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**ACADEMIA AVANCE
CHARTER SCHOOL**

Operated By:
AVANCE SCHOOL'S, INC.
(A California Non-Profit Public Benefit Corporation)

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2014**

Michael W. Ammermon, CPA, CFE

INTRODUCTORY SECTION

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(A California Non-Profit Public Benefit Corporation)
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FINANCIAL SECTION



Michael W. Ammermon

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Academia Avance Charter School
Los Angeles, California

Report on Financial Statements

I have audited the accompanying financial statements of Academia Avance Charter School, a California non-profit public benefit corporation, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

INDEPENDENT AUDITORS' REPORT - continued

Opinion

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

Other Matters

Supplementary and Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules listed in the table of contents, as required by the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-14*, published by the Education Audit Appeals Panel 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 10, 2014 on my consideration of Academia Avance Charter School's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Academia Avance Charter School's internal control over financial reporting and compliance.



Michael W. Ammermon, CPA, CFE

Orange County, California
November 10, 2014

ACADEMIA AVANCE CHARTER SCHOOL
 (A California Non-Profit Public Benefit Corporation)
Statement of Financial Position
June 30, 2014

	<u>2014</u>
ASSETS	
CURRENT ASSETS:	
Cash and Cash Equivalents (Note 2)	\$ 13,079
Accounts Receivable (Note 3)	293,494
Prepaid Expenses and Other Assets	101,606
Investment, At Fair Value (Note 1 & 9)	<u>1,464,190</u>
Total Current Assets	1,872,369
PROPERTY AND EQUIPMENT (Note 1 & 4)	<u>380,199</u>
TOTAL ASSETS	<u>\$ 2,252,568</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts Payable and Accrued Liabilities	\$ 460,901
Cash Overdraft (Note 2)	10,731
Accrued Payroll and Benefits	38,702
Deferred Revenue (Note 10)	525,353
Current Portion of Long-Term Debt (Note 8)	<u>144,000</u>
Total Current Liabilities	1,179,687
LONG-TERM LIABILITIES:	
Bank Loan Payable (Note 6)	788,023
Long-Term Debt, Less Current Portion (Note 8)	<u>-</u>
Total Long-Term Liabilities	<u>788,023</u>
TOTAL LIABILITIES	1,967,710
NET ASSETS:	
Unrestricted net assets:	
Operating	<u>284,858</u>
Total Unrestricted Net Assets	<u>284,858</u>
TOTAL NET ASSETS	<u>284,858</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 2,252,568</u>

The accompanying notes are an integral part of these financial statements

ACADEMIA AVANCE CHARTER SCHOOL
 (A California Non-Profit Public Benefit Corporation)
Statement of Activities
For The Fiscal Year Ended June 30, 2014

	<u>2014</u>
REVENUES AND SUPPORT	
Revenues and Support:	
LCFF Revenue	\$ 3,105,943
In Lieu of Property Taxes	721,237
Federal Revenue	158,346
Federal Child Nutrition	109,088
State Lottery	57,396
Other State Income	7,859
Other Local Revenue	147,766
Investment Income	263,215
Special Education - Federal	55,182
Special Education - State	<u>210,233</u>
TOTAL REVENUE AND SUPPORT	<u>4,836,265</u>
EXPENSES	
Program Services:	
Instruction	3,309,849
Support Services:	
Management and General	789,845
Loss on Disposal of Property and Equipment	217,961
Fund-Raising	<u>9,474</u>
Total Expenses	<u>4,327,129</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>509,136</u>
NET ASSETS AT BEGINNING OF YEAR	<u>(224,278)</u>
NET ASSETS AT THE END OF YEAR	<u>\$ 284,858</u>

The accompanying notes are an integral part of these financial statements

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2014

	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 509,136
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation expense	129,921
Changes in Current Assets and Liabilities:	
Accounts receivables	170,791
Prepaid expenses & other assets	(72,737)
Accounts payable & accrued liabilities	(406,169)
Accrued payroll and vacation	(161,133)
Deferred revenues	124,153
Gain on fair market value of investments	(263,215)
Loss on disposal of assets	217,961
Cash overdraft	<u>(76,889)</u>
Net cash provided by (used for) operating activities	171,819
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment in building improvements and equipment	<u>(57,170)</u>
Net cash used for investing activities	(57,170)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of loan	(5,994)
Principal payments on line of credit	(200,000)
Restructuring of line of credit debt	55,240
Restructuring of rent	<u>48,000</u>
Net cash provided by (used for) financing activities	(102,754)
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,895
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,184</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 13,079</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE	
Cash paid during the year for interest and financing fees	<u>\$ 304,347</u>

The accompanying notes are an integral part of these financial statements

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **Nature of Activities**

Academia Avance Charter School (the "School"), is operated by Avance School's, Inc., a California non-profit public benefit corporation. On August 17, 2010, the Los Angeles County Office of Education (LACOE) approved the School's five year charter expiring June 30, 2015. The School is offering grades six to twelve.

The School is designed to address the critical need for innovative educational alternatives for students in the Los Angeles community. The School has been designed to provide a quality educational program targeting educationally disadvantaged students in high school programs whose Academic Performance Index (API) scores indicate underperformance. It is the goal of the School to provide students with a rigorous standards-based college preparatory program while preparing them to succeed in the real-world through project-based learning, and the Avance Senior Experiences that include internships and other student designed field work.

B. **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Financial statements are prepared using the accrual basis of accounting. Accordingly, all significant receivables, payables and other liabilities are recognized.

- Revenues – Exchange and Non-Exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place.

Non-Exchange transactions, in which the School receives value without directly giving equal value in return, include in-lieu property taxes, grants and entitlements. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

- Expenses:

Using the accrual basis of accounting, expenses are recognized at the time a liability is incurred.

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Presentation

The accompanying financial statements have been prepared on the basis of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Generally accepted accounting principles require that the School reports information about its financial position and activities according to three classes of net assets: *unrestricted, temporarily restricted and permanently restricted net assets*.

- Unrestricted net assets represent all resources over which the governing board has discretionary control to use in carrying on the general operations of the School and assets that are available without restriction and are not subject to donor-imposed stipulations.
- Temporarily restricted net assets are assets that donors have designated for particular purposes or stipulations that may or will be met either by actions of the School and/or the passage of time. The School does not currently have any temporarily restricted net assets.
- Permanently restricted net assets are assets that donors have designated for particular purposes or stipulations that will remain in effect in perpetuity. The School does not currently have any permanently restricted net assets.
- When both restricted and unrestricted resources are available for use, it the School's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

For the purpose of the Statement of Activities and the Statement of Cash Flows, the School considers all short-term investments with an original maturity of three months or less to be cash equivalents. Cash equivalents consist of cash and other highly liquid resources such as investment in certificates of deposit and money market funds with an original maturity of three months or less when purchased. As of June 30, 2014, the School did not have cash equivalents.

E. Property and Equipment

Property and equipment are reported at cost, if purchased, or at fair value at the date of the gift if donated and significant. If a donor stipulates how long the asset must be used, the contributed property is recorded as a restricted support. If a donor does not stipulate how long an asset must be used, the contributed property is recorded as unrestricted support. Provision for depreciation and amortization is computed using the straight-line method over the estimated useful lives of the properties, as follows:

Leasehold improvements	8 years of remaining life of the lease
Furniture	7 years
Equipment	5 years

The cost of property and equipment purchased in excess of \$5,000 is capitalized. Repairs, maintenance and minor acquisitions are expensed as incurred, and the School uses the direct expensing method to account for planned major maintenance activities.

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

F. **Revenue**

Operating revenues and expenses generally result from providing educational and instructional services in connection with the School's principal ongoing operations. The principal operating revenues of the School include Federal and State grants. Operating expenses include educational costs, administrative expenses, depreciation and amortization of property and equipment. Revenues and expenses not meeting this definition are reported as other revenues and expenses.

