Appendix R: Fiscal Policies

Board Approved 9/22/08

Financial Policies and Procedures

It is the intent of these Financial Policies and Procedures to implement both the letter and spirit of all applicable State and Federal regulations regarding the expenditure of and accounting for public funds. These Policies and Procedures may need to be modified as the School develops and regulations change. The Board should approve these financial policies, and revisit them periodically.

I. PURCHASES

A. Authorization of Expenditures: All purchases of goods and services shall be consistent with the Board-approved budget. These purchases shall not require Board-approved/executed contracts, with the exception of professional consulting services in total annual amounts greater than $10,000. All other proposed expenditures must be approved by the Executive Director and Business Director who will review the proposed expenditure to determine whether it is consistent with the Board adopted budget and sign the check request and purchase order forms.

B. Contracts
   1. All professional consulting services shall be provided for under a contract.
   2. Contracts for other goods and services exceeding $10,000 on an annual basis shall be presented to the Board for approval prior to signing. Length of contracts shall be at the discretion of the Board. In general, contracts exceeding $10,000 shall be let after a bidding process of sufficient duration to ensure competition. However, the Executive Director may make a finding to the Board for sole sourcing a contract exceeding $10,000; in this case, the Board may approve the contract in arrears at the time of contract execution. (The basis for such a finding may include: time/urgency issues; the absence of competitors; high service/quality from a particular contractor).
   3. Bid tabulations shall be presented to the Board along with a recommendation for action. The Board reserves the right to select whichever vendor it deems most prepared to provide the required goods/ services without regard to the low bidder being the automatic selection.

C. Commitments and Purchase Orders
   1. Purchase orders under $5,000 must be approved by one of the following authorized positions: Executive Director, Business Director, Board Designee.

2. Purchase orders of $5,000 or more must be approved by the Executive Director and one of the following authorized positions: Board President, Treasurer, Secretary or Board Designee.

D. Invoices
   1. Invoices under $5,000 must be approved by one of the following authorized positions: Executive Director, Business Director, Board Designee.
   2. Invoices for $5,000 or more must be approved by the Executive Director and one of the following authorized positions: Board President, Treasurer, Secretary or Board Designee.

E. Accounts Payable: The school shall abide by EdTec accounts payable policies and procedures set forth separately.

F. Credit and Debit Card Usage: Unless otherwise specified by the Board of Directors and/or school management, the use of School credit and debit cards shall not be allowed for any School purchase.

G. Other Electronic Payments: Other electronic methods (wire, ACH, transfer between bank accounts, etc.) shall not be permitted for payment of any expenses or reimbursements without the express written consent of the Executive Director and one of the following authorized positions: Board President, Treasurer, Secretary or Board Designee.

H. Employee Reimbursements: Business use of telephones or cell phones shall be reimbursed. Business meals shall be reimbursed using standard applicable IRS guidelines. Under no circumstances shall alcohol be reimbursed. The Executive Director must obtain a Board member's authorization on reimbursement requests payable to the Executive Director's name.

I. Petty Cash – Purpose and Usage
   1. The purpose of the Petty Cash Checking Account is for payment of incidental expenses when there is insufficient time for processing through the General Checking Account. Examples of proper expenses include, but are not limited to, food/meals for teachers doing curriculum work and emergency plumbing repairs. Petty cash shall not be used for teacher reimbursements, employee expense reimbursements or independent contractor payments.
   2. The Executive Director, Business Director, Board Designee and Administrative Assistant shall have access to petty cash not to exceed $3,000. Such funds shall be used at the discretion of the Executive Director and Board Designee, subject to Board

oversight and consistent with the approved budget and School rules and regulations. The Executive Director, Business Director, Board Designee and Administrative Assistant must obtain each other's authorization on petty cash checks made payable to their names. Use of petty cash shall require original receipts for all purchases.

J. Personal Use of School Funds: Use of School funds for personal use is absolutely prohibited. Violation of this policy shall result in discipline up to and including dismissal or removal, including from the Board.

II. BANKING

A. General Checking Account

1. The Board shall authorize the establishment of commercial bank accounts for the purposes of School operations. Funds will be deposited in non-speculative accounts including federally-insured savings or checking accounts or invested in non-speculative federally-backed instruments or standard money market accounts.
2. The General Checking Account shall be the primary account for School needs. Authorized signatories to this account shall be the Executive Director, Business Director and Board Designee. Checks above $5,000, and checks payable to an authorized signer, must be signed by two authorized people. Authorized signers for checks above $5,000 from this account shall be the Secretary, Executive Director, Business Director and Board Designee.

B. Petty Cash Checking Account – Account Setup and Maintenance

1. The Petty Cash Checking Account shall have a maximum balance of $3,000. The Account shall be funded from the School's business General Checking Account as necessary. A simple ledger shall be maintained by the Administrative Assistant for review by a Board member who shall reconcile the Account periodically. Replenishment of the Petty Cash Checking Account shall occur through the normal accounts payable process (see EdTec accounts payable policies and procedures set forth separately).
2. No deposits shall be made into the Petty Cash Checking Account. All cash and checks shall be deposited into the General Checking Account.
3. Check writing requires signatures from one of the following people: Executive Director, Business Director, Board Designee.

