

Innovations Academy Board Meeting: December 9, 2014 @ 6:00 PM

Meeting location(s)

Innovations Academy 10380 Spring Canyon Road San Diego, 92131	5519 McMillan Street Oakland, CA, 94618	Public call in number 559-726-1300* Access code 151642
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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

Topic	Minutes
➤ Call to order / roll call	
➤ Approval of current agenda	
➤ Approval of prior month meeting minutes	
➤ Public comments (3 mins per person)	
➤ Reports	
○ Teacher briefing (Tony)	
○ Financial update (Delano)	
✓ Review and vote on approval of 2014-2015 First Interim Financial Report	
✓ Review and vote on approval of 2013-2014 Financial Audit Report	
✓ Mission Partners Facilities Payments	
○ Director update (Christine)	
✓ Full time capacity/enrollment	
✓ Part time capacity/enrollment	
✓ Combined ADA (% and #)	
✓ LCAP Implementation	
✓ Review LCAP Goal	
✓ Review Director Eval. (Quarterly)	
✓ IA Site/Facilities Search/Plan	
➤ Action items	
○ Vote on Approval of Common Core Expenditure Plan (Christine/Delano)	<u>Item</u> Discussion: Vote:
○ Vote on Approval of proposed changes to Internal Control Policy (Christine)	
➤ Discussion items	
○ Review [X] Board policy (Christine)	

Topic	Minutes
○ Review Board goals (Danielle)	
○ Assign new action/discussion items	
➤ Next board meeting	
○ Confirm date of next meeting	
○ Identify agenda items for next meeting	Meeting adjourned at p.m.

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

Secretary

Please contact Innovations Academy Board @ 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;
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- 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;
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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 Meeting: November 18, 2014 @ 6:30 PM

Meeting location(s)

Innovations Academy 10380 Spring Canyon Road San Diego, 92131	5519 McMillan Street Oakland, CA, 94618	Public call in number 559-726-1300* Access code 151642
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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

Christine	Steven	Tony	Delano	Cheryl (by phone)	Nathan	Eric
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Others in Attendance

Niki						
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Agenda

Topic	Minutes
➤ Call to order / roll call	Called to order 6:44 p.m.
➤ Approval of current agenda	Steven motions, Tony seconds; Approved with changes
➤ Approval of prior month meeting minutes	Steve motions; Tony seconds: Approved w/out changes
➤ Public comments (3 mins per person)	No members of public on line
➤ Reports	
<ul style="list-style-type: none"> • Teacher briefing (Tony) 	<p>Tony introduces Niki, a new IA art teacher</p> <ul style="list-style-type: none"> • Niki teaches grades 3-5 and she described a number of recent art projects undertaken by students: <ul style="list-style-type: none"> ○ Planting Positive Change ○ Students design and create flowers with magical powers to combat problems either within the students, themselves, or in the world, at large ○ Project helps instruct on scale, composition, perspective, detail • Niki provided examples of students' work and displayed photos of work and work-in-process • Niki described how one particular project promoted working with time constraints and improvisation
<ul style="list-style-type: none"> • Financial update (Delano) 	<ul style="list-style-type: none"> • Delano reviews Prop 39 materials, which are either not applicable to IA or have been completed by IA, including CBEDS database, which is the tool used to report school attendance early in year.

Topic	Minutes
	<ul style="list-style-type: none"> • October 2014 revenue of \$643,143, which is 91% of budget. • October 2014 expense of \$795,119, which is 100% of budget. • October 2014 cash available \$926,729 • IA financials appear in order and trending acceptably; no need for adjustments, at this time. • Delano notes \$15,000 variance in Service & Other Operating Expense actual versus budget • Delano reviews current balance sheet; notes meaning of “Restricted Net Assets” as revenue received, but held, and allocated for particular purpose. • Delano reviews current cash flow; notes fluctuation of cash flows; notes IA is healthy financially. • Delano notes IA is “doing very well, can pay all our bills”. • IA has 5 months of operating cash on hand; Steven asks about best-practices for cash reserves; Delano explains District Cash Reserve minimum is \$50,000, which minimum applies to IA. • In Delano’s experience, IA is financially conservative and getting “A Grade,” relative to other similar schools
<ul style="list-style-type: none"> • Director update (Christine) <ul style="list-style-type: none"> ✓ Full time capacity/enrollment ✓ Part time capacity/enrollment ✓ Combined ADA (% and #) 	<p>344 enrollment 3 new students coming now and after the Holidays</p>
<p>➤ Action items</p>	
<ul style="list-style-type: none"> • Revise Internal Controls Policy (Christine) • Revise policy regarding Director entering contracts without Board approval (Christine) • Vote on Director evaluation annual milestones (Danielle) • Board positions – extend Danielle’s Board term (Nathan) • Discuss moving Board meeting date to Wednesday (Nathan) • Discuss Mission Partners Facilities Payments (Christine) 	<p>Delano comments on Common Core Expenditure Plan</p> <ul style="list-style-type: none"> ○ \$66,720 is estimated amount of one-time funds provided. ○ Language Arts and Math Standards mandated; 21st Century skills for students ○ Professional development, instructional materials, and technology & equipment are the three areas of expenditures. ○ July 2015 is deadline for Common Core Expenditures. ○ Board must approve plan for CCE. ○ Steven notes budget already includes money for the three CCE areas.

