly Fellows	President	2 Years	09/10/2016
Devon Freitas	Secretary	2 Years	09/10/2016
Melissa Garcia	Member	2 Years	12/11/2016
Stacey Oglesby	District Representative	2 Years	12/06/2016

c. Superintendent: Scott Meier  
Administrator: Katrina Abston, Head of School  
Chief Business Official: Marguerite Violassi, Director of Finance

d. Charter School Name: California Virtual Academy at Maricopa High School  
Charter School Number: 1491

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**

(A Non-Profit Organization)

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**

**(NON-CLASSROOM BASED)**

**Year Ended June 30, 2015**

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten and Grades 1 through 3	541.01	532.67
Grades 4 through 6	433.81	421.92
Grades 7 through 8	334.18	325.56
<b><i>TOTAL</i></b>	<u>1,309.00</u>	<u>1,280.15</u>

See Independent Auditor's Report

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**  
(A Non-Profit Organization)

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**(NON-CLASSROOM BASED)**  
Year Ended June 30, 2015

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA HIGH SCHOOL**

	<u>Second Period Report</u>	<u>Annual Report</u>
Grades 9 through 12	608.08	592.51

See Independent Auditor's Report

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**  
(A Non-Profit Organization)

**SCHEDULE OF INSTRUCTIONAL TIME**  
**(NON-CLASSROOM BASED)**  
Year Ended June 30, 2015

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**

Not Applicable. The charter school is non-classroom based.

See Independent Auditor's Report

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**  
(A Non-Profit Organization)

**SCHEDULE OF INSTRUCTIONAL TIME**  
**(NON-CLASSROOM BASED)**  
Year Ended June 30, 2015

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA HIGH SCHOOL**

Not Applicable. The charter school is non-classroom based.

See Independent Auditor's Report

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**

(A Non-Profit Organization)

**COMBINING STATEMENT OF FINANCIAL POSITION**

June 30, 2015

	California Virtual Academy @ Maricopa	California Virtual Academy @ Maricopa High School	California Virtual Academy @ Kern	Eliminations	Combined
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,330,211	\$ 1,841,845	\$ 363,905	\$ -	\$ 5,535,961
Due from Federal, State and Local Governments	690,999	679,122	-	-	1,370,121
Prepaid Expenses and Other Assets	14,694	2,241	1,749	-	18,684
Property and Equipment (Net)	74,050	17,516	-	-	91,566
Related Party Receivables	407,980	-	-	(407,980)	-
<b>TOTAL ASSETS</b>	<b>\$ 4,517,934</b>	<b>\$ 2,540,724</b>	<b>\$ 365,654</b>	<b>\$ (407,980)</b>	<b>\$ 7,016,332</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES:</b>					
Accounts Payable and Accrued Expenses	\$ 353,916	\$ 189,593	\$ 1,936	\$ -	\$ 545,445
Due to Federal, State and Local Governments	22,590	9,810	56,440	-	88,840
Deferred Revenue	407,621	200,262	-	-	607,883
Due to K12 California LLC	3,733,807	1,733,187	307,170	-	5,774,164
Related Party Payables	-	407,872	108	(407,980)	-
<b>TOTAL LIABILITIES</b>	<b>4,517,934</b>	<b>2,540,724</b>	<b>365,654</b>	<b>(407,980)</b>	<b>7,016,332</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
<b>NET ASSETS:</b>					
Unrestricted	-	-	-	-	-
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,517,934</b>	<b>\$ 2,540,724</b>	<b>\$ 365,654</b>	<b>\$ (407,980)</b>	<b>\$ 7,016,332</b>

See Independent Auditor's Report



**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**

(A Non-Profit Organization)

## COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

	California Virtual Academy @ Maricopa	California Virtual Academy @ Maricopa High School	California Virtual Academy @ Kern	Eliminations	Combined
<b>REVENUE AND SUPPORT:</b>					
Revenues from Governmental Agencies:					
State	\$ 10,072,922	\$ 5,447,554	\$ -	\$ -	\$ 15,520,476
Federal	437,445	211,378	-	-	648,823
<b>TOTAL REVENUE AND SUPPORT</b>	10,510,367	5,658,932	-	-	16,169,299
<b>EXPENSES:</b>					
Program Services	8,875,609	4,747,383	-	-	13,622,992
Supporting Services	1,634,758	911,549	-	-	2,546,307
<b>TOTAL EXPENSES</b>	10,510,367	5,658,932	-	-	16,169,299
<b>CHANGE IN NET ASSETS</b>	-	-	-	-	-
Net Assets - Beginning of Year	-	-	-	-	-
<b>NET ASSETS - END OF YEAR (UNRESTRICTED)</b>	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report