G. **Contributions and Donated Property and Equipment**

The School records contributions when they are received and are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Donations of property and equipment are recorded as contributions at their fair market value at the date of donation. Such donations are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with restrictions regarding the assets use and contributions of cash that are used to acquire property and equipment are reported as restricted contributions. Absent donor restrictions regarding how long donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The School reclassifies temporarily restricted net assets to unrestricted net assets at that time.

H. **In-Kind Contributions**

In addition to receiving cash contributions, the School from time to time may receive in-kind contributions from various donors. It is the policy of the School to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase donations by a like amount. The School has not currently received any in-kind contributions.

I. **Contributed Services and Materials**

The School records the value of donated materials or services when there is an objective basis available to measure such value. Individuals from local communities may volunteer their time and perform a variety of tasks that assist the School. No amounts have been reflected in the statements for donated services or materials, as no objective basis is available to measure such value.

J. **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

K. Income Taxes

Avance School's, Inc., doing business as, Academia Avance Charter School is exempt from Federal and State income taxes under Internal Revenue Code 501(c)(3) and California Revenue and Taxation Code Section 23701d. This code section also enables the School to accept donations that qualify as charitable contributions to the donor. Accordingly, no provision has been made for income taxes within the financial statements.

ASC 740, *Accounting for Uncertainty in Income Taxes*, provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the School in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The School's tax returns for the years ending June 30, 2011, 2012, and 2013, are subject to examination by federal and state taxing authorities, generally for three years after they are filed.

L. Investments

Investments are reported in the accompanying Statement of Financial Position at fair value. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon liquidation, maturity, or sale of investments. As of June 30, 2014, the School has one investment.

M. Investment in City Terrace, Limited Liability Company (Fair Value Method of Accounting)

The School accounts for its investment in City Terrace Limited Liability Company ("CTLLC") under the fair value method of accounting. CTLLC was formed January 4, 2004. The fair value method of accounting is used in order to measure the long term effects on the assets and liabilities of CTLLC as applied to the School's ownership interest in City Terrace Limited Liability Company. The School has no obligation to fund liabilities of CTLLC beyond its investment, including loans and advances, and has no obligation to advance additional funds to CTLLC.

On June 18, 2010, the School acquired for \$1.00 a 49% interest in CTLLC. The School's maximum exposure to loss is its current investment in CTLLC. The School does not consolidate financial statements with CTLLC since the 51% majority shareholder investing member of CTLLC maintains substantive participating rights in the CTLLC, thereby overcoming the presumption of control applicable to the School.

An annual valuation of the assets and liabilities of CTLLC is conducted and any unrecognized gains or losses recorded in the School's Statement of Activities as investment income or investment loss. Refer to notes to the financial statements 9 and 16 for additional disclosures.

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

N. Fair Value of Financial Instruments

Financial assets and liabilities are recorded at their fair market value in accordance with ASC 820, *Fair Value Measurements*. This standard defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. ASC 820 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy prioritizes fair value measurements based on the types of inputs used in the valuation technique. The inputs are categorized in the following levels:

- Level 1 - Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2 - Directly or indirectly observable input for quoted and other than quoted prices for identical or similar assets and liabilities in active or non-active markets.
- Level 3 - Unobservable inputs not corroborated by market data, therefore requiring the entity to use the best information available in the circumstances, including the entity's own data.

Certain financial instruments are carried at cost on the balance sheet and thus are not categorized. These instruments include cash and cash equivalents, accounts receivable, prepaid expenses, other assets, accounts payable, accrued expenses, deferred revenue, and long-term debt.

The fair value of contributed supplies, facilities, investments and services has been measured on a nonrecurring basis using prices for similar assets in active and inactive markets (Level 2 input).

O. Long Lived Assets

The School reviews long lived assets such as property and equipment to determine if there has been an impairment of value whenever events or changes occur that indicate the carrying value of the assets may have declined and not be recoverable. No circumstances have occurred during the year causing the School to believe there has been any impairment of the carrying value of its long lived assets. There can be no assurance, however, that market or other conditions will not change in the future resulting in impairment of long lived assets.

P. Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the School's programs and supporting services based on estimates made by management.

ACADEMIA AVANCE CHARTER SCHOOL
 (A California Non-Profit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

2. CASH AND CASH EQUIVALENTS

The School maintains its cash balances in financial institutions. The balances at the financial institutions are insured by the Federal Depository Insurance Corporation ("FDIC") up to \$250,000. As of June 30, 2014 the School did not have any uninsured funds. The components of cash as of June 30, 2014, consisted of the following:

Pan American Bank	\$ 32
Parent Advisory Committee - Union Bank	1,834
Student Activities - Union Bank	9,331
Athletics - Union Bank	421
Lunch Program - Union Bank	<u>1,461</u>
Totals	<u>\$ 13,079</u>

As of June 30, 2014, the School's general checking Union bank account was overdrawn by \$10,731 and is shown as a cash overdraft in the liability section of the Statement of Financial Position.

3. RECEIVABLES

The School receives payment for program and services rendered from state, local and other agencies. The mix of receivables consists of the following at June 30, 2014:

Federal Government:	
Special Education	\$ 55,182
School Lunch	16,122
State Government:	
Education Protection	92,404
Facilities Reimbursement (SB740)	82,253
Special Education (AB602)	25,477
Lottery	21,158
School Lunch	<u>898</u>
Total Accounts Receivable	<u>\$ 293,494</u>

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2014 is shown below:

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Capital assets, being depreciated:				
Buildings and Improvements	\$ 574,594	\$ 20,796	\$225,680	\$ 369,710
Equipment, Furniture and Fixtures	290,989	36,374	-	327,363
Work In Progress	411,209	-	-	411,209
Total capital assets being depreciated	<u>1,276,792</u>	<u>57,170</u>	<u>225,680</u>	<u>1,108,282</u>
Less accumulated depreciation for:				
Buildings and Improvements	(371,572)	(81,956)	-	(453,528)
Equipment, Furniture and Fixtures	(234,309)	(47,965)	(7,719)	(274,555)
Total accumulated depreciation	<u>(605,881)</u>	<u>(129,921)</u>	<u>(7,719)</u>	<u>(728,083)</u>
Total capital assets being depreciated,	<u>\$ 670,911</u>	<u>\$ (72,751)</u>	<u>\$217,961</u>	<u>\$ 380,199</u>

Depreciation expense for the year ended June 30, 2014 amounted to \$129,921.

5. LEASE COMMITMENTS

Operating Leases

The school leases office equipment and facilities located in Highland Park California. Future minimum lease payments under signed lease agreements with initial or remaining lease terms in excess of one year as of June 30, 2014, are as follows:

Year ending June 30:	Lease Payments
2015	\$ 389,079
2016	35,079
2017	35,079
2018	-
2019	-
Thereafter	-
Total	<u>\$ 459,237</u>

The School will receive no sublease rental revenues nor pay any contingent rentals associated with these leases. For the year ended June 30, 2014, operating lease expense was \$557,461.

Capital Leases

At June 30, 2014, the School was not obligated under any long-term capital lease arrangements.

ACADEMIA AVANCE CHARTER SCHOOL
 (A California Non-Profit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

6. LINE OF CREDIT

The single line of credit available to the School at June 30, 2014 was as follows:

On April 30, 2010, secured by property owned by City Terrace, LLC, City Terrace, LLC entered into a \$1,000,000 Line of Credit "LOC" with Pan American Bank. Loan terms state that the LOC is for the "Exclusive Use of Avance Schools, Inc." Academia Avance Charter School is a 49% Minority Interest Holder in City Terrace, LLC. The LOC matures on September 15, 2016 and carries an interest rate of 6.730%.

	<u>\$ 788,023</u>
Total	<u>\$ 788,023</u>

Interest and loan cost expense on the line of credit amounted to \$96,678 for the year ended June 30, 2014.