Topic	Minutes
<ul style="list-style-type: none"> • Approve the 2013-14 Common Core Expenditure Plan (Christine) 	<ul style="list-style-type: none"> ○ Delano states CCE funds may only be used for CCE. ○ Delano states IA already spending money, so IA must approve plan before spending continues much further for audit purposes. ○ Vote on CCE plan moved to December 2014 meeting, to provide time for review and public comment. <p>Christine comments on Internal Control Policy.</p> <ul style="list-style-type: none"> ○ Christine provided copy of revised Internal Controls Policy, showing revisions. ○ Approval of changes moved to December 2014 meeting, to provide time for review and public comment. <p>Vote on Director Eval. Annual Milestones.</p> <ul style="list-style-type: none"> ○ Tony moves; Steven seconds; Approved. <p>Board positions.</p> <ul style="list-style-type: none"> ○ Danielle's board term expires. ○ Vote on extending Danielle's 1 year. ○ Steven moves; Tony seconds; Approved. <p>Discuss on moving IA Board Meeting to Wednesdays.</p> <ul style="list-style-type: none"> ○ Decision made to maintain current Tuesday, but move time to 6:00 p.m. <p>Christine comments on Mission Partners Facilities Payment.</p> <ul style="list-style-type: none"> ○ IA has debt to previous landlords, which includes monthly payment obligation. ○ Delano recommended to Christine that IA pay off entire debt, immediately, since it makes IA appear better, financially. ○ Interest Free debt. ○ Move debt payment discussion to after financial update from Delano.
<p>➤ Discussion items</p>	
<ul style="list-style-type: none"> • Select policy to review (add policy to each Board meeting agenda - Christine) • Review Board goals (each month - Danielle) • Review LCAP goal (Christine) • Review conflict of interest code process (Christine) • Review Director Evaluation Policy (Danielle) 	<p>Select Policy to Review.</p> <ul style="list-style-type: none"> ○ Decision made to look at entire collection of policies and assess need for review. ○ Christine will identify two separate policies for each meeting for purposes of review. ○ Christine to provide selected policies in advance. <p>Review Board Goals.</p> <ul style="list-style-type: none"> ○ Look at entire list of goals and assess progress, if any, or note progress, if any.

Topic	Minutes
	<ul style="list-style-type: none"> ○ Continually revisit site-plan issue/facilities issue – Provide monthly update for site issues as part of Director Update. ○ Tony and Christine comment on recent District meeting, open to public, related to future site use of IA location – Tony and Christine noted enormous public support for IA and tense reaction from District. <p>Review LCAP goal.</p> <ul style="list-style-type: none"> ○ Nathan notes this seemed redundant to item in Director Update. ○ Decision made to move Review LCAP Goal as part of Director Update. ○ Christine comments of November goal review ○ Christine notes Formative Assessment Tools; Number talks; writer’s workshop; science lab journals; read aloud. ○ Christine notes other tools; MAP Measure of Academic Progress; Writing Assessment; Reading Level Assessment. <p>Review Conflict of Interest Code Process.</p> <ul style="list-style-type: none"> ○ Christine comments on code. ○ Bi-Annual review of policy required. ○ Requirement of filing Form 700. ○ Discussion of Form 700. ○ Decision made to make Form 700 due from all Board Members in February of each year. <p>Review Director Evaluation Policy.</p> <ul style="list-style-type: none"> ○ Decision made to move this point to December 2014 meeting
<ul style="list-style-type: none"> • Assign new action/discussion items 	
<ul style="list-style-type: none"> ➤ Next board meeting 	
<ul style="list-style-type: none"> • Confirm date of next meeting 	December 9, 2014 @6 pm
<ul style="list-style-type: none"> • Identify agenda items for next meeting 	<p>Possibly Approve 1st interim financials – Due to SDUSD December 15,2013</p> <p>Possibly Approve annual financial audit – Due to State December 15,2013</p>
	Meeting adjourned at 8:22 p.m.