C. Deposits of Receipts – The School will deposit all funds received as soon as practical upon receipt. The Administrative Assistant will open all mail on a daily basis, immediately sort all checks and forward them to the Business Director. The Business Director will immediately endorse the checks to the appropriate school account and prepare appropriate deposits as soon as is practical, ideally the same day and no case later than three working days.

III. TRAVEL POLICIES

A. Employee Mileage Reimbursement

1. All employees are reimbursed at the standard mileage rate per mile as determined by the Internal Revenue Service for use of their own vehicle for pre-approved business related travel. In addition, parking fees and tolls paid are reimbursable if supported by receipts.
2. All employees requesting such mileage reimbursement are required to furnish an Expense Report containing the destination of each trip, its purpose and the miles driven, parking fees and tolls, within one month after the travel date, supported by receipts, if applicable.

IV. OTHER PRACTICES

A. Budget Adoption: A balanced budget shall be adopted by the Board of Directors of Nova Meridian Academy no later than June 30 prior to the start of each new fiscal year, or earlier if required by the authorizing entity. During the course of the year, the Board may adopt an amended budget as expenses and revenue projections change.

B. Audit

1. An annual audit by an outside firm shall be performed each year on the close of the prior year's books. The audit shall be performed in advance of the December 15 statutory audit deadline. The audit shall include, but not be limited to, (1) an audit of the accuracy of the School's financial statements, (2) an audit of the School's attendance accounting and revenue claims practices, and (3) an audit of the School's internal controls practices.
2. If the School receives over $650,000 from federal sources, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars. The audit firm shall be on the State approved list of School auditors.

3. At the conclusion of the audit, EdTec will review the audit with the Board and propose any changes necessary in operating procedures to comply with audit findings.

C. Board Meetings: The Board shall review financial statements (cash flow forecasts, and profit & loss) at periodic Board meetings. The Board shall also review and approve the monthly check registers from the General Checking Account and the Petty Cash Account.

D. Conflict of Interest: Any Board member with a financial interest in a matter presented to the Board shall fully disclose such interest prior to Board discussion on the issue and shall recuse themselves from the discussion and voting on the matter. The Board shall develop a more comprehensive policy on conflict of interest, hiring of relatives, and compliance with Government Code 1090 and the Fair Political Practices Act.

E. Payroll

1. New Employees: Requests for new employees shall be initiated by the Executive Director and be consistent with the approved annual personnel budget. New employees shall complete an Application for Employment and all necessary paperwork for payroll. New employees shall be fingerprinted and TB tested consistent with State law. Fingerprint clearance must be received by the School before any employee may start work.
2. Employees shall accrue vacation and sick leave time based on the personnel policy of the School.
3. Timekeeping (for hourly staff)
   a) The Executive Director shall develop procedures to ensure accurate and timely preparation of timesheets for hourly employees.
   b) Authorized timesheets shall be forwarded to EdTec according to EdTec policies and procedures set forth separately. Payroll processing and payment shall take place according to EdTec policies and procedures set forth separately.

F. Independent Contractors: The School shall only engage independent contractors if all of the following practices are followed:

1. The expense is within the approved budget or separately approved by the Board;
2. The contractor provides proof of adequate insurance;
3. IRS rules are followed regarding classification of staff as contractors versus employees; and
4. The work is done under contract.

G. Capitalization and Depreciation:

The School will capitalize and depreciate all assets costing $5,000 or more. All other assets are charged to expense in the year incurred.

Capitalized assets are recorded at cost and depreciated under the straight-line method over their estimated useful lives which can range from:

- Leasehold Improvement – Lease term or 5 years, whichever is shorter
- Equipment – 3 years
- Furniture – 5 years

Repair and maintenance costs, which do not extend the useful lives of the assets, are charged to expense. The cost of assets sold or retired and related amounts of accumulated depreciation are eliminated from the asset accounts, and any resulting gain or loss is included in the earnings in the year.

H. Disposal of Surplus Property and Donations:

If the School wishes to donate equipment or other surplus property, the Board shall declare the property surplus and authorize the donation. Requirements for potential donee organizations shall include: (1) the donee organization is fully independent of the School, with none of the School's Board members or key personnel involved in the donee organization; and (2) the donee organization shall be a non-profit or governmental entity related to education. In addition, the School shall secure a receipt from the donee organization for the donated property, and shall remove the asset from the School's books and record the donation as required by state and federal audit guidelines.

Property Acquired with Federal Grant Funds
If the property in question cost $5,000 or more at the time of acquisition and was acquired with federal grant funds, the School shall notify the federal contract administrator prior to donating or disposing of such property as provided above.