7. SALE OF RECEIVABLES

The School has sold to Charter School Capital, LLC various receivables applicable to the School's 2013-2014 fiscal year which begins July 1, 2013 and ends June 30, 2014. The School's receivables that were sold for the fiscal year and the associated costs are as follows:

<u>Receivable</u>	<u>Purchase</u>	<u>Purchase</u>	<u>Program</u>	<u>Cash</u>		
<u>Face Value</u>	<u>Price</u>	<u>Discount</u>	<u>Fees</u>	<u>Total Costs</u>	<u>Received</u>	<u>Rate</u>
<u>\$2,842,000</u>	<u>\$2,681,290</u>	<u>\$160,710</u>	<u>\$ 46,959</u>	<u>\$ 207,669</u>	<u>\$ 2,634,331</u>	<u>7.31%</u>

As of June 30, 2014, the school has paid to Charter School Capital \$207,669 in fees and discounts.

ACADEMIA AVANCE CHARTER SCHOOL
 (A California Non-Profit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

8. LOANS

Loans are comprised of the following at June 30, 2014:

The Administrative Commission of San Gabriel Presbytery agreed to restructure \$165,000 of the School's outstanding lease rent payable as of June 30, 2014 at zero percent interest, maturing November 15, 2014. The restructuring agreement is two \$55,000 payments on September 15, 2014, October 15, 2014, and one payment of \$34,000 on November 15, 2014.

	<u>\$ 144,000</u>
Total	144,000
Less Current Portion	<u>(144,000)</u>
Long-Term Debt	<u><u>\$ -</u></u>

The future maturities of long-term debt are as follows:

2015	\$ 144,000
2016	-
2017	-
2018	-
2019	-
Thereafter	-
Total	<u><u>\$ 144,000</u></u>

Interest expense on long-term debt amounted to \$0 for the year ended June 30, 2014.

9. INVESTMENT IN CITY TERRACE, LLC (LONG TERM ASSET - \$1,464,190)

The School's investment in City Terrace Limited Liability Company at June 30, 2014 continues to remain at 49% and is recognized and accounted for under the fair value method of accounting as described in audit footnote 1. L & M. As of June 30, 2014, the School's 49% interest in City Terrace, LLC is \$1,464,190.

10. DEFERRED REVENUE

Deferred revenue consists of the following at June 30, 2014:

Advanced Receivable Sales Revenue	\$ 430,900
Common Core Revenue	<u>94,453</u>
Total Deferred Revenue	<u><u>\$ 525,353</u></u>

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

11. POST-EMPLOYMENT BENEFITS

For the year ended June 30, 2014, the School did not provide for any post-employment benefits.

12. EARLY RETIREMENT INCENTIVE PROGRAM

For the year ended June 30, 2014, the School did not provide any early retirement incentive program.

13. COMMITMENTS AND CONTINGENCIES

- The School receives a significant portion of its support from the State of California from per-pupil attendance, property taxes, and other state revenue sharing means. If these state and local government agencies effect significant budget cuts in the future, these sources of funding could decrease. If this were to occur, it is management's opinion that the School could continue most of its activities on a more limited basis through other sources of funding.
- On August 17, 2010, the Los Angeles County Office of Education (LACOE) approved the School for a five year charter which expires on June 30, 2015. The School is in the process of renewing its charter with LACOE and anticipates renewal of the School's charter; however, if the School's charter were not renewed, it is management's opinion that the School would pursue appeal for renewal before the State Board of Education via the process prescribed in state Education Code section 47605, subsection (j). If the renewal appeal were to be denied by the State Board of Education, the School would no longer receive any funding support from the State of California.
- In the normal course of business, there are outstanding various commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. The School does not anticipate losses from these transactions.

14. COMPENSATED ABSENCES AND SICK LEAVE

The policy of Academia Avance Charter School is that all classified employees are entitled to a maximum of 24 vacation days per year, and may accrue a maximum of 48 days. Certificated employees will only receive 10 sick days. At June 30, 2014 accrued compensated absences amounted to \$28,845. Any unused sick days at the end of the fiscal year of June 30th are paid out at \$110 per day.

15. EMPLOYEE RETIREMENT

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 California State Teachers' Retirement System (STRS). As of June 30, 2014, the School did not have any classified employees that participate in CalPERS.

ACADEMIA AVANCE CHARTER SCHOOL
 (A California Non-Profit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

15. EMPLOYEE RETIREMENT - continued

Plan Description and Provisions

Plan Description

State Teachers' Retirement System (STRS)

The School contributes to and the School's certificated employees participate in the State Teachers Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. 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. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active full-time plan members are required to contribute 8.0% of their annual salary and the School is required to contribute an actuarially determined rate. The required employer contribution rate was 8.25% of annual payroll for the fiscal year 2013-2014. The actuarial assumptions and methods that are used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The contribution requirements of the plan members are established and also may be amended by California State statute.

Contributions to STRS

The School's contributions to STRS for each of the last three fiscal years are as follows:

Year Ended June 30	STRS Required Contribution	STRS Percent Contributed
2012	\$ 84,486	100%
2013	\$ 94,676	100%
2014	\$ 116,272	100%

16. RELATED PARTY TRANSACTIONS

- The School rents a house located at 129 N Avenue 53, Los Angeles, California, adjacent to the physical location of the school. The 129 N Avenue 53 house is owned by Mr. Mario Ceballos who was the past Director of Administration for the School whose contract ended June 30, 2008. The school pays no more than the mortgage payment and operating expenses of the location. The house leasing agreement began on June 1, 2007, represents a payment of \$3,200 per month, and continues until such time that either party chooses to terminate the agreement; however, it is the position of the School's board, that at some time in the next two fiscal years, the house will be purchased by the School.

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

16. RELATED PARTY TRANSACTIONS- continued

- The School purchased a 49% investment interest in City Terrace Limited Liability Company for \$1.00 on June 18, 2010. Mr. Alvaro Banegas is the sole 51% owner of City Terrace Limited Liability Company. The School is the beneficiary of a line of credit loan from Pan American Bank in the amount of \$1,000,000. The line of credit with Pan American Bank was entered into by Mr. Alvaro Banegas on behalf of the School, and the assets of the City Terrace Limited Liability Company were pledged as collateral for the line of credit. The Pan American Bank loan identifies that the loan is exclusive for the use of the School. The School did not pledge any of its own assets as collateral for the line of credit loan. The loan was approved by the School's governing board.
- The Avance Foundation was created on October 7, 2011 to support the educational outcomes of Avance Schools, Inc. doing business as Academia Avance ("the School"). On September 20, 2012, the Avance Foundation entered into an agreement with the Presbytery of San Gabriel to amend the facilities lease between the School and the Presbytery of San Gabriel. The Presbytery of San Gabriel has turned over management of the School's leased property to Iglesia de la Comunidad, PC(USA) and has changed the name of the Lessor to Iglesia de la Comunidad, PC(USA). The Lease has also been amended from the School to the Avance Foundation. On September 20, 2012, the Avance Foundation entered into a lease with the School effective July 1, 2012 through June 30, 2015. The lease payments from the School to the Avance Foundation are \$20,000 per month and paid quarterly.

17. SUBSEQUENT EVENTS

Events subsequent to June 30, 2014 have been evaluated by management through November 10, 2014, the date at which Academia Avance Charter School's audited financial statements were available to be issued.

- Between July 1, 2014 and November 10, 2014, the School completed eight receivables sales through Charter School Capital, LLC, of fiscal year 2014-2015 receivables in the cumulative amount of \$1,113,100.