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

Secretary

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Accrual Basis

Description	Object Code	Unrestricted Adjusted Budget	Unrestricted Actuals to 10/31/14	Restricted Adjusted Budget	Restricted Actuals to 10/31/14	Total Adjusted Budget	Total Actuals to 10/31/14	Projected Year Totals (Higher of Budget or Actual)	Adjusted Budget to Projected Year Total Difference
A. REVENUES (8000-8799)									
1. Local Control Funding Formula (LCFF) - (8010-8099)									
LCFF - State Aid - (Current year)	8011	441,682	140,762			441,682	140,762	441,682	-
Education Protection Account - (Current year)	8012	372,514	90,960			372,514	90,960	372,514	-
LCFF- State Aid - Prior Years - (Include EPA & LCFF - State Aid)	8019		5,281				5,281	5,281	(5,281)
Transfers to Charter Schools In Lieu Of Property Tax (Current & Prior Years)	8096	1,266,887	330,967			1,266,887	330,967	1,266,887	-
LCFF - Transfers - Current & Prior Years	8091, 8099						-	-	-
Other LCFF - Sources (All those not reported separately)	8010-8099						-	-	-
Total - LCFF Sources		2,081,083	567,970	-	-	2,081,083	567,970	2,086,364	(5,281)
2. Federal Revenues (8100-8299)									
Federal Impact Aid - Survey Cards - Maintenance and Operations	8110					-	-	-	-
No Child Left Behind (Title I, II, III, etc.)	8290			59,956	10,521	59,956	10,521	59,956	-
Special Education - Federal	8181, 8182			39,695		39,695	-	39,695	-
Child Nutrition - Federal	8220					-	-	-	-
Other Federal Revenues (All those not reported separately)	8100-8299					-	-	-	-
Total - Federal Revenues		-	-	99,651	10,521	99,651	10,521	99,651	-
3. Other State Revenues (8300-8599)									
Special Education - State (All relevant objects per SELPA instructions)	StateRevSE			155,146	29,101	155,146	29,101	155,146	-
Child Nutrition - State	8520					-	-	-	-
Mandated Cost Reimbursements	8550	4,448				4,448	-	4,448	-
Lottery Revenue - Non-Prop 20 Unrestricted RES 1100	8560	41,225				41,225	-	41,225	-
Lottery Revenue - Prop 20 Restricted RES 6300	8560			9,894		9,894	-	9,894	-
Other State Revenues (All those not reported separately)	8300-8599	170,552			30,610	170,552	30,610	170,552	-
Total - Other State Revenues		216,225	-	165,040	59,711	381,265	59,711	381,265	-
4. Other Local Revenue (8600-8799)									
All Other Local Revenues	8600-8799	19,000	4,941			19,000	4,941	19,000	-
Total - Local Revenues		19,000	4,941	-	-	19,000	4,941	19,000	-
5. TOTAL REVENUES		2,316,308	572,911	264,691	70,232	2,580,999	643,143	2,586,280	(5,281)
B. EXPENDITURES AND OTHER OUTGO (1000-7499)									
1. Certificated Salaries									
Certificated Teachers' Salaries	1100	835,159	245,907	127,000	42,561	962,159	288,468	962,159	-
Certificated Pupil Support Salaries	1200					-	-	-	-
Certificated Supervisors' and Administrators' Salaries	1300	115,000	38,334			115,000	38,334	115,000	-
Other Certificated Salaries	1900					-	-	-	-
Total, Certificated Salaries		950,159	284,241	127,000	42,561	1,077,159	326,802	1,077,159	-
2. Classified Salaries									
Classified Instructional Salaries	2100	108,792	3,923	73,300	38,918	182,092	42,841	182,092	-
Classified Support Salaries	2200	31,860	52,749	96,000		127,860	52,749	127,860	-
Classified Supervisors' and Administrators' Salaries	2300	60,000	29,596			60,000	29,596	60,000	-
Clerical and Office Salaries	2400					-	-	-	-
Other Classified Salaries	2900					-	-	-	-
Total, Classified Salaries		200,652	86,268	169,300	38,918	369,952	125,186	369,952	-
3. Employee Benefits									
STRS	3101-3102	84,374	25,907	11,278	3,564	95,652	29,471	95,652	-
PERS	3201-3202					-	-	-	-
OASDI / Medicare / Alternative	3301-3302	29,127	10,475	14,793	3,522	43,920	13,997	43,920	-
Health and Welfare Benefits	3401-3402	132,000	62,031	36,000		168,000	62,031	168,000	-
Unemployment Insurance	3501-3502	17,600	3,893	5,500	39	23,100	3,932	23,100	-
Workers' Compensation Insurance	3601-3602	28,770	17,068	7,407		36,177	17,068	36,177	-
Retiree Benefits	3701-3702					-	-	-	-
Other Employee Benefits	3901-3902					-	-	-	-
Total, Employee Benefits		291,871	119,374	74,978	7,125	366,849	126,499	366,849	-