GIFT ACCEPTANCE ADMINISTRATIVE GUIDELINES

The Nova Meridian Academy School Board reserves the right to accept or reject gifts and donations from the community. Prior to a vote or discussion on a gift or donation, the Board will receive a recommendation from the principal. A recommendation for acceptance or rejection will be based on the following:

1. Benefit(s) to the students of the Nova Meridian Academy.

2. Lack of conditions and/or requirements that obligate the students, faculty, staff, administrators or school directors in any manner.

3. A review of the gift or donation by a faculty member who will directly receive or who has expertise in the area related to the gift or donation (e.g. the music teacher will have input into the decision to accept a piano). In the case of a technology related donation, the school's technology advisor will have an opportunity to review any equipment. Equipment that is outdated or incompatible with the school's technology plan will not be recommended for acceptance.

Appendix S: Audit Contract

Hosaka, Nagel & Company
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

ROY T. HOSAKA, C.P.A.
JAMES C. NAGEL, C.P.A.

MEMBER
CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

February 13, 2009

Nyesha Williams
Nova Meridian Academy
850 Via Lata Suite 105
Colton, California 92324

Dear Ms. Williams:

Thank you for giving our firm the opportunity to submit a proposal to perform the annual audit of Nova Meridian Academy for the years ending June 30, 2009, 2010 and 2011.

Please find enclosed two (2) bound copies of the audit proposal for the financial audit of the Nova Meridian Academy. To indicate your approval of the engagement, please sign the proposal and return the signed proposal in the enclosed envelope. The second proposal is for your files.

Please feel free to contact any of our listed clients should you need additional background information on our work performance and relationship with that client.

If you should have any question on the above, please call us.

Sincerely,

Roy T. Hosaka, CPA
HOSAKA, NAGEL & COMPANY

Enclosures

1011 CAMINO DEL RIO SOUTH, SUITE 410 SAN DIEGO, CALIFORNIA 92108
(619) 543-9702 FAX (619) 543-0116

Hosaka, Nagel & Company
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

ROY T. HOSAKA, C.P.A.
JAMES C. NAGEL, C.P.A.

MEMBER
CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

HOSAKA, NAGEL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

PROPOSAL FOR FINANCIAL AUDIT

NOVA MERIDIAN ACADEMY

FOR THE YEAR ENDED
JUNE 30, 2009
JUNE 30, 2010
AND
JUNE 30, 2011

1011 CAMINO DEL RIO SOUTH, SUITE 410 SAN DIEGO, CALIFORNIA 92108
(619) 543-9702 FAX (619) 543-0116

HOSAKA, NAGEL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

BACKGROUND INFORMATION ON FIRM AND CLIENT BASE

Hosaka, Nagel & Company
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

MEMBER
CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

ROY T. HOSAKA, C.P.A.
JAMES C. NAGEL, C.P.A.

February 13, 2009

Nyesha Williams
Nova Meridian Academy
850 Via Lata Suite 105
Colton, California 92324

Dear Ms. Williams:

BACKGROUND

Hosaka, Nagel & Company is an accounting firm founded in 1977. This firm is a professional accounting corporation incorporated under the laws of the State of California with an office located in San Diego. Our firm has been in public accounting for approximately twenty-five (25) years and has specialized in financial audits of governmental entities. This includes American Indian tribes, school districts, not-for-profit Tribes, fire protection and water districts, American Indian tribes, private enterprise entities, and other governmental projects.

Charter Schools

Achieve Charter School of Paradise
Fully disclosed audited financial statements as of 6/30/08
Tammy Stanton, VP Finance and Accounting, ExED, 310-394-1152

Albert Einstein Academy Charter School
Fully disclosed audited financial statements as of 6/30/08
Lucy Fowers, Principal, 619-795-1190

Albert Einstein Academy Charter Middle School
Fully disclosed audited financial statements as of 6/30/08
Leslie Schreiner, Principal, 619-795-1190

Antelope Valley Desert Montessori Schools, Inc.
Fully disclosed audited financial statements as of 6/30/08
Jill Barrett, 504-309-1153

Arts & Ethics Academy Charter School
Fully disclosed audited financial statements as of 6/30/08
Dyan Foster, Executive Director, 707-527-8409

1011 CAMINO DEL RIO SOUTH, SUITE 410 SAN DIEGO, CALIFORNIA 92108
(619) 543-9702 FAX (619) 543-0116

Charter Schools (Continued)

ASA Charter School, INC.
Fully disclosed audited financial statements as of 6/30/08
Patricia Campbell, 909-388-1255

Aveson Charter School
Fully disclosed audited financial statements as of 6/30/08
Bimmy Dhanapala, 626-797-1440

Barona Indian Charter School
Fully disclosed audited financial statements as of 6/30/08
Nola Madvay, 619-443-0948

Bay Area School for Independent Study
Fully disclosed audited financial statements as of 6/30/08
Maram Alajwat, Program Director, 510-687-9111