SUPPLEMENTARY INFORMATION SECTION

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
ORGANIZATION
June 30, 2014

The Academia Avance Charter School is operated by Avance School's, Inc. a California nonprofit public benefit corporation. Avance School's, Inc. was established on June 22, 2005. On May 24, 2005, the Los Angeles Unified School District ("LAUSD") approved the School's charter petition for a period of three years, and granted two one-year extensions during 2008 and 2009. The LAUSD authorized charter expired on June 30, 2010. On August 17, 2010, the Los Angeles County Office of Education (LACOE) approved a five year charter expiring June 30, 2015. The School operates grades 6-12. The School's California Charter School number is 0738.

As of June 30, 2014, the Board of Directors and the Executive Officers of the School were the following:

BOARD MEMBERS

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Matthew S. Jaime	President	October 30, 2015
Mario Hernandez	Treasurer/Secretary	October 30, 2014
Barbara Maxwell	Member	October 30, 2015
Guillermo Gutierrez	Member	October 30, 2014
Carolyn Harris	Member	October 30, 2015
Sarah Magana-Withers	Member	October 30, 2015
John Torres	Member	October 30, 2015

Executive Officers

Ricardo Mireles	Executive Director
Jose Varela	Principal

ACADEMIA AVANCE CHARTER SCHOOL
 (A California Non-Profit Public Benefit Corporation)
Schedule of Average Daily Attendance
For The Year Ended June 30, 2014

Schedule of Average Daily Attendance (ADA)

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

<u>Grade Levels:</u>	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Classroom Based</u>	<u>Total</u>	<u>Classroom Based</u>	<u>Total</u>
Grades 4 - 6	42	42	42	42
Grades 7 - 8	176	176	176	176
Grades 9 - 12	264	264	264	264
Totals	<u>482</u>	<u>482</u>	<u>482</u>	<u>482</u>

All average daily attendance is generated through classroom-based instruction.

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

ACADEMIA AVANCE CHARTER SCHOOL
 (A California Non-Profit Public Benefit Corporation)
Schedule of Instructional Time
For The Year Ended June 30, 2014

Schedule of Instructional Time

This schedule presents information about the amount of instructional time offered by the School and whether the School complied with the provisions of Education Code Sections 46200 through 46206.

School Site / Grade Level	Ed Code	Ed Code Sections	Number of Days		Status
	Section 47612.5 Minutes Requirement	46201.2 Reduced Minutes Requirement	2013-2014 Actual Minutes	Traditional Calendar	
Middle School:					
Grade 6	54,000	52,457	64,400	180	Complied
Grade 7	54,000	52,457	64,400	180	Complied
Grade 8	54,000	52,457	70,610	180	Complied
High School:					
Grade 9	64,800	62,949	70,610	180	Complied
Grade 10	64,800	62,949	70,700	180	Complied
Grade 11	64,800	62,949	70,700	180	Complied
Grade 12	64,800	62,949	63,655	180	Complied

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

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
Schedule of Functional Expenses
For The Year Ended June 30, 2014

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Instruction</u>	<u>Management and General</u>	<u>Total</u>
EXPENSES			
Compensation and Related Expenses:			
Salaries - Certificated	\$ 1,238,262	\$ 137,585	\$ 1,375,847
Salaries - Classified	293,934	293,934	587,868
Employee Benefits	210,197	140,132	350,329
	<u>1,742,393</u>	<u>571,651</u>	<u>2,314,044</u>
Other Expenses:			
Books and Supplies	40,659	4,518	45,177
Food Costs	111,767	-	111,767
Non Capitalized Equipment	38,071	9,518	47,589
Depreciation and Amortization	116,929	12,992	129,921
Interest and Sale of Receivables Fees	361,588	40,177	401,765
Special Education Costs	63,534	-	63,534
Professional/Consulting/Operational Services	108,506	36,169	144,675
District Oversight Fees	30,649	3,405	34,054
Travel, Conferences, & Field Trips	71,776	23,925	95,701
Rents and Leases	450,220	50,024	500,244
Dues and Memberships	5,399	2,314	7,713
Repairs and Maintenance	16,078	1,786	17,864
Insurance	33,866	3,763	37,629
Fundraising	-	9,474	9,474
Loss on Disposal of Property and Equipment	-	217,961	217,961
Other Operating Expenses	118,414	29,603	148,017
	<u>1,567,456</u>	<u>445,629</u>	<u>2,013,085</u>
Total Other Expenses	<u>1,567,456</u>	<u>445,629</u>	<u>2,013,085</u>
Total Program and Support Services Expenses	<u>\$ 3,309,849</u>	<u>\$ 1,017,280</u>	<u>\$ 4,327,129</u>

This schedule presents expenses based on program services and support services categories for analysis purposes.

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

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
Schedule of Financial Trends and Analysis
For The Year Ended June 30, 2014

	<u>Budget 2014</u>	<u>Actual 2014</u>	<u>Actual 2013</u>	<u>Actual 2012</u>
Revenues	\$ 4,677,898	\$ 4,836,265	\$ 4,541,983	\$ 3,452,149
Expenses	4,310,424	4,327,129	4,206,607	3,989,671
Change in net assets (deficit)	367,474	509,136	335,376	(537,522)
Ending net assets (deficit)	\$ 143,196	\$ 284,858	\$ (224,278)	\$ (559,654)
Available net assets as a percentage of total expenses	3.32%	6.58%	2.64%	-14.03%
Total liabilities	N/A	\$ 1,967,710	\$ 2,590,502	\$ 2,609,058
Average Daily Attendance at P-2	482	482	465	432

This schedule discloses the School's financial trends by displaying past years' data along with current year information. These financial trend disclosures are used to evaluate the School's ability to continue as a going concern for a reasonable period of time.

Net assets have increased by \$844,512, revenues increased by \$1,384,116, expenses have increased by \$337,458 and liabilities have decreased by \$641,348 over the past two years Annual average daily attendance has increased by 50 ADA over the past two years.

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

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
Schedule of Revenues, Expenditures and Changes
in Net Assets - Budget and Actual
Year Ended June 30, 2014

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive - (Negative)
Revenues:				
Revenues and Support:				
State Aid General	\$ 2,168,253	\$ 3,114,036	\$ 3,105,943	\$ (8,093)
In Lieu of Property Taxes	655,257	682,807	721,237	38,430
Federal Revenue	326,508	349,617	158,346	(191,271)
Federal Child Nutrition	-	13,452	109,088	95,636
State Categorical Block Grant	377,335	-	-	-
State Lottery	74,216	76,450	57,396	(19,054)
Other State Income	373,006	104,745	7,859	(96,886)
Other Local Revenue	81,000	68,974	147,766	78,792
Investment Income	-	-	263,215	263,215
Special Education	265,056	267,817	265,415	(2,402)
Total Revenue and Support	4,320,631	4,677,898	4,836,265	158,367
Expenditures:				
Compensation and Related Expenses:				
Salaries - Certificated	1,264,500	1,302,500	1,375,847	(73,347)
Salaries - Classified	475,667	475,667	587,868	(112,201)
Employee Benefits	353,211	360,304	350,329	9,975
Total Compensation and Related Expenses	2,093,378	2,138,471	2,314,044	(175,573)
Other Expenses:				
Books and Supplies	41,704	111,000	45,177	65,823
Food Costs	150,000	160,393	111,767	48,626
Non Capitalized Equipment	18,188	52,000	47,589	4,411
Depreciation and Amortization	143,000	143,000	129,921	13,079
Interest and Sale of Receivables Fees	254,276	412,136	401,765	10,371
Special Education Costs	37,243	150,000	63,534	86,466
Professional/Consulting/Operational Services	369,849	251,316	144,675	106,641
District Oversight Fees	31,909	34,316	34,054	262
Travel, Conferences, & Field Trips	74,181	35,000	95,701	(60,701)
Rents and Leases	589,515	563,800	500,244	63,556
Dues and Memberships	18,727	25,784	7,713	18,071
Repairs and Maintenance	42,072	50,072	17,864	32,208
Insurance	56,253	56,650	37,629	19,021
Other Operating Expenses	129,626	126,486	375,452	(248,966)
Total Other Expenses	1,956,543	2,171,953	2,013,085	158,868
Total expenditures	4,049,921	4,310,424	4,327,129	(16,705)
Excess of revenues over/(under) expenditures	270,710	367,474	509,136	141,662
Unrestricted Net Assets at Beginning of Year	(224,278)	(224,278)	(224,278)	-
Unrestricted Net Assets at End of Year	\$ 46,432	\$ 143,196	\$ 284,858	\$ 141,662