Client: **Innovations Academy**
 Engagement: **Innovations Academy 2014**
 Period Ending: **6/30/2014**
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1 A.01.b			
Adjust Fundraising Cash Account to reflect Bank Statement			
5820-00	Fundraising Expense	6,853.00	
9123-00	Fundraising Cash Account		6,853.00
Total		6,853.00	6,853.00
Adjusting Journal Entries JE # 2			
Reclassify Litigation Settlement as a long term liability			
9500-00	Accounts Payable-System	26,000.00	
9640-00	Loans Payable		26,000.00
Total		26,000.00	26,000.00
Adjusting Journal Entries JE # 3			
Reverse Deferred Prop 39 Income			
9650-00	Deferred Revenue	55,254.00	
8594-39	Clean Energy Act		55,254.00
Total		55,254.00	55,254.00
Adjusting Journal Entries JE # 4			
Reverse Deferred Common Core			
9650-00	Deferred Revenue	51,426.00	
8590-84	All Other State Revenues		51,426.00
Total		51,426.00	51,426.00

Innovations Academy

Common Core State Standards Spending Plan for the 2013-14 and 2014-15 Fiscal Years

Background

The enacted State Budget for 2013-14 provides one-time funds to local educational agencies to support the activities required to implement the federal Common Core State Standards that California has adopted. These new standards are required to be in place for the 2014-15 academic year. There are a number of activities that we have already undertaken, and continue to undertake, to prepare for this implementation. This new funding is provided specifically to support these activities:

- Professional Development for certificated and classified employees involved in the direct instruction of pupils using the Common Core State Standards
- Instructional materials and supplemental instructional materials aligned to the Common Core State Standards
- Technology equipment and infrastructure to provide technology-based instruction using Common Core State Standards and to implement computer-based student assessments

The funds must be spent by July 1, 2015. As a condition of receiving the funds, a spending plan for the funds must be presented at a public meeting of the governing board and then approved at a subsequent public meeting of the governing board. What follows is the proposed spending plan for the Common Core State Standards funding that we will be receiving.

Funding

The estimated amount of one-time funds to be received for this purpose is **\$ 66,720**

Uses

We plan to use the funds during 2013-14 and 2014-15 in the following manner:

- Provide in-services for certificated and classified classroom staff on the new content standards and to develop curriculum aligned to the new standards
- Adopt and purchase current standards-aligned instructional materials for English language arts and mathematics
- Upgrade the technology infrastructure to provide Internet access and meet Smarter Balanced Technology Strategy Framework and System Requirements Specifications
- Purchase additional computers and software for technology-based instruction

Innovations Academy

BOARD ACTION ITEM

Date: December 9, 2014

To: Board of Directors

Subject: Common Core State Standards (CCSS) Implementation Funding

BACKGROUND

Assembly Bill (B) 86 (Chapter 48, Statutes of 2013), Section 85, appropriates \$1.25 billion (approximately \$200 per prior year enrollment) in the 2013-2014 school year to support the integration of academic content standards in instruction adopted pursuant to various *Education Code* sections.

CCSS implementation funds can be expended for any of the following purposes:

- Professional development for teachers, administrators, and paraprofessional educators or other classified employees involved in the direct instruction of pupils that is aligned to the academic content standard adopted
- Instructional materials aligned to the academic content standards including but not limited to, supplemental instructional materials
- Integration of these academic content standards through technology-based instruction for purposes of improving the academic performance of pupils, including, but not necessarily limited to, expenditures necessary to support the administration of computer-based assessments and provide high-speed, high-bandwidth Internet connectivity for the purpose of administration of computer-based assessments

As a condition of receiving CCSS implementation funds, the District, is required to:

- Develop and adopt a plan delineating how the CCSS implementation funds will be spent. The plan must be explained in a public meeting of the governing board of the school district and then be adopted in a subsequent public meeting
- Report detailed expenditure information to the California Department of Education (CDE) on or before July 1, 2015, including, but not limited to, specific purchases made and the number of teachers, administrators, or paraprofessional educators that received professional development

The funds may be spent in 2013-14 and 2014-15.