Bayshore Charter School
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Biggs Charter School
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Bullis – Purissima Elementary School
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Camptonville Charter School
Fully disclosed audited financial statements as of 6/30/08
Janis Jablecki, School Director, 530-478-9458

Celerity Nascent Charter School
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Chancellor William McGill School of Success
Fully disclosed audited financial statements as of 6/30/08
Deborah Huggins, CEO/Principal, 619-239-0632

Charter High School of Arts – Multimedia & Performing
Fully disclosed audited financial statements as of 6/30/08
Teri Riggs, Executive Director, 818-994-4744

Chico Country Day School
Fully disclosed audited financial statements as of 6/30/07
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Children's Conservation Charter School
Fully disclosed audited financial statements as of 6/30/08
Nicole Decatur, Director, 619-501-2390

The Classical Academy, Inc.
Fully disclosed audited financial statements as of 6/30/08
Cameron Curry, 760-546-0101 X-103

Charter Schools (Continued)

Coastal Academy, Inc.
Fully disclosed audited financial statements as of 6/30/08
Cameron Curry, 760-546-0101 X-103

Constellation Community Middle School
Fully disclosed audited financial statements as of 6/30/08
Daphne Ching-Jackson, 562-435-7181

C.O.R.E Butte Charter School
Fully disclosed audited financial statements as of 6/30/08
Janis M. Jablecki, School Director, 530-478-9458

Cross Cultural Environmental Leadership Academy
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Crosswalk Hesperia Charter School
Fully disclosed audited financial statements as of 6/30/08
Chala Salisbury, Founder/Principal, 760-949-8002

Education For Change
Fully disclosed audited financial statements as of 6/30/07
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Dehesa Charter School
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Discovery Charter School
Fully disclosed audited financial statements as of 6/30/08
Steve Fiss, Executive Director, 408-243-9800

Dolores Huerta Learning Academy
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Envision Schools
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Ernestine C. Reems Academy
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Escuela Popular Charter School
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Ezequiel Tafoya Alvarado Academy
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Charter Schools (Continued)

Global Education Academy
Fully disclosed audited financial statements as of 6/30/08
Alfonso Flores, Principal, 323-232-9588
Golden Valley Charter School of Sacramento
Fully disclosed audited financial statements as of 6/30/08
Andy Silvert, 916-987-6141
Gorman Learning Center
Fully disclosed audited financial statements as of 6/30/08
Karen Kingsley, Business Manager, 661- 248-6441
Guidance Charter School
Fully disclosed audited financial statements as of 6/30/08
Kamal Al-Khatib, Executive Director, 661-272-1701
Helix Charter High School
Fully disclosed audited financial statements as of 6/30/08
Patty Floyd, 619-644-8053 Grossmont Union School District or
Douglas D. Smith, 619-644-1940 EXT-111
High Desert Academy High Desert Academy of Applied Arts & Science
Fully disclosed audited financial statements as of 6/30/08
Florence White, Business Manager, 760-843-7445
Holly Drive Leadership Academy
Fully disclosed audited financial statements as of 6/30/08
Fil Guzman, School Support Services, LLC, 707-448-9555
Inland Leaders Charter School
Fully disclosed audited financial statements as of 6/30/08
Mike Gordon, 909-446-1100
Julian Charter School
Fully disclosed audited financial statements as of 6/30/08
Mitzi Sanner, 760-765-0661
Learning Choice Charter School
Fully disclosed audited financial statements as of 6/30/08
Kathy Bass, Director, 858-536-8388
Lifeline Education Charter School
Fully disclosed audited financial statements as of 6/30/06
Patricia Campbell, 909-388-1255
Lighthouse Community Charter School
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500
Live Oak Charter School
Fully disclosed audited financial statements as of 6/30/08
Will Stapp, Executive Director, 707-762-9019

Charter Schools (Continued)

Livermore Valley Charter School
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500
Making-Waves, Inc. D/B/A Making Waves Academy
Fully disclosed audited financial statements as of 6/30/08
Anton Jungherr, 510-697-7212
Media Arts Academy at Centinela
Fully disclosed audited financial statements as of 6/30/08
Jen Murphy, 310-263-1022
The New School
Fully disclosed audited financial statements as of 6/30/08
Sue Miller-Hurst, CEO/Director, 760-451-3639
Nord Country Charter School
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500
New Village Charter School Inc.
Fully disclosed audited financial statements as of 6/30/08
Marshall Mayotte, CPA, VP Finance and Accounting, ExED, 310-394-1152
Oakland's Alternative High School
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500
Oakland Aviation High School
Fully disclosed audited financial statements as of 6/30/08
Jay Dunlap, 510-633-6375
Oakland School for the Arts
Fully disclosed audited financial statements as of 6/30/07
Saul Drevitch, Director, 510-873-8800
Oasis Academy Charter, Inc.
Fully disclosed audited financial statements as of 6/30/08
Cynthia Ferguson, 760-947-0006
Pacific Collegiate School
Fully disclosed audited financial statements as of 6/30/08
Andrew Goldenkranz, Principal, 831-479-7785
Pathways to College Charter School
Fully disclosed audited financial statements as of 6/30/08
Debra Tarver, Principal, 760-949-8002
Plumas Charter School
Fully disclosed audited financial statements as of 6/30/08