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

ACADEMIA AVANCE CHARTER SCHOOL
 (A California Non-Profit Public Benefit Corporation)
Reconciliation of Annual Financial Report
with Audited Financial Statements
For The Year Ended June 30, 2014

	<u>2014</u>
Un-audited - ending net assets, before audit adjustments & reclassifications	<u>\$ 73,015</u>
Increasing & (Decreasing) assets:	
Adjust for correction of investments	263,215
Adjust for correction of property and equipment	65,612
(Increasing) & Decreasing liabilities & net assets:	
Adjust for increase in deferred revenue	(94,452)
Adjust for increase in loans payable	(34,239)
Adjust for correction of accounts payable	<u>11,707</u>
Net Adjustments and reclassifications	<u>\$ 211,843</u>
Audited - ending net assets, after audit adjustments & reclassifications	<u><u>\$ 284,858</u></u>

This schedule provides the information necessary to reconcile net assets as reported on the School's un-audited financial statements to the School's audited financial statements.

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

OTHER INDEPENDENT AUDITOR'S REPORTS



Michael W. Ammermon

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Certified Fraud Examiner
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INDEPENDENT AUDITORS' 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 of
Academia Avance Charter School
Los Angeles, California

I 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 Academia Avance Charter School, a California non-profit public benefit corporation, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Academia Avance Charter School's financial statements, and have issued my report thereon dated November 10, 2014.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Academia Avance Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Academia Avance Charter School's internal control. Accordingly, I 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 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 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' 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 -
continued**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Academia Avance Charter School's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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, the communication is not suitable for any other purpose.



Michael W. Ammermon, CPA, CFE

Orange County, California
November 10, 2014



Michael W. Ammermon

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Board of Directors of
Academia Avance Charter School
Los Angeles, California

Report on State Compliance

I have audited Academia Avance Charter School's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-14*, published by the Education Audit Appeals Panel for the year ended June 30, 2014. The Academia Avance Charter School's compliance requirements are identified in the table below.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on Academia Avance Charter School's compliance based on my audit of the types of State compliance requirements referred to below. I conducted my 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 of America; and the State's audit guide *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14* published by the Education Audit Appeals Panel, prescribed in the *California Code of Regulations*, Title 5, section 19810. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific compliance items listed below has occurred. An audit includes examining, on a test basis, evidence about Academia Avance Charter School's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion on State compliance. My audit does not provide a legal determination of Academia Avance Charter School's compliance.

Compliance Requirements Tested

In connection with the audit referred to above, I selected and tested transactions and records to determine Academia Avance Charter School's compliance with the state laws and regulations applicable to the following items:

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE - continued

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Charter Schools:		
Local control funding formula certification	1	Yes
California clean energy jobs act	3	Not applicable
Class Size Reduction Program:		
General requirements	7	Not applicable
Option one	3	Not applicable
Option two	4	Not applicable
Districts with Only One School serving K-3	4	Not applicable
After school education and safety program:		
General requirements	4	Not applicable
Procedures for after school	5	Not applicable
Procedures for 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	1	Yes
Mode of instruction	1	Yes
Non-classroom based instructional/ Independent study	15	Not applicable
Determination of funding for non-classroom Based instruction	3	Not applicable
Annual instructional minutes-classroom based	4	Yes
Charter school facility grant program	1	Yes

The term "Not applicable" is used to mean that Academia Avance Charter School did not offer the program during the current fiscal year.

Opinion on State Compliance

In my opinion, Academia Avance Charter School complied with the laws and regulations of the State compliance items referred to above, in all material respects, for the year ended June 30, 2014.

Purpose of the Report

The purpose of this report on State compliance is solely to describe the results of testing based on the requirements of the State's audit guide *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14* published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.


 Michael W. Ammermon, CPA, CFE

Orange County, California
 November 10, 2014

FINDINGS AND RECOMMENDATIONS SECTION

ACADEMIA AVANCE CHARTER SCHOOL
 (A California Non-Profit Public Benefit Corporation)
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
June 30, 2014

Section I – Summary of Auditor’s Results

Basic Financial Statements

Type of auditor’s report issued on the financial statements:	<u>Unqualified Opinion</u>
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiency(s) identified not considered to be material weaknesses?	No
Noncompliance material to basic financial statements:	No

Federal Awards

Not applicable; the School did not expend \$500,000 in federal expenditures in fiscal 2013-2014.

State Awards

Type of auditor’s report issued on compliance for state programs:	<u>Unqualified Opinion</u>
Internal control over state programs:	
• Material weaknesses identified?	No
• Significant deficiency(s) identified not considered to be material weaknesses?	No

Section II – Financial Statement Findings

This section identifies the reportable conditions, material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Controls
40000	State Compliance
41000	CalSTRS
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
June 30, 2014

There were no findings noted for the year ended June 30, 2014

ACADEMIA AVANCE CHARTER SCHOOL
 (A California Non-Profit Public Benefit Corporation)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2014

<u>Findings and Recommendations</u>	<u>Current Status</u>	<u>Explanation if Not Implemented</u>
<p>2013-01 and 2012-01. Accounts Payable Findings Category, 60000, Miscellaneous</p>		
<p>Invoices for services rendered by vendors were not forwarded to the Schools back office service provider by the school in a timely manner.</p>		
<p>Recommendation included having the School Management review invoices with School staff and forward those invoices monthly to the Schools back office service provider.</p>	<p>Implemented</p>	
<p>2011-01. City Terrace LLC Findings Category, 60000, Miscellaneous</p>		
<p>City Terrace LLC accessed the Academia Avance Pan American Bank Line of Credit and used the Line of Credit to pay property taxes in the amount of \$58,519.</p>		
<p>Recommendation included having City Terrace LLC acknowledge ownership of the Pan American Bank Line of Credit funds owed and calculate interest on the \$58,519.</p>	<p>Not Implemented</p>	<p>The interest is not material.</p>
<p>2011-02. Expenditures Findings Category, 60000, Miscellaneous</p>		
<p>Unreimbursed management expenditures where Not submitted for reimbursement until months after the fiscal year close.</p>		
<p>Recommendation included that management would submit expenditure reimbursements monthly or at least quarterly.</p>	<p>Implemented</p>	<p>N/A</p>

ACADEMIA AVANCE CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2014

<u>Findings and Recommendations</u>	<u>Current Status</u>	<u>Explanation if Not Implemented</u>
2010-01. Attendance		
Findings Category, 10000, Attendance and 40000, State Compliance		
Numerous mismatches between internet web based attendance records and summary spreadsheet attendance records.		
Recommendation included working with the attendance software developer to identify program inconsistencies and further educate the teachers/instructors in the use of the attendance software.	Implemented	N/A
2010-02. Attendance		
Findings Category, 10000, Attendance		
Classroom instructors were not signing the actual attendance register but signing a separate document certifying the attendance.		
Recommendation was that instructors certify the attendance directly in the instructor's attendance register.	Implemented	N/A
2010-03. Attendance		
Findings Category, 60000 Miscellaneous		
The student grade report used to identify a student's Grades, classes taken, and classes which credit was received or not received did not identify if credit or no credit was earned.		
Recommendation was to modify the report card to include credit or no credit for student classes taken.	Implemented	N/A
2008 Audit Finding of deficiency in Instructional minutes in the amount of 4,300 minutes in grade 9.		
Required to increase minutes by 4,300 minutes in fiscal year 2009-2010 for both grades 9 and 11.	Implemented	N/A