CURRENT CONSIDERATIONS:

Innovations Academy goal is to administer the common core state assessments through computers and is in need of building the necessary infrastructure and devices, as well as providing professional development for the use of these devices.

CHARTER:

Proposed Expenditures
Site Specific Technology---\$30,000
Staff Development ---\$10,000
Instructional Materials ---\$26,720

Total Expenditures----\$66,720

Innovations Academy requests the approval of the following estimated expenditures for the Common Core State Standards Implementation Funding.

FINANCIAL IMPLICATIONS: None

- Charter prior year enrollment for 2012-2013 school year was 320 Students (approximately \$208.50 in CCSS Implementation Funding per student)

**INNOVATIONS ACADEMY
REPORT OF INDEPENDENT AUDITORS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

DRAFT 10.7.2014

INNOVATIONS ACADEMY

INTRODUCTORY SECTION

JUNE 30, 2014

DRAFT 10.7.2014

**INNOVATIONS ACADEMY
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JUNE 30, 2014**

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INNOVATIONS ACADEMY

FINANCIAL SECTION

JUNE 30, 2014

DRAFT 10.7.2014

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Innovations Academy
San Diego, California

We have audited the accompanying financial statements of Innovations Academy (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the fiscal 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.

REPORT OF INDEPENDENT AUDITORS
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Innovations Academy as of June 30, 2014, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents 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 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 October XX, 2014, on our consideration of Innovations Academy'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 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 Innovations Academy's internal control over financial reporting and compliance.

San Diego, California
October XX, 2014

**INNOVATIONS ACADEMY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014**

ASSETS

Current assets:	
Cash and cash equivalents (Note 3)	\$ 819,893
Accounts receivable (Note 4)	265,058
Prepaid expenses	<u>59,644</u>
TOTAL ASSETS	<u><u>\$ 1,144,595</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 106,654
Current portion of long-term liabilities (Note 5)	<u>6,120</u>
Total current liabilities	112,774
Long-term liabilities (Note 5):	
Notes payable, net of current portion	<u>19,880</u>
Total long-term liabilities	<u>19,880</u>
Total liabilities	132,654
Net assets:	
Temporarily restricted (Note 8)	106,680
Unrestricted	<u>905,261</u>
Total net assets	<u>1,011,941</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,144,595</u></u>

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

**INNOVATIONS ACADEMY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Revenue limit sources:			
State apportionments	\$ 370,941	\$ -	\$ 370,941
Education protection account	348,425	-	348,425
In-lieu of property taxes	1,272,946	-	1,272,946
Federal revenues	89,248	-	89,248
State revenues	74,859	106,680	181,539
Local revenues:			
Miscellaneous	179,479	-	179,479
Total revenues	<u>2,335,898</u>	<u>106,680</u>	<u>2,442,578</u>
EXPENSES			
Program service:			
Education	1,789,042	-	1,789,042
Support services:			
Management and general	321,481	-	321,481
Total expenses	<u>2,110,523</u>	<u>-</u>	<u>2,110,523</u>
CHANGE IN NET ASSETS	225,375	106,680	332,055
NET ASSETS, BEGINNING OF YEAR	<u>679,886</u>	<u>-</u>	<u>679,886</u>
NET ASSETS, END OF YEAR	<u>\$ 905,261</u>	<u>\$ 106,680</u>	<u>\$ 1,011,941</u>

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

**INNOVATIONS ACADEMY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 332,055
Adjustments to reconcile change in net assets to net cash used in operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable	28,091
Prepaid expenses	(46,230)
Increase (decrease) in operating liabilities:	
Accounts payable	(37,350)
Accrued expenses	<u>(6,381)</u>
Net cash flows provided by operating activities	270,185
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payment on long-term liabilities	<u>(66,120)</u>
Net cash flows used in financing activities	<u>(66,120)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	204,065
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>615,828</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 819,893</u></u>
SUPPLEMENTAL DISCLOSURES:	
Cash paid for interest	<u><u>\$ 1,100</u></u>

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

**INNOVATIONS ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 - ORGANIZATION AND MISSION

Innovations Academy (Organization) was incorporated in the State of California on May 22, 2007, under the Nonprofit Public Benefit Corporation Law for public and charitable purposes. The Organization petitioned and was approved through the San Diego Unified School District for a five year period ending in June 2013. The Organization was approved by the State of California Department of Education on May 27, 2008.