Charter Schools (Continued)

Rainbow Advanced Institute for Learning Digital Charter High School
Fully disclosed audited financial statements as of 6/30/08
Janet Wolcott, Director, 530-283-3851

Redding School of the Arts
Fully disclosed audited financial statements as of 6/30/08
Margaret Johnson, Co-Director, 530-247-6933

Richmond College Prep K-5 Charter School A Segment of Richmond Elementary School
Fully disclosed audited financial statements as of 6/30/08
Fernando Johnson, Principal, 510-232-4004

Ridgecrest Charter School
Fully disclosed audited financial statements as of 6/30/07
Anne Jacobson, 760-375-1010

Riverside Gateway to College
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

The New Charter School
Fully disclosed audited financial statements as of 6/30/07
Sue Miller Hurst, 760-822-7170

The Preuss School UCSD
Fully disclosed audited financial statements as of 6/30/08
Caesar C. Dispo, Business Manager, 858-658-7410

The San Francisco Sheriff's Department Five Keys Charter School
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Sedona Charter Academy
Fully disclosed audited financial statements as of 6/30/08
Steve Mereness, Director, 760-245-3222

Selma Learning Academy
Fully disclosed audited financial statements as of 6/30/07
Allison Pierce, Director, 559-896-1542

Steele Canyon High School
Fully disclosed audited financial statements as of 6/30/08
Dennis Trachtenberg, Business/Facilities Manager, 619-660-3500

Stone Bridge Charter School
Fully disclosed audited financial statements as of 6/30/08
Adam Musch, Business Manager, EDTEC, LLP, 510-663-3500

Summit Leadership Academy
Fully disclosed audited financial statements as of 6/30/08
Jean Aldrete, Hesperia Unified School District, (760) 244-4411

Charter Schools (Continued)

West Sacramento Early College Preparatory Charter School, Inc.
Fully disclosed audited financial statements as of 6/30/08
Yolanda Falkenberg, Principal, 916-375-7680
Westwood Charter School
Fully disclosed audited financial statements as of 6/30/08
Nancy Reed, 916-677-6143
Wilder's Preparatory Academy Charter School
Fully disclosed audited financial statements as of 6/30/08
Terry Bordenave, 310-671-5578

School Districts

Bonsall Union School District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Wayne Jones, 760-631-5200 (**GASB 34** Format)
Dehesa School District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Crystal Heringer, 619-444-2161
Escondido Union High School District
Audit of fully disclosed general purpose financial statements as of 6/30/06
Terri Stafford, 760-291-3210 (**GASB 34** Format)
Gorman School District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Karen Kingsley, Business Manager, 661- 248-6441 (**GASB 34** Format)
Grossmont Union High School District
Audit of fully disclosed general purpose financial statements as of 6/30/97
Patricia Floyd, 1-619-465-3131
Jamul-Dulzura Union School District
Audit of fully disclosed general purpose financial statements as of 6/30/03
Clark Hampton, 619-669-7703
Julian Union School District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Mitzi Sanner, 760-765-0661 (**GASB 34** Format)
Julian Union High School District
Audit of fully disclosed general purpose financial statements as of 6/30/03
Jo Ann Betscher, 760-765-3208
Mountain Empire Unified School District
Audit of fully disclosed general purpose financial statements as of 6/30/03
Max Robinson, 619-473-9022 (**GASB 34** Format)

School Districts (Continued)

San Pasqual Union School District
Audit of fully disclosed general purpose financial statements as of 6/30/03
Jeffrey Felix, 760-745-4931

South Bay Union School District
Audit of fully disclosed general purpose financial statements (6 years)
Jo Anne Dougherty, Comptroller, 619-575-5939

Spencer Valley School District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Julie Weaver, 760-765-0336

Vallecitos School District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Patricia Bell, 760-728-7092 (**GASB 34** Format)

Valley Center-Pauma Unified School District
Audit of fully disclosed general purpose financial statements as of 6/30/07
Pam Moe, 760-749-0464 (**GASB 34** Format)

Warner Unified School District
Audit of fully disclosed general purpose financial statements as of 6/30/04
Wayne Taylor, 760-782-3517 (**GASB 34** Format)

Fire Protection Districts

San Miguel Consolidated Fire Protection District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Darilyn O'Dell, 619-660-5350 (**GASB 34** Format)

Alpine Fire Protection District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Jean D. Moore, 619-445-2635 (**GASB 34** Format)

Bonita-Sunnyside Fire Protection District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Rita Cyman, 619-479-2346 (**GASB 34** Format)