Academia Avance

Multi-Year Forecast

Revised 1/30/15



	2015-16	2016-17	2017-18	2018-19
	Forecast	Forecast	Forecast	Forecast
Revenue COLA	0.00%	0.00%	0.00%	0.00%
Expense COLA	1.00%	2.00%	2.00%	2.00%
ADA	508.25	546.25	570.00	593.75
Revenues				
Private grants and contributions				
8980 Contributions, Unrestricted	4,346	4,671	4,874	5,077
8699 School Fundraising	23,433	25,185	26,280	27,375
Total private grants and contributions	27,779	29,856	31,154	32,452
Federal revenue				
8220 Federal Child Nutrition	132,995	131,569	127,738	127,517
8290 Title I, Part A - Basic Low Income	211,324	227,124	236,999	246,874
8291 Title II, Part A - Teacher Quality	4,346	4,671	4,874	5,077
8293 Title III - Limited English	9,286	9,980	10,414	10,848
8296 Other Federal Revenue	3,019	3,245	3,386	3,527
Total federal revenue	360,970	376,588	383,411	393,842
State revenue				
8011 LCFF/General Purpose	3,187,980	3,682,017	3,977,004	4,280,961
8012 EPA Funding	696,011	803,871	868,274	934,635
8311 Special Ed Instructional Entitlement	251,621	270,434	282,192	293,950
8520 Child Nutrition	12,492	13,426	14,009	14,593
8545 School Facilities Apportionment (SB740)	353,956	380,420	396,960	413,500
8550 Mandate Cost Reimbursement	46,986	50,499	52,694	54,890
8560 State Lottery	79,796	85,762	89,490	93,219
Total state revenue	4,628,842	5,286,428	5,680,623	6,085,747
Local revenue				
8096 In Lieu of Property Taxes	759,524	816,311	851,803	887,295
Total local revenue	759,524	816,311	851,803	887,295
Total Revenue	\$ 5,777,115	\$ 6,509,183	\$ 6,946,991	\$ 7,399,336
Expenses				
Certificated Salaries				
1100 Certificated Teachers' Salaries	1,533,101	1,726,679	1,884,788	2,050,587
1170 Certificated Teachers' Substitute Hours	7,846	8,601	9,154	9,726
1175 Certificated Teachers' Extra Duty/Stipends	14,594	15,999	17,028	18,092
1300 Certificated Administrators' Salaries	304,256	333,544	355,007	377,194
	1,859,796	2,084,823	2,265,977	2,455,600
Classified Salaries				
2300 Classified Administrators' Salaries	178,310	195,475	208,053	221,056
2400 Clerical and Office Staff Salaries	300,049	328,932	350,098	371,979
2900 Other Classified Salaries	143,476	157,287	167,408	177,871
	621,834	681,693	725,559	770,906
Benefits				
3101 STRS	199,556	262,271	326,980	399,772
3301 OASDI	41,045	45,757	49,478	53,365
3311 Medicare	35,608	39,695	42,924	46,296
3401 Health and Welfare	182,854	203,845	220,425	237,738
3501 State Unemployment	7,464	8,321	8,997	9,704
3601 Workers' Compensation	49,150	54,792	59,249	63,902
3901 Other Benefits	287	320	346	374
	515,963	615,001	708,400	811,150
Books and supplies				

Academia Avance

Multi-Year Forecast

Revised 1/30/15



	2015-16	2016-17	2017-18	2018-19
	Forecast	Forecast	Forecast	Forecast
4100 Textbooks and Core Curricula Materials	40,321	44,202	47,047	49,987
4200 Books and Other Reference Materials	10,000	10,963	11,668	12,397
4302 School Supplies	37,677	41,304	43,962	46,710
4303 Special Activities/Field Trips	106,970	117,267	124,813	132,613
4304 Uniforms	11,908	13,054	13,894	14,762
4305 Software	37,967	41,621	44,300	47,068
4400 Noncapitalized Equipment	32,959	36,132	38,457	40,860
4700 Food Services	178,030	195,168	207,726	220,709
	<u>455,832</u>	<u>499,711</u>	<u>531,866</u>	<u>565,108</u>
Subagreement services				
5102 Special Education	100,834	110,541	117,654	125,007
5103 Substitute Teacher	23,457	25,715	27,369	29,080
5104 Transportation	25,319	27,756	29,542	31,388
5105 Security	467	512	545	580
5106 Other Educational Consultants	85,304	87,010	88,750	90,525
	<u>235,381</u>	<u>251,534</u>	<u>263,861</u>	<u>276,580</u>
Professional/consulting services				
5801 IT	10,474	10,683	10,897	11,115
5802 Audit & Taxes	11,110	11,332	11,559	11,790
5803 Legal	43,155	44,018	44,899	45,797
5804 Professional Development	64,833	66,130	67,452	68,801
5805 General Consulting	34,554	35,245	35,950	36,669
5810 Payroll Service Fee	5,238	5,343	5,449	5,558
5811 Management Fee	62,038	65,140	68,397	71,817
5812 Oversight Fee	46,435	53,022	56,971	61,029
5813 LACOE Fees	5,502	5,613	5,725	5,839
5814 SELPA Fees	1,209	1,209	1,209	1,209
	<u>284,548</u>	<u>297,734</u>	<u>308,507</u>	<u>319,624</u>
Facilities, repairs and other leases				
5601 Rent	594,700	606,594	618,726	631,100
5603 Equipment Leases	5,363	5,470	5,580	5,691
5604 Other Leases	6,015	6,135	6,258	6,383
5610 Repairs and Maintenance	28,465	29,034	29,615	30,207
	<u>634,542</u>	<u>647,233</u>	<u>660,178</u>	<u>673,382</u>
Operations and housekeeping				
5201 Auto and Travel	5,044	5,145	5,248	5,353
5202 Conference Fees	3,722	3,796	3,872	3,950
5203 Business Meals	576	587	599	611
5300 Dues & Memberships	19,578	19,969	20,369	20,776
5400 Insurance	41,255	45,226	48,136	51,145
5501 Utilities	58,376	59,543	60,734	61,949
5502 Janitorial/Trash Removal	11,549	12,661	13,475	14,318
5510 Office Expense	11,245	11,470	11,700	11,934
5511 Postage and Shipping	3,317	3,383	3,451	3,520
5512 Printing	3,382	3,450	3,519	3,590
5513 Other taxes and fees	1,944	1,983	2,023	2,063
5514 Bank Charges	316	322	329	335
5515 Public Relations	1,826	1,863	1,900	1,938
5530 School Fundraising Expense	4,267	4,353	4,440	4,528
5900 Communications	17,054	17,395	17,743	18,098
	<u>183,451</u>	<u>191,147</u>	<u>197,537</u>	<u>204,106</u>

Academia Avance
Multi-Year Forecast

Revised 1/30/15



	2015-16	2016-17	2017-18	2018-19
	Forecast	Forecast	Forecast	Forecast
Depreciation				
6900 Depreciation Expense	108,608	110,780	112,996	115,256
Total depreciation	108,608	110,780	112,996	115,256
Interest				
7438 Interest Expense	310,318	198,193	193,068	193,068
Total interest	310,318	198,193	193,068	193,068
Total Expenses	\$ 5,210,272	\$ 5,577,847	\$ 5,967,949	\$ 6,384,780
Surplus (Deficit)	\$ 566,843	\$ 931,336	\$ 979,042	\$ 1,014,556
Cash Flow Adjustments				
Surplus (Deficit)	566,843	931,336	979,042	1,014,556
Cash flows from operating activities				
Depreciation/amortization	108,608	110,780	112,996	115,256
Public funding receivables	(318,389)	(87,961)	-	-
Accounts payable	17,653	2,194	2,194	2,194
Accrued expenses	(300,000)	-	-	-
Other Liabilities	100,000	(100,000)	-	-
Cash flows from financing activities				
Proceeds from (payments on) debt	(200,000)	(200,000)	(200,000)	(200,000)
Total Change in Cash	(25,286)	656,351	894,232	932,006
Cash, Beginning of Year	37,764	12,478	668,828	1,563,061
Cash, End of Year	\$ 12,478	\$ 668,828	\$ 1,563,061	\$ 2,495,067