The Organization commenced operations during the 2008-2009 fiscal year, and currently serves approximately 358 students in kindergarten through grade 8.

The mission of the Organization is to teach students to powerfully create their lives through self-expression, compassionate connection, and purposeful learning.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statement Presentation

The financial statements are presented in conformity with Accounting Standards Codification (ASC) 958-205, *Non-For-Profit Entities – Presentation of Financial Statements*. Under ASC 958-205, the Organization reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets: Unrestricted net assets are available to support all activities of the Organization, and are not subject to donor-imposed stipulations. These generally result from revenues generated by providing services, receiving unrestricted contributions, and receiving interest from investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily restricted net assets: Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. There were \$106,680 temporarily restricted net assets as of June 30, 2014.

Permanently restricted net assets: Net assets that are subject to donor-imposed stipulations that the restrictions be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on the related investments for general or specific purposes. There were no permanently restricted assets as of June 30, 2014.

B. Accounting Method - 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. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting related to the timing of measurement made, regardless of the measurement focus applied. The Organization uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

INNOVATIONS ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section (501)(c)(3). It is, however, subject to income taxes from activities unrelated to its tax-exempt purpose. The Organization uses the same accounting methods for tax and financial reporting.

Generally accepted accounting principles provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

E. Cash and Cash Equivalents

Cash and cash equivalents are from time to time variously composed of cash on hand and in banks, and liquid investments with original maturities of three months or less.

F. Fixed Assets

Fixed assets are recorded at cost and depreciated under the straight-line method over their estimated useful lives of 5 to 39 years. Equipment is depreciated over a useful life of 5 years. Building improvements are depreciated over a useful life of 39 years. Repair and maintenance costs, which do not extend the useful lives of the asset, are charged to expense. The cost of assets sold or retired and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting gain or loss is included in the earnings. Management has elected to capitalize and depreciate all assets costing \$2,000 or more; all other assets are charged to expense in the year incurred.

G. Deferred Revenue

Deferred revenue represents donated funds received, but not expended. These funds must be expended in accordance with the provisions of the contract to which they apply or refund if not expended under the terms of the contract. As of June 30, 2014, the Organization did not have any deferred revenue.

**INNOVATIONS ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Revenue sources and recognition

The Organization receives federal, state and local revenues for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

The Organization primarily receives the funds from California Department of Education (CDE). Amounts received from the CDE are recognized by the Organization based on the average daily attendance (ADA) of students.

The Organization recognizes federal revenue to the extent that eligible expenditures have been incurred.

Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized.

I. Functional allocation of expenses

The costs of providing the program services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services based on employees' time incurred and managements' estimates of the usage of resources.

NOTE 3 - CASH AND CASH EQUIVALENTS

A. Cash and cash equivalents

Cash and cash equivalents at June 30, 2014, consisted of the following:

Pooled Funds:	
Cash in County Treasury	\$ 291,466
Deposits:	
Cash in banks	527,927
Cash on hand:	
Petty cash	500
Total cash and cash equivalents	\$ 819,893

B. Cash in County Treasury

The Organization maintains a portion of its cash in the County Treasury as part of the common investment pool (\$291,466 as of June 30, 2014). The fair value of the Organization's portion of this pool as of that date, as provided by the pool sponsor, was \$291,757. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

**INNOVATIONS ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 - CASH AND CASH EQUIVALENTS (CONTINUED)

The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. Government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

C. Cash in banks

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2014, the Organization had \$227,190 of uninsured funds.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2014, consisted of the following:

Revenue limit sources:		
State apportionments	\$	24,881
In-lieu of property taxes		110,197
Federal revenues		16,265
State revenues		111,341
Local revenues:		
Miscellaneous		2,374
Total accounts receivable	\$	<u>265,058</u>

NOTE 5 - LONG-TERM LIABILITIES

A. Long-Term Liabilities Activity

Long-term liabilities activity includes debt and other long-term liabilities. Changes in obligations for the fiscal year ended June 30, 2014, are as follows:

	Balance 2013	Additions	Payments	Balance 2014	Due in One year
Litigation Settlement	\$ 32,120	\$ -	\$ (6,120)	\$ 26,000	\$ 6,120
Private Loan	60,000	-	(60,000)	-	-
Total	<u>\$ 92,120</u>	<u>\$ -</u>	<u>\$ (66,120)</u>	<u>\$ 26,000</u>	<u>\$ 6,120</u>