Borrego Springs Fire Protection District
Audit of fully disclosed general purpose financial statements as of 6/30/07
Cindy Parker, 760-767-5436 (**GASB 34** Format)

Deer Springs Fire Protection District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Alan Black, Fire Chief, 760-749-8001 (**GASB 34** Format)

East County Fire Protection District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Darrell Jobes, Fire Chief, 619-579-6034 (**GASB 34** Format)

Lakeside Fire Protection District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Robert Schiwitz, 619-390-2350 (**GASB 34** Format)

Fire Protection Districts (Continued)

Lower Sweetwater Fire Protection District
Audit of fully disclosed general purpose financial statements as of 6/30/07
Doyle S. Morrison, 619-470-4557 (**GASB 34** Format)
North County Fire Protection District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Becky Timmers, 760-723-2008 (**GASB 34** Format)
Rancho Santa Fe Fire Protection District and North County Dispatch JPA
Audit of fully disclosed general purpose financial statements as of 6/30/04
Erwin L. Willis, Fire Chief, 858-756-5971 (**GASB 34** Format)
San Diego Rural Fire Protection District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Dave Nissen, Fire Chief, 619-669-1188 (**GASB 34** Format)

Water Districts

Rainbow Municipal Water District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Gene Buckley, 760-728-1178 (**GASB 34** Format)
Fallbrook Public Utility District
Audit of fully disclosed general purpose financial statements as of 6/30/06
Larry E. Byers, 760-728-1125 (**GASB 34** Format)
Helix Water District
Audit of fully disclosed general purpose financial statements as of 6/30/06
Evelyn Torres, 619-667-6207 (**GASB 34** Format)
Padre Dam Municipal Water District
Audit of fully disclosed general purpose financial statements as of 6/30/05
Doug Wilson, 619-258-4628 (**GASB 34** Format)
Ramona Municipal Water District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Kiki DeVries, 760-788-2217 (**GASB 34** Format)
Wynola Water District
Audit of fully disclosed general purpose financial statements as of 6/30/08
Joyce Gans, 760-765-4872 (**GASB 34** Format)

Not-for-Profit Organizations

Consolidated Tribal Health Project, Inc.
Fully disclosed audited financial statements as of 12/31/07
Michelle Johnson, Finance Director, 707-467-5614
Lake County Tribal Health Consortium, Inc.
Fully disclosed audited financial statements as of 6/30/06
Janie Smith, Fiscal Officer, 707-263-8382

Not-for-Profit Organizations (Continued)

Ortega Trail Youth Center
Fully disclosed audited financial statements as of 6/30/08
Kathy Everhart, 951-678-5240

Rest Haven Preventorium for Children
Fully disclosed audited financial statements as of 12/31/07
Virginia Smith, 858-576-0590

San Diego Feeling Good, Inc.
Audit of fully disclosed general purpose financial statements as of 9/30/02
Steven A. Heath, Treasurer, 619-260-7594

San Diego House of Hope and Hope Academy
Audit of fully disclosed general purpose financial statements
Mamie Y. Thomas, Director, 619-263-9241

Watermaster of the Santa Marguerita River Watershed
Audit of fully disclosed general purpose financial statements as of 9/30/06
Larry E. Byers (Fallbrook Public Utility District), 760-728-1125

Alpine Community Center
Audit of fully disclosed general purpose financial statements as of 6/30/07
Susan Roff, 619-445-7330

Arts Off Broadway
Audit of fully disclosed general purpose financial statements as of 12/31/06
Marie Verger, President, 760-735-3302

California Ballet, Inc.
Fully disclosed financial statements as of 6/30/08
Karen Poolos, 619-583-7681

California Tribal TANF (Temporary Aid to Needy Families) Partnership
Fully disclosed financial statements as of 9/30/05
Rick Brusseau, CFO, 707-245-4411

Deaf Community Services of San Diego, Inc.
Audit of fully disclosed general purpose financial statements as of 6/30/01
Thomas Galey, 619-682-5001 Voice, 619-682-5028 TTY

Elementary Institute of Science
Fully disclosed audited financial statements as of 6/30/08
Doris Anderson 619-263-2302

American Indian Tribes

Elem Indian Colony
Tracy Avila, Tribal Administrator 707-998-2991

Chicken Ranch Rancheria
Jan Costa, Tribal Administrator 209-984-4806

San Pasqual Band of Mission Indians
Richard Meckers, Controller 760-749-3200

American Indian Tribes (Continued)