Academia Avance
Monthly Cash Flow/Budget FY 15-16
Revised 1/30/15



		Prior Year P2 and PENSEC Estimates						P-1				P-2	Total Annual Budget		
		Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16		Jun-16	Deferral Amount
Revenues															
Private grants and contributions															
8980	Contributions, Unrestricted	-	-	-	-	-	4,346	-	-	-	-	-	-	-	4,346
8699	School Fundraising	1,255	112	-	-	-	7	5,531	4,432	7,421	4,677	-	-	-	23,433
Total private grants and contributions		1,255	112	-	-	-	4,352	5,531	4,432	7,421	4,677	-	-	-	27,779
Federal revenue															
8220	Federal Child Nutrition	-	-	-	-	-	19,903	14,136	14,136	14,136	14,136	14,136	14,136	28,273	132,995
8290	Title I, Part A - Basic Low Income	-	-	52,832	-	-	53,040	-	-	63,188	-	-	-	42,265	211,324
8291	Title II, Part A - Teacher Quality	-	-	-	737	-	-	-	-	1,738	-	-	1,002	869	4,346
8293	Title III - Limited English	-	-	-	-	51	-	-	-	-	-	-	9,235	-	9,286
8296	Other Federal Revenue	-	-	-	-	2,921	98	-	-	-	-	-	-	-	3,019
Total federal revenue		-	-	52,832	737	2,972	73,041	14,136	14,136	79,062	14,136	14,136	24,373	71,407	360,970
State revenue															
8011	LCFF	-	140,930	140,930	253,674	253,674	253,674	253,674	253,674	327,550	327,550	327,550	327,550	327,550	3,187,981
8012	EPA Funding	-	-	-	148,378	-	-	148,378	-	-	225,253	-	-	174,003	696,011
8311	Special Ed Instructional Entitlement	-	11,537	11,537	20,767	20,767	20,768	20,767	20,767	41,571	20,785	20,785	20,785	20,785	251,621
8520	Child Nutrition	-	-	-	-	-	1,459	1,379	1,379	1,379	1,379	1,379	1,379	2,758	12,492
8545	School Facilities Apportionment (SB740)	-	-	-	-	-	-	-	132,734	-	-	132,734	-	88,489	353,956
8550	Mandate Cost Reimbursement	-	-	-	-	-	46,986	-	-	-	-	-	-	-	46,986
8560	State Lottery	-	-	-	-	-	-	-	-	39,898	-	-	19,949	19,949	79,795
Total state revenue		-	152,467	152,467	422,819	274,441	322,887	424,198	408,554	410,397	574,967	482,448	369,663	633,534	4,628,842
Local revenue															
8096	In Lieu of Property Taxes	-	47,014	94,028	62,685	62,685	125,371	-	62,685	101,685	50,842	50,842	50,842	50,842	759,524
Total local revenue		-	47,014	94,028	62,685	62,685	125,371	-	62,685	101,685	50,842	50,842	50,842	50,842	759,524
Total Revenue		1,255	199,593	299,327	486,241	340,099	525,651	443,865	489,807	598,565	644,623	547,427	444,878	755,784	5,777,115
Expenses															
Certificated Salaries															
1100	Certificated Teachers' Salaries	8,530	137,972	143,000	138,006	138,006	138,006	138,263	138,263	138,263	138,263	138,263	138,263	-	1,533,100
1170	Certificated Teachers' Substitute Hours	-	-	-	2,897	2,414	2,535	-	-	-	-	-	-	-	7,846
1175	Certificated Teachers' Extra Duties	-	1,097	-	-	-	13,497	-	-	-	-	-	-	-	14,594
1300	Certificated Administrators' Salaries	26,117	17,078	20,370	23,662	23,662	23,662	28,284	28,284	28,284	28,284	28,284	28,284	-	304,256
		34,646	156,148	163,370	164,565	164,082	177,699	166,548	166,548	166,548	166,548	166,548	166,548	-	1,859,796
Classified Salaries															
2300	Classified Administrators' Salaries	10,059	10,059	10,059	16,459	16,459	16,459	16,459	16,459	16,459	16,459	16,459	16,459	-	178,310
2400	Clerical and Office Staff Salaries	27,523	30,772	33,922	24,415	24,159	24,292	22,494	22,494	22,494	22,494	22,494	22,494	-	300,049
2900	Other Classified Salaries	6,428	13,066	10,050	16,216	14,626	19,418	10,612	10,612	10,612	10,612	10,612	10,612	-	143,476
		44,010	53,898	54,030	57,090	55,244	60,169	49,566	49,566	49,566	49,566	49,566	49,566	-	621,835
Benefits															
3101	STRS	4,043	16,726	17,386	17,410	17,396	19,018	17,929	17,929	17,929	17,929	17,929	17,929	-	199,556
3301	OASDI	3,036	3,629	3,910	4,006	3,849	3,871	3,124	3,124	3,124	3,124	3,124	3,124	-	41,045
3311	Medicare	1,236	3,029	3,180	3,206	3,169	3,386	3,067	3,067	3,067	3,067	3,067	3,067	-	35,608
3401	Health and Welfare	14,773	12,491	15,221	13,998	14,081	20,032	15,376	15,376	15,376	15,376	15,376	15,376	-	182,854
3501	State Unemployment	-	101	118	110	109	109	4,453	1,800	95	95	379	95	-	7,464
3601	Workers' Compensation	9,967	3,562	3,562	3,562	3,562	3,562	3,562	3,562	3,562	3,562	3,562	3,562	-	49,150
3901	Other Benefits	15	-	-	272	-	-	-	-	-	-	-	-	-	287
		33,071	39,538	43,376	42,564	42,167	49,979	47,512	44,859	43,154	43,154	43,438	43,154	-	515,964