**INNOVATIONS ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

B. Litigation Settlement

During the year ended June 30, 2010, the Organization was involved in litigation regarding the early termination of its facilities lease with Mission Grove Offices, LLC. In November 2010, the Organization entered into a stipulated settlement agreement through which it was agreed the Organization would pay \$510 per month for 100 months, for a total of \$51,000 in past due rent and related fees. The repayment period was retroactive to July 1, 2010. Future minimum payments on the outstanding settlement liability are as follows:

Year Ending June 30,	Principal
2015	\$ 6,120
2016	6,120
2017	6,120
2018	6,120
2019	1,520
	<u>\$ 26,000</u>

C. Private Loan

On June 20, 2012, the Organization issued a promissory note in the principal amount of \$60,000. The repayment terms call for a lump sum repayment of \$60,000 plus accrued interest of \$100 per month on or before June 30, 2013. The loan was made by a private lender and is unsecured. The Organization extended the maturity date of this loan to June 30, 2014. The loan was paid in full with two payments of \$30,000 each. The payments were made in April 14, 2014 and June 11, 2014.

**INNOVATIONS ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 6 - EMPLOYEE RETIREMENT SYSTEMS

State Teachers' Retirement System (STRS)

Plan Description

The Organization contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2014, total plan net assets are \$152.5 billion, the total actuarial present value of accumulated plan benefits is \$277.3 billion, contributions from all employers totaled \$2.1 billion, and the plan is 66.9% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-2014 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to STRS for the fiscal years ending June 30, 2014, 2013, and 2012, were \$80,216, \$74,283, and \$58,406, respectively, and equal 100% of the required contributions for each fiscal year.

NOTE 7 - OPERATING LEASE

The Organization leases facilities and office equipment under lease agreements longer than one (1) year. The future minimum lease payments are as follows:

Year Ending June 30,	Lease Payments
2015	\$ 133,950
2016	140,394
Total future lease payments	\$ 274,344

The Organization will receive no sublease rental revenues nor pay any contingent rentals associated with this lease. For the fiscal year ended June 30, 2014, operating lease expense was \$127,409.

**INNOVATIONS ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of entitlements received but not expended as of June 30, 2014. At June 30, 2014, the Organization's temporarily restricted net assets consisted of:

Common Core	\$ 55,254
Clean Energy Job Acts	51,426
Total temporarily restricted net assets	<u>\$ 106,680</u>

NOTE 9 - COMMITMENTS AND CONTINGENCIES

State Allowances, Awards, and Grants

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

NOTE 10 - SUBSEQUENT EVENT

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through October XX, 2014, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

INNOVATIONS ACADEMY

SUPPLEMENTARY INFORMATION SECTION

JUNE 30, 2014

DRAFT 10.7.2014

**INNOVATIONS ACADEMY
ORGANIZATION
JUNE 30, 2014**

Innovations Academy [Charter #1024], is a Kindergarten through grade 8 Charter School and was granted a five-year charter by the San Diego Unified School District, expiring in June, 2013, pursuant to the terms of the Charter School Act of 1992, as amended.

The Board of Directors for the fiscal year ended June 30, 2014, was comprised of the following members:

Name	Office	Term	Term Expiration
Patric Rawlins	President	4 Years	October 2016
Nathan Cooper	Secretary	3 Years	October 2016
Stephen Rosen	Treasurer	3 Years	February 2016
Danielle Strachman	Board Member	4 Years	December 2014
Tony Spitzberg	Board Member	3 Years	October 2016
Cheryl Peach	Board Member	3 Years	October 2016

Administration	
Name	Position
Christine Kuglen	Director
Delano Jones	Business Officer

**INNOVATIONS ACADEMY
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Second Period Report	Annual Report
Grades K - 3	119.17	120.15
Grades 4 - 6	124.76	124.33
Grades 7 - 8	75.08	75.02
Total	319.01	319.50

The Organization generates 89% of its ADA from a fulltime classroom-based program and generates 11% of its ADA from a full-time independent study program.

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**INNOVATIONS ACADEMY
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Grade Level	1986-87 Minutes Requirements*	2013-2014 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	34,971	46,104	175	In Compliance
Grade 1	48,960	52,954	175	In Compliance
Grade 2	48,960	52,954	175	In Compliance
Grade 3	48,960	52,954	175	In Compliance
Grade 4	52,457	52,954	175	In Compliance
Grade 5	52,457	52,954	175	In Compliance
Grade 6	52,457	52,954	175	In Compliance
Grade 7	52,457	52,954	175	In Compliance
Grade 8	52,457	52,954	175	In Compliance

* As reduced pursuant to the provisions of Education Code Section 46201.2.