Habematolel Pomo of Upper Lake
Teresa Meek, Tribal Administrator 707-275-0737
Hopland Band of Pomo Indians
Victor Fejeran, Tribal Administrator 707-744-1647
Hopland Sho-Ka-Wah Casino & Bingo
Donald L. Trimble, General Manager 707-744-1395
Ralph Griffin, Interim Controller 707-744-1395
Hopland Band of Pomo Indians Economic Development Corporation
Sandra Sigala, President, 707-744-7647
Robinson Band of Pomo Indians
Claire Wilson, Chairperson 707-275-0527
Wilbur Augustine, Vice Chairperson
Robinson Rancheria Bingo and Casino (rating of three from *The International Casino Guide* in 1997)
Claire Wilson, Tribal Chairperson 800-809-3636
Round Valley Indian Tribes
Michelle Johnson, Tribal Controller 707-983-6126, Ext. 13
Sheep Ranch Rancheria of Me-Wuk Indians of California
Silvia Burley, Tribal Administrator 209-834-0197
Buena Vista Rancheria
Donnamarie Potts, 209-274-6712
Campo Band of Mission Indians
Los Coyotes Band of Mission Indians
Rincon, San Luiseno Band of Mission Indians
Tuolumne Band of Me-Wuk Indians
Jennifer D. Bates, Vice Chairperson 209-928-3475

Private Enterprise Entities

Chicken Ranch Bingo and Casino
Cako Development Corp. (Manufacturing)
Cako Yacht Sales, Inc.
CU Leasing, Inc. (Leasing)
El Camino Business Park Association, Inc. (Business Homeowner Association)
Farmers Insurance Group (Insurance Investigation)
Global Investment Group, Inc. (Securities)
Homestead Escrow, Inc. (Escrow)
Peripheral Nerve Society (Medical/Educational)
Pines of La Jolla (Homeowner Association)
Rimrock Homeowners Association (Homeowner Association)
Select Properties, Inc. (Real Estate)
Westwood Charter School Services, Inc. (Charter School Management Company)

Governmental Projects

Housing and Urban Development (H.U.D.)
North County Educational Purchasing Consortium

STAFF EXPERIENCE AND KNOWLEDGE

Our professional staff consists of two partners and five professional accountants whose total auditing experience exceeds sixty five years. Our policy is to have our firm maintain an average of two hundred (200) hours of continuing education in auditing and accounting each year. Our staff also takes continuing education courses in income taxes, financial statements and computer education.

Roy T. Hosaka, CPA - Began his public accounting career in 1974 and has over 5,000 hours of American Indian Tribes and public agency audit hours including Fire Districts, Water Districts, School Districts, and Municipalities. In addition, he is currently an elected member of the California Charter School Association Member Council. He has an accounting degree from San Diego State University.

James C. Nagel, CPA - Began his public accounting career in 1975 and has over 5,000 hours of American Indian Tribes public agency audit hours including Fire Districts, Water Districts, School Districts, and Municipalities. He has an accounting degree from San Diego State University.

Todd S. Torpet - Began his accounting career at a County Office of Education in 1989 and began auditing School Districts in 1996. He has participated in the audits of over 125 K-12 Districts and numerous charter school and non-profit organizations.

Daniel Lee - Began his public accounting career in 2004 and has over 1,000 hours of American Indian Tribes public agency audit hours including Fire Districts, Water Districts, School Districts, and Municipalities. He has an accounting degree from University of Illinois at Urbana-Champaign.

COMMUNITY INVOLVEMENT

In the belief that a nation's health is unalterably tied to its social well-being, we have become actively involved in our community. Our professional staff members are involved in the capacity as board and committee members with the Salvation Army, Kiwanis International, Share our Strength, Optimist International, Habitat for Life, United Way, California Ballet, San Diego Center City Development Advisory Board and San Diego County Mental Health. Our firm is a member of the American Institute of Certified Accountants and the California Society of Certified Public Accountants which established stringent ethical and accounting guidelines for its members.

SERVICE PHILOSOPHY

The firm was founded on the principle of commitment to providing personal service and producing the highest quality work. To advance our efforts in this regard, the firm has voluntarily subjected itself to the review of our audit practice, work papers and system of quality control by the Controllers Office of the State of California and by an outside independent accounting firm in 2007. In all cases, we have successfully passed both of these reviews with an unqualified opinion. A copy of this opinion is attached as Exhibits A and B. Our philosophy of personalized service means, among other things, that any financial audit requested by your firm would be conducted by a partner(s) of Hosaka, Nagel & Company. Whenever possible, we would utilize your personnel to keep our chargeable time to a minimum.

We do not contemplate a detailed examination of all transactions, nor would we necessarily discover fraud, should any exist. We will, however, inform you promptly of any findings that appear unusual or abnormal.

SUMMARY

All our efforts will be directed toward prompt and effective service of the highest quality. We appreciate this opportunity to present our firm for your consideration and would be pleased to furnish any additional information or meet with you. Also, please feel free to contact any of our clients for their evaluation of our firm.

Sincerely,

Roy T. Hosaka, CPA
HOSAKA, NAGEL & COMPANY

RTH:dl

Attachments

California Society Certified Public Accountants

Peer Review Program

May 28, 2004

Roy T. Hosaka, CPA
Hosaka, Nagel and Company
Mission Valley Plaza #410
1011 Camino Del Rio
San Diego, CA 92108-3531

Dear Mr. Hosaka:

It is my pleasure to notify you that on May 20, 2004 the California Peer Review Committee accepted the report on the most recent peer review of your firm, the related letter of comments, and your firm's response thereto. The due date for your next review is December 31, 2006. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the reviewer's opinion was unmodified. The Committee asked me to convey its congratulations to the firm.