Academia Avance Charter School
Budget and Financial Projections



Academia Avance

Monthly Cash Flow/Budget FY 15-16

Revised 1/30/15

		Prior Year P2 and PENSEC Estimates						P-1				P-2		Total Annual Budget	
		Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16		Deferral Amount
Books and supplies															
4100	Textbooks and Core Curricula Materials	-	18,647	2,778	18,896	-	-	-	-	-	-	-	-	-	40,321
4200	Books and Other Reference Materials	-	7,716	-	2,284	-	-	-	-	-	-	-	-	-	10,000
4302	School Supplies	1,836	7,042	2,584	2,191	2,524	2,364	3,189	3,189	3,189	3,189	3,189	3,189	-	37,677
4303	Special Activities/Field Trips	46	-	16,829	934	20,116	7,004	-	26,290	26,290	9,461	-	-	-	106,970
4304	Uniforms	4,300	-	-	-	-	973	1,106	1,106	1,106	1,106	1,106	1,106	-	11,908
4305	Software	874	-	2,702	22,002	659	747	1,830	1,830	1,830	1,830	1,830	1,830	-	37,967
4400	Noncapitalized Equipment	-	3,865	4,155	17,682	-	7,256	-	-	-	-	-	-	-	32,959
4700	Food Services	-	-	-	12,544	37,216	30,309	16,327	16,327	16,327	16,327	16,327	16,327	-	178,030
		7,055	37,271	29,049	76,534	60,514	48,653	22,452	48,743	48,743	31,913	22,452	22,452	-	455,831
Subagreement services															
5102	Special Education	-	-	-	10,454	10,651	-	13,288	13,288	13,288	13,288	13,288	13,288	-	100,834
5103	Substitute Teacher	-	-	-	4,729	720	4,840	2,195	2,195	2,195	2,195	2,195	2,195	-	23,457
5104	Transportation	-	6,332	429	3,364	3,708	512	1,829	1,829	1,829	1,829	1,829	1,829	-	25,319
5105	Security	55	-	171	55	55	132	-	-	-	-	-	-	-	467
5106	Other Educational Consultants	-	7,252	-	10,402	9,314	9,470	8,144	8,144	8,144	8,144	8,144	8,144	-	85,303
		55	13,584	600	29,004	24,448	14,954	25,456	25,456	25,456	25,456	25,456	25,456	-	235,380
Professional/consulting services															
5801	IT	-	-	-	-	374	-	1,683	1,683	1,683	1,683	1,683	1,683	-	10,474
5802	Audit & Taxes	-	-	-	11,110	-	-	-	-	-	-	-	-	-	11,110
5803	Legal	3,247	12,356	889	21,147	611	2,885	1,010	1,010	-	-	-	-	-	43,155
5804	Professional Development	-	26,732	38,101	-	-	-	-	-	-	-	-	-	-	64,833
5805	General Consulting	-	3,292	3,935	10,497	303	-	2,755	2,755	2,755	2,755	2,755	2,755	-	34,554
5810	Payroll Service Fee	347	460	507	481	477	542	404	404	404	404	404	404	-	5,238
5811	Management Fee	4,538	5,328	5,328	3,703	4,538	4,503	6,600	5,500	5,500	5,500	5,500	5,500	-	62,038
5812	District Oversight Fee	-	1,879	2,350	4,647	3,164	3,790	4,021	3,164	4,292	6,036	3,784	3,784	5,524	46,435
5813	LACOE Fees	1,263	-	-	-	1,715	-	-	-	1,263	-	-	1,263	-	5,502
5814	SELPA Fees	-	-	1,209	-	-	-	-	-	-	-	-	-	-	1,209
		9,395	50,047	52,319	51,585	11,181	11,721	16,472	14,515	15,897	16,378	14,126	15,388	5,524	284,548
Facilities, repairs and other leases															
5601	Rent	23,802	17,551	23,802	95,931	24,764	20,436	100,800	28,671	28,671	100,800	28,671	28,671	72,129	594,700
5603	Equipment Leases	-	261	-	970	-	194	657	657	657	657	657	657	-	5,363
5604	Other Leases	616	616	-	-	-	1,086	616	616	616	616	616	616	-	6,015
5610	Repairs and Maintenance	2,372	2,372	2,372	2,372	2,372	2,372	2,372	2,372	2,372	2,372	2,372	2,372	-	28,465
		26,791	20,800	26,174	99,273	27,136	24,088	104,444	32,316	32,316	104,444	32,316	32,316	72,129	634,542
Operations and housekeeping															
5201	Auto and Travel	-	-	-	-	-	-	1,261	1,261	1,261	1,261	-	-	-	5,044
5202	Conference Fees	-	-	-	968	-	-	459	459	459	459	459	459	-	3,722
5203	Business Meals	-	-	-	576	-	-	-	-	-	-	-	-	-	576
5300	Dues & Memberships	8,595	171	-	-	2,696	1,383	1,122	1,122	1,122	1,122	1,122	1,122	-	19,578
5400	Insurance	4,326	4,326	5,856	6,023	6,023	2,100	2,100	2,100	2,100	2,100	2,100	2,100	-	41,255
5501	Utilities	2,492	2,108	2,103	12,120	4,536	5,003	5,003	5,003	5,003	5,003	5,003	5,003	-	58,376
5502	Janitorial/Trash Removal	174	229	1,420	2,822	793	124	998	998	998	998	998	998	-	11,548
5510	Office Expense	574	142	139	2,827	977	1,077	918	918	918	918	918	918	-	11,245
5511	Postage and Shipping	49	105	55	34	86	2,563	71	71	71	71	71	71	-	3,317
5512	Printing	30	-	-	-	-	2,928	71	71	71	71	71	71	-	3,382
5513	Other taxes and fees	266	81	-	-	-	143	242	242	242	242	242	242	-	1,944
5514	Bank Charges	-	2	8	-	-	3	51	51	51	51	51	51	-	316
5515	Public Relations	-	-	8	-	-	-	303	303	303	303	303	303	-	1,826
5530	School Fundraising Expense	-	-	1,237	-	-	-	505	505	505	505	505	505	-	4,267
5900	Communications	1,461	132	3,177	1,614	1,834	249	1,431	1,431	1,431	1,431	1,431	1,431	-	17,054
		17,967	7,296	14,004	26,984	16,945	15,573	14,534	14,534	14,534	14,534	13,273	13,273	-	183,450
Depreciation															
6900	Depreciation Expense	10,766	10,192	9,541	9,617	9,641	8,407	8,407	8,407	8,407	8,407	8,407	8,407	-	108,608
Total depreciation		10,766	10,192	9,541	9,617	9,641	8,407	8,407	8,407	8,407	8,407	8,407	8,407	-	108,608

Academia Avance
Monthly Cash Flow/Budget FY 15-16
Revised 1/30/15



		Prior Year P2 and PENSEC Estimates						P-1				P-2		Total Annual Budget	
		Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16		Deferral Amount
Interest															
7438	Interest Expense	20,339	26,089	28,589	30,589	33,589	28,089	35,589	24,839	29,339	16,089	21,089	16,089	-	310,318
	Total interest	20,339	26,089	28,589	30,589	33,589	28,089	35,589	24,839	29,339	16,089	21,089	16,089	-	310,318
Total Expenses		204,094	414,862	421,052	587,804	444,946	439,332	490,981	429,782	433,958	476,489	396,670	392,648	77,653	5,210,272
Monthly Surplus (Deficit)		(202,839)	(215,270)	(121,726)	(101,563)	(104,847)	86,319	(47,115)	60,025	164,607	168,134	150,757	52,230	678,131	566,843
Cash Flow Adjustments															
	Monthly Surplus (Deficit)	(202,839)	(215,270)	(121,726)	(101,563)	(104,847)	86,319	(47,115)	60,025	164,607	168,134	150,757	52,230	678,131	566,843
	Cash flows from operating activities														
	Depreciation/amortization	10,766	10,192	9,541	9,617	9,641	8,407	8,407	8,407	8,407	8,407	8,407	8,407	-	108,608
	Public funding receivables	437,394	-	-	-	-	-	-	-	-	-	-	-	(755,784)	(318,389)
	Sales of Receivables	85,000	200,000	250,000	290,000	350,000	240,000	390,000	175,000	265,000	-	-	-	-	2,245,000
	Repayment of AR Sales	-	-	(85,000)	(200,000)	(250,000)	(290,000)	(350,000)	(240,000)	(390,000)	(175,000)	(265,000)	-	-	(2,245,000)
	Accounts payable	(60,000)	-	-	-	-	-	-	-	-	-	-	-	77,653	17,653
	Accrued expenses	(300,000)	-	-	-	-	-	-	-	-	-	-	-	-	(300,000)
	Other Liabilities	-	-	-	-	-	-	-	-	-	-	100,000	-	-	100,000
	Cash flows from financing activities														
	Proceeds from (payments on) debt	-	-	(50,000)	-	-	(50,000)	-	-	(50,000)	-	-	(50,000)	-	(200,000)
Total Change in Cash		(29,679)	(5,078)	2,816	(1,946)	4,795	(5,274)	1,292	3,432	(1,986)	1,541	(5,836)	10,637		
Cash, Beginning of Month		37,764	8,084	3,007	5,823	3,877	8,671	3,397	4,689	8,122	6,136	7,677	1,841		
Cash, End of Month		8,084	3,007	5,823	3,877	8,671	3,397	4,689	8,122	6,136	7,677	1,841	12,478		