**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**  
(A Non-Profit Organization)

**COMBINING STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2015

	Program Services				Supporting Services				Total Expenses			
	California Virtual Academy @ Maricopa	California Virtual Academy @ Maricopa High School	California Virtual Academy @ Kern	Total	California Virtual Academy @ Maricopa	California Virtual Academy @ Maricopa High School	California Virtual Academy @ Kern	Total	California Virtual Academy @ Maricopa	California Virtual Academy @ Maricopa High School	California Virtual Academy @ Kern	Total Combined
Communication	\$ -	\$ -	\$ -	\$ -	\$ 34,463	\$ 16,692	\$ -	\$ 51,155	\$ 34,463	\$ 16,692	\$ -	\$ 51,155
Depreciation Expense	20,032	4,129	-	24,161	-	-	-	-	20,032	4,129	-	24,161
Instructional Materials and Technology	5,048,546	2,108,453	-	7,156,999	-	-	-	-	5,048,546	2,108,453	-	7,156,999
Insurance	15,217	6,029	-	21,246	801	317	-	1,118	16,018	6,346	-	22,364
Leased Equipment	600,675	389,863	-	990,538	16,481	6,278	-	22,759	617,156	396,141	-	1,013,297
Management Fees	-	-	-	-	1,366,347	736,011	-	2,102,358	1,366,347	736,011	-	2,102,358
Office Expense	-	-	-	-	18,095	9,073	-	27,168	18,095	9,073	-	27,168
Other Expense	-	-	-	-	49,765	2,490	-	52,255	49,765	2,490	-	52,255
Oversight Fees to District	-	-	-	-	203,772	126,658	-	330,430	203,772	126,658	-	330,430
Personnel	4,287,434	2,452,393	-	6,739,827	36,300	18,269	-	54,569	4,323,734	2,470,662	-	6,794,396
Professional Fees	65,052	8,612	-	73,664	49,909	4,364	-	54,273	114,961	12,976	-	127,937
Rent and Maintenance	16,476	7,155	-	23,631	24,713	10,732	-	35,445	41,189	17,887	-	59,076
Travel and Conferences	-	-	-	-	51,050	24,684	-	75,734	51,050	24,684	-	75,734
Balanced Budget Credits (Net)	(1,177,823)	(229,251)	-	(1,407,074)	(216,938)	(44,019)	-	(260,957)	(1,394,761)	(273,270)	-	(1,668,031)
<b>TOTAL FUNCTIONAL EXPENSES</b>	\$ 8,875,609	\$ 4,747,383	\$ -	\$ 13,622,992	\$ 1,634,758	\$ 911,549	\$ -	\$ 2,546,307	\$ 10,510,367	\$ 5,658,932	\$ -	\$ 16,169,299

See Independent Auditor's Report

## **SECTION B**

**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***

**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  
California Virtual Academy @ Maricopa

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 California Virtual Academy @ Maricopa (A Non-Profit Organization) (the Organization), which comprise the statement of financial position as of June 30, 2015, 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 10, 2015.

**Internal Control Over Financial Reporting**

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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 result 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.

*Green Hasson & Janks LLP*

December 10, 2015  
Los Angeles, California

## **SECTION C**

**Independent Auditor's Report on State Compliance**

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

To the Board of Directors  
California Virtual Academy @ Maricopa

**Compliance**

We have audited California Virtual Academy @ Maricopa’s (the Organization) compliance with the compliance requirements applicable to charter schools in accordance with the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, Section 19810 and following for the year ended June 30, 2015.

**Management’s Responsibility**

Compliance with the requirements referred to above is the responsibility of the Organization’s management.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Organization’s compliance with the applicable compliance requirements based on our compliance audit.

We conducted our compliance audit 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, Section 19810 and following. Those standards and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, Section 19810 and following require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements that could have a material effect on the results of the procedures applicable under the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, Section 19810 and following occurred. A compliance audit includes examining, on a test basis, evidence about the Organization’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our compliance audit provides a reasonable basis for our opinion. Our compliance audit does not provide a legal determination on the Organization’s compliance with those requirements.

We selected and tested transactions and records to determine the Organization’s compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Not Applicable
After School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes

<u>Description</u>	<u>Procedures Performed</u>
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

**Opinion**

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that are applicable to its Charter School for the year ended June 30, 2015.

*Green Hasson & Janks LLP*

December 10, 2015  
Los Angeles, California



**CALIFORNIA VIRTUAL ACADEMY @ MARICOPA**

(A Non-Profit Organization)

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS**

June 30, 2015

**SECTION I - SCHEDULE OF AUDITOR'S FINDINGS**

There are no current audit findings.

**SECTION II - SCHEDULE OF PRIOR AUDIT FINDINGS**

**STATE AWARD FINDING**

Prior year audit findings identified below have been coded as follows:

<u>Five Digit Code</u>	<u>Finding Type</u>
30000	Internal Control
40000	State Compliance

- **2014 - 1: Accurate reporting of the unduplicated Local Control Funding Formula (LCFF) pupil counts.**

**Finding Code: 30000, 40000**

**Condition:** During the audit, we noted that there were pupils that were incorrectly classified under the unduplicated eligible free/reduced meal (FRPM) count on the certified CALPADS 1.17 report. We did not note any exceptions on the unduplicated pupil count based on eligibility for English Learners (EL) and for both FRPM and EL funding.

**Recommendation:** We recommend that management strengthen its controls to ensure that accurate data is used in the calculation of the unduplicated LCFF pupil counts.

**Current Status:** The recommendations were adopted. No similar findings were noted in the June 30, 2015 audit.