Sincerely,

L. McCrone

Linda McCrone
Director, Technical Services

cc: David B Marion, CPA

Firm Number: 10080936 Review Number: 195357

EXHIBIT A

1000

EXHIBIT B

AICPA

PEER REVIEW PROGRAM

is proud to present this

Certificate of Recognition

to

Hosaka, Nagel and Company

For having a system of quality control for its accounting and auditing practice in effect for the year ended June 30, 2006, which has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and which was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

AICPA®

David A. Jentho, *Chair*
AICPA Peer Review Board
2007

Hosaka, Nagel & Company
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

ROY T. HOSAKA, C.P.A.
JAMES C. NAGEL, C.P.A.

MEMBER
CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

February 13, 2009

Nyesha Williams
Nova Meridian Academy
850 Via Lata Suite 105
Colton, California 92324

Dear Ms. Williams:

We would like to thank you again for the opportunity to submit a multi-year proposal for the annual audit of the financial statements of Nova Meridian Academy for the years ending June 30, 2009, 2010, and 2011.

We will audit the statement of financial position of Nova Meridian Academy as of June 30, 2009, 2010, and 2011, and the related statements for the years then ended.

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

1011 CAMINO DEL RIO SOUTH, SUITE 410 SAN DIEGO, CALIFORNIA 92108
(619) 543-9702 FAX (619) 543-0116

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us. In addition, an audit is not designed to detect immaterial errors, fraud, or other illegal acts or illegal acts that do not have a direct effect on the financial statements. However, we will inform you of any material errors and any fraud that comes to our attention. We will also inform you of any other illegal acts that come to our attention, unless clearly inconsequential. Our responsibility, as auditors, is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify reportable conditions, that is, significant deficiencies in the design or operation of internal control. However, during the audit, if we become aware of such reportable conditions, we will communicate them to you.

You are responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. This responsibility includes the establishment and maintenance of adequate records and effective internal controls over financial reporting, the selection and application of accounting principles, and the safeguarding of assets. You are responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. You are also responsible for identifying and ensuring the Organization complies with applicable laws and regulations.

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

In addition to the examination of the financial statements described above, we will include within the audit report the supplementary information section and the findings and recommendations section.

Our fees for the services will be based on the actual time spent at our standard hourly rates and out-of-pocket costs. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our professional fee for the audit of the financial statements is:

1. $ 8,355 for the period July 1, 2008 through June 30, 2009 (ONE YEAR CONTRACT); or,

2. $ 7,500 per year for the periods July 1, 2008 through June 30, 2009, and July 1, 2009 through June 30, 2010 (TWO YEAR CONTRACT); or,

3. $ 6,903 per year for the periods July 1, 2008 through June 30, 2009, July 1, 2009 through June 30, 2010, and July 1, 2010 through June 30, 2011 (THREE YEAR CONTRACT).

The fee estimate is based on anticipated cooperation from your personnel and the assumption that all records needed to complete the audit are at the school site, and that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

For multi-year contracts, if significant additional time is required to perform the audit of the contract year, such as an increase in Average Daily Attendance (more than 50%) or compliance audit under the federal Single Audit Act (federal expenditures of $500,000 or more) or if applicable, a change in the Organization's management services, we will discuss with you whether a new fee estimate is warranted, before we incur the additional costs.

If the Organization signs an engagement for more than one year and later decides to select another auditing firm for the subsequent year after completion of the current year audit, the fees will be adjusted based on the number of years that our firm has completed the audit(s).

We require a retainer fee of 1/3 of the total contract amount for the year that we audit upon the commencement of the fieldwork at your business location.

Should the Organization request our firm to prepare the federal and California tax exempt return for the year under audit, our fee for the preparation of these returns will be $850.

We appreciate the opportunity to be of service to Nova Meridian Academy and believe this letter accurately summarizes the significant terms of our engagement. **If you have any questions regarding this engagement letter, please do not hesitate to contact us.**

To indicate your approval of the engagement letter, please sign the original copy of this letter in the space provided and return it to us in the enclosed envelope. A copy is enclosed for your files

Sincerely,

Roy T. Hosaka, CPA
HOSAKA, NAGEL & COMPANY

RTH:dl

ENGAGEMENT ACCEPTED - ONE YEAR CONTRACT AT $ 8,355

By: _____ Date: 3/6/09

Title: Principal

ENGAGEMENT ACCEPTED - TWO YEAR CONTRACT AT $ 7,500 PER YEAR

By: _____ Date: _____

Title: _____

ENGAGEMENT ACCEPTED - THREE YEAR CONTRACT AT $ 6,903 PER YEAR

By: _____ Date: _____

Title: _____