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**INNOVATIONS ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Program Services	Support Services	
	Education	Management and General	Total
Certificated salaries	\$ 863,189	\$ 118,008	\$ 981,197
Classified salaries	251,734	89,318	341,052
Employee benefits	231,724	27,176	258,900
Books and supplies	29,645	-	29,645
Travel and conferences	4,201	658	4,859
Dues and memberships	178	34	212
Insurance	55,355	9,421	64,776
Rental, leases, repairs, and non-capitalized improvements	131,507	22,626	154,133
Professional/consulting services and operating expenditures	183,319	26,800	210,119
Communications	5,339	1,017	6,356
Other Expenses	32,851	26,423	59,274
Total expenses	<u>\$ 1,789,042</u>	<u>\$ 321,481</u>	<u>\$ 2,110,523</u>

**INNOVATIONS ACADEMY
RECONCILIATION OF CHARTER SCHOOL UNAUDITED ACTUALS
FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

June 30, 2014, annual financial and budget report fund balances	\$ 912,115
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Cash overstated	(6,853)
Accounts payable reclassified	-
Deferred revenue reclassified	106,680
Rounding	<u>(1)</u>
Net adjustments and reclassifications	<u>99,826</u>
June 30, 2014, audited financial statement fund balances	<u><u>\$ 1,011,941</u></u>

INNOVATIONS ACADEMY
OTHER REPORTS OF INDEPENDENT AUDITORS SECTION
JUNE 30, 2014

DRAFT 10.7.2014

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

Board of Directors
Innovations Academy
San Diego, California

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 (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated October XX, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Innovations Academy'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 Innovations Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Innovations Academy'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.

**REPORT OF INDEPENDENT AUDITORS 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***
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Innovations Academy'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 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.

San Diego, California
October XX, 2014

REPORT OF INDEPENDENT AUDITORS ON STATE COMPLIANCE

Board of Directors
Innovations Academy
San Diego, California

Report on Compliance for Each State Program

We have audited Innovations Academy's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-2014*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of Innovations Academy's state programs for the fiscal year ended June 30, 2014. Innovations Academy's state programs are identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Innovations Academy's state programs based on our audit of the types of compliance requirements referred to above. 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 State's Audit Guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-2014*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Innovations Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state program. However, our audit does not provide a legal determination of Innovations Academy's compliance. In connection with the audit referred to above, we selected transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

REPORT OF INDEPENDENT AUDITORS ON STATE COMPLIANCE
Page 2

Description	Procedures In Audit Guide	Procedures Performed
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act After School Education and Safety Program	3	Not Applicable
General Requirements	4	Not Applicable
After School	5	Not Applicable
Before School	6	Not Applicable
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Contemporaneous Records of Attendance, for charter schools	8	Yes
Mode of Instruction, for charter schools	1	Yes
Nonclassroom-Based Instruction/Independent Study, for charter schools	15	Yes
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	3	Yes
Annual Instructional Minutes - Classroom Based, for charter schools	4	Yes
Charter School Facility Grant Program	1	Not Applicable

The term "Not Applicable" is used above to mean either that the Organization did not offer the program during the current fiscal year, or that the program applies only to a different type of local education agency.

Opinion on State Programs

In our opinion, Innovations Academy's 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 state programs for the fiscal year ended June 30, 2014.

The purpose of this report on state compliance is solely to describe the scope of our testing of state compliance and the results of that testing based on the requirements of *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-2014*. Accordingly, this report is not suitable for any other purpose.

San Diego, California
 October XX, 2014

INNOVATIONS ACADEMY

FINDINGS AND RECOMMENDATIONS SECTION

JUNE 30, 2014

DRAFT 10.7.2014

**INNOVATIONS ACADEMY
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes N/A No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes N/A None Reported

Type of auditors' report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with section .510(a) or Circular A-133? Yes N/A No

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

The Organization did not have over \$500,000 in Federal Expenditures.

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? Yes N/A No

**INNOVATIONS ACADEMY
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

A. Summary of Auditors' Results (Continued)

3. State Awards

Internal control over state programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None Reported

Type of auditors' report issued on compliance
for state programs: Unqualified

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

D. State Award Findings and Questioned Costs

None

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**INNOVATIONS ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

<u>Findings/Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Implemented</u>
None	N/A	N/A

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