

AMERICAN INDIAN MODEL SCHOOLS
(AMERICAN INDIAN PUBLIC CHARTER SCHOOL (AIPCS)
AMERICAN INDIAN PUBLIC CHARTER SCHOOL II (AIPCS II)
AMERICAN INDIAN PUBLIC HIGH SCHOOL (AIPHS))

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

**AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)**

JUNE 30, 2016

CONTENTS

| | |
|---|----|
| INDEPENDENT AUDITOR'S REPORT..... | 1 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position June 30, 2016 | 3 |
| Statement of Activities For the Year Ended June 30, 2016 | 4 |
| Statement of Cash Flows For the Year Ended June 30, 2016 | 5 |
| Notes to Financial Statements..... | 6 |
| SUPPLEMENTARY INFORMATION | |
| Organizational Structure..... | 15 |
| Schedule of Average Daily Attendance | 16 |
| Schedule of Instructional Time..... | 17 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements..... | 18 |
| Note to Supplementary Information..... | 19 |
| INDEPENDENT AUDITOR'S REPORT | |
| 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..... | 20 |
| Report on State Compliance | 22 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | |
| Summary of Auditor's Results | 25 |
| Financial Statement Findings | 26 |
| State Award Findings | 27 |
| Schedule of Prior Audit Findings..... | 29 |



INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
American Indian Model Schools
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of American Indian Model Schools (the Schools) (A California Non-Profit Organization) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Schools' 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 Schools' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Schools as of June 30, 2016, and the respective 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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Schools' basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2017, on our consideration of the Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Schools' internal control over financial reporting and compliance.

Vavrinek, Time, Day & Co., LLP
Pleasanton, California
January 25, 2017

AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

| | Home Office | AIPCS | AIPCH II | AIPHS | Eliminations | Total |
|--|-------------------|-------------------|----------------------|-------------------|-----------------------|----------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 258 | \$ 11,350 | \$ 1,587,710 | \$ - | \$ - | \$ 1,599,318 |
| Restricted cash | - | 96,928 | - | - | - | 96,928 |
| Accounts receivable | - | 199,955 | 701,553 | 263,826 | - | 1,165,334 |
| Intercompany receivable | 670,019 | 414,374 | - | 213,692 | (1,298,085) | - |
| Other assets | - | 6,811 | 28,234 | 7,653 | - | 42,698 |
| Equipment, net of accumulated depreciation | - | 79,770 | 8,041,578 | 5,658 | - | 8,127,006 |
| Total Assets | <u>\$ 670,277</u> | <u>\$ 809,188</u> | <u>\$ 10,359,075</u> | <u>\$ 490,829</u> | <u>\$ (1,298,085)</u> | <u>\$ 11,031,284</u> |
| LIABILITIES | | | | | | |
| Accrued expenses | \$ 44,418 | \$ 7,876 | \$ 14,875 | \$ 15,839 | \$ - | \$ 83,008 |
| Intercompany payable | 628,066 | - | 670,019 | - | (1,298,085) | - |
| Loan payable | - | - | 5,987,406 | - | - | 5,987,406 |
| Total Liabilities | <u>672,484</u> | <u>7,876</u> | <u>6,672,300</u> | <u>15,839</u> | <u>(1,298,085)</u> | <u>6,070,414</u> |
| NET ASSETS | | | | | | |
| Unrestricted | (2,207) | 704,384 | 3,686,775 | 474,990 | - | 4,863,942 |
| Temporarily restricted | - | 96,928 | - | - | - | 96,928 |
| Total Net Assets | <u>(2,207)</u> | <u>801,312</u> | <u>3,686,775</u> | <u>474,990</u> | <u>-</u> | <u>4,960,870</u> |
| Total Liabilities and Net Assets | <u>\$ 670,277</u> | <u>\$ 809,188</u> | <u>\$ 10,359,075</u> | <u>\$ 490,829</u> | <u>\$ (1,298,085)</u> | <u>\$ 11,031,284</u> |

See the accompanying notes to financial statements.

AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

| | Home Office | AIPCS | AIPCS II | AIPHS | Total |
|---------------------------------------|-------------------|-------------------|---------------------|-------------------|---------------------|
| Support and Revenues | | | | | |
| General apportionment | \$ - | \$ 1,071,004 | \$ 5,264,894 | \$ 2,177,409 | \$ 8,513,307 |
| Other federal revenues | - | 125,401 | 233,373 | 58,056 | 416,830 |
| Other state revenues | - | 36,756 | 508,884 | 205,482 | 751,122 |
| Other local revenues | - | 8,562 | 104,032 | 39,179 | 151,773 |
| Total support and revenues | <u>-</u> | <u>1,241,723</u> | <u>6,111,183</u> | <u>2,480,126</u> | <u>9,833,032</u> |
| Expenses | | | | | |
| Program services | | | | | |
| Academic programs | - | 1,492,190 | 4,214,191 | 1,900,663 | 7,607,044 |
| Management and general | 2,207 | 286,596 | 1,087,937 | 647,804 | 2,024,544 |
| Total program and supporting services | <u>2,207</u> | <u>1,778,786</u> | <u>5,302,128</u> | <u>2,548,467</u> | <u>9,631,588</u> |
| CHANGE IN NET ASSETS | (2,207) | (537,063) | 809,055 | (68,341) | 201,444 |
| NET ASSETS, BEGINNING OF YEAR | <u>-</u> | <u>1,338,375</u> | <u>2,877,720</u> | <u>543,331</u> | <u>4,759,426</u> |
| NET ASSETS, END OF YEAR | <u>\$ (2,207)</u> | <u>\$ 801,312</u> | <u>\$ 3,686,775</u> | <u>\$ 474,990</u> | <u>\$ 4,960,870</u> |

See the accompanying notes to financial statements.

AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

| | Home Office | AIPCS | AIPCS II | AIPHS | Total |
|---|----------------------|--------------------------|----------------------------|--------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Change in net assets | \$ (2,207) | \$ (537,063) | \$ 809,055 | \$ (68,341) | \$ 201,444 |
| Adjustments to reconcile change in net assets to net cash provided by operations | | | | | |
| Depreciation | - | 31,726 | 235,532 | 28,450 | 295,708 |
| Change in operating assets and liabilities | | | | | |
| Accounts receivable | - | 164,611 | 252,741 | 92,932 | 510,284 |
| Intercompany transactions | - | 327,719 | (442,154) | (74,896) | (189,331) |
| Other assets | - | 9,680 | 21,689 | 5,393 | 36,762 |
| Accrued expenses | 2,465 | (9,939) | 30 | (31,697) | (39,141) |
| Net Cash Provided (Used) for Operating Activities | <u>258</u> | <u>(13,266)</u> | <u>876,893</u> | <u>(48,159)</u> | <u>815,726</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Loan payable | - | - | 31,740 | - | 31,740 |
| Net Cash Provided for Financing Activities | <u>-</u> | <u>-</u> | <u>31,740</u> | <u>-</u> | <u>31,740</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 258 | (13,266) | 908,633 | (48,159) | 847,466 |
| CASH AND CASH EQUIVALENTS, Beginning of Year | - | 121,544 | 679,077 | 48,159 | 848,780 |
| CASH AND CASH EQUIVALENTS, End of Year | <u>\$ 258</u> | <u>\$ 108,278</u> | <u>\$ 1,587,710</u> | <u>\$ -</u> | <u>\$ 1,696,246</u> |

See the accompanying notes to financial statements.

**AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE #1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The American Indian Model Schools (the Schools) was incorporated in the State of California in 1996 as a nonprofit public benefit corporation that is organized under the Nonprofit Public Benefit Corporation Law exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law. The American Indian Model Schools operates three non-profit charter schools: American Indian Public Charter School (AIPCS, charter number 0106), American Indian Public Charter School II (AIPCS II, charter number 0882), and American Indian Public High School (AIPHS, charter number 0765). The Schools are operating under a charter granted by the Oakland Unified School District that expires on June 30, 2021.

The primarily objective and purpose of the Schools is to meet the academic social, cultural and developmental needs of American Indian students, and all students, in an environment that respects the integrity of the individual student and diverse cultures and knowledge and which creates educational partnerships among teachers, students, parents, and the wider community consisting of individuals, businesses, institutions, and cultural organizations on grade levels K through 12.

Financial Statement Presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) ASC 958-210-50. Under ASC 958-210-50, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the School is required to present a statement of cash flows. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

Financial Reporting Entity

The accompanying financial statements present only the financial activities of the Schools and are not intended to present fairly the financial position and the results of operations of American Indian Model Schools as a whole in conformity with accounting principles generally accepted in the United States of America.

Support and Expenses

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Schools report gifts of cash or other assets in the category designated by the donor. The Schools reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the Schools report these contributions as unrestricted.

Home Office

The Home Office account was created as a clearing account for the charter schools. Funds for the charter schools are received through the Home Office account. Payments are processed through the Home Office main bank account.

**AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Inter-company Receivable/Payable

Inter-company receivable/payable represent resources provided by the Home Office account to each charter school and reimbursement for those resources from each charter school to the Home Office account.

Revenue Recognition

State Apportionment

The Schools' support is derived primarily from the State of California's public education monies received through the Oakland Unified School District and are recognized as revenues by the Schools based on the average daily attendance (ADA) of students.

State and Federal Grants

The Schools also receive other educational government grants. Revenues are recognized when expenditures have been incurred in accordance with the grant agreement.

Property and Equipment

The Schools capitalized assets costing \$5,000 or more when purchased or donated. Capital assets are stated at cost, or if donated, at estimated fair value on the date of donation. Routine maintenance and repairs are charged to expense as incurred and major improvements are capitalized. Depreciation is computed on the straight line method over the estimated useful lives of the individual assets:

| | |
|------------------------|----------|
| Leasehold Improvements | 10 years |
| Furniture and Fixtures | 5 years |
| Equipment | 5 years |

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to the Schools' program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

Use of Estimates

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

Cash and Cash Equivalents

Cash balances are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). At June 30, 2016, the Schools had bank balances in the amount of approximately \$1,663,000 exceeding the FDIC limit.

**AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Allowance for Bad Debts

Uncollectible amounts over the history of the Schools have been immaterial, therefore, management does not consider it is necessary to set up an allowance for bad debts.

Income Taxes

The Schools is a nonprofit corporation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Schools has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1) (A) (vi). Income tax returns for 2012 and forward may be audited by regulatory agencies, however, the Schools is not aware of any such actions at this time.

The Schools has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements. Interest and penalties related to uncertain tax positions are recorded as part of the income tax expense, if applicable.

Allocation of Functional Expenses

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and fundraising activities benefited.

NOTE #2 – ACCOUNTS RECEIVABLE

At June 30, 2016, the Schools had following account receivables from Oakland Unified School District:

| | <u>AIPCS</u> | <u>AIPCS II</u> | <u>AIPHS</u> | <u>Total</u> |
|------------------------------------|-------------------|-------------------|-------------------|---------------------|
| EPA funds | \$ 42,088 | \$ 202,660 | \$ 81,081 | \$ 325,829 |
| LCFF | 23,064 | 288,271 | 135,058 | 446,393 |
| In lieu property tax | - | 65,832 | 20,547 | 86,379 |
| Federal awards | 16,905 | 14,091 | 517 | 31,513 |
| Lottery | 18,312 | 70,692 | 24,224 | 113,228 |
| California School Facilities Grant | 65,148 | 34,497 | 2,399 | 102,044 |
| Other | 34,438 | 25,510 | - | 59,948 |
| Total receivables | <u>\$ 199,955</u> | <u>\$ 701,553</u> | <u>\$ 263,826</u> | <u>\$ 1,165,334</u> |

AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE #3 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2016, consisted of the following:

| <u>AIPCS</u> | <u>Beginning of Year</u> | <u>Additions</u> | <u>Deletion</u> | <u>End of Year</u> |
|--------------------------|------------------------------|---------------------|-----------------|------------------------|
| Equipment | \$ 95,723 | \$ - | \$ - | \$ 95,723 |
| Leasehold improvements | 457,637 | - | - | 457,637 |
| Accumulated depreciation | (441,864) | (31,726) | - | (473,590) |
| | <u>\$ 111,496</u> | <u>\$ (31,726)</u> | <u>\$ -</u> | <u>\$ 79,770</u> |
| | | | | |
| <u>AIPCS II</u> | <u>Beginning of Year</u> | <u>Additions</u> | <u>Deletion</u> | <u>End of Year</u> |
| Land | \$ 2,451,271 | \$ - | \$ - | \$ 2,451,271 |
| Leasehold improvements | 667,652 | - | - | 667,652 |
| Building | 5,719,632 | - | - | 5,719,632 |
| Accumulated depreciation | (561,445) | (235,532) | - | (796,977) |
| | <u>\$ 8,277,110</u> | <u>\$ (235,532)</u> | <u>\$ -</u> | <u>\$ 8,041,578</u> |
| | | | | |
| <u>AIPHS</u> | <u>Beginning of Year</u> | <u>Additions</u> | <u>Deletion</u> | <u>End of Year</u> |
| Leasehold improvements | \$ 284,500 | \$ - | \$ - | \$ 284,500 |
| Accumulated depreciation | (250,392) | (28,450) | - | (278,842) |
| | <u>\$ 34,108</u> | <u>\$ (28,450)</u> | <u>\$ -</u> | <u>\$ 5,658</u> |
| | | | | |
| <u>Total</u> | <u>Beginning of Year</u> | <u>Additions</u> | <u>Deletion</u> | <u>End of Year</u> |
| Land | \$ 2,451,271 | \$ - | \$ - | \$ 2,451,271 |
| Building | 5,719,632 | - | - | 5,719,632 |
| Equipment | 95,723 | - | - | 95,723 |
| Leasehold improvements | 1,409,789 | - | - | 1,409,789 |
| Accumulated depreciation | (1,253,701) | (295,708) | - | (1,549,409) |
| | <u>\$ 8,422,714</u> | <u>\$ (295,708)</u> | <u>\$ -</u> | <u>\$ 8,127,006</u> |

Total depreciation expense for the Schools for the year ended June 30, 2016, was \$295,708.

**AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE #4 – ACCOUNTS PAYABLE

Accounts payables at June 30, 2016 consisted of the following:

| | Home Office | AIPCS | AIPCS II | AIPHS | Total |
|-----------------------|------------------|-----------------|------------------|------------------|------------------|
| Salaries and Benefits | \$ 21,094 | \$ 7,876 | \$ 14,875 | \$ 15,839 | \$ 59,684 |
| Vendor payables | 23,324 | - | - | - | 23,324 |
| Total payable | <u>\$ 44,418</u> | <u>\$ 7,876</u> | <u>\$ 14,875</u> | <u>\$ 15,839</u> | <u>\$ 83,008</u> |

NOTE #5 LOANS PAYABLE

On February 9, 2015, the Schools issued a note payable to East West Bank for \$5.2 million with an interest rate of 6 percent (or \$7,500 per month) to refinance a commercial real property. The original maturity date of the note was on February 9, 2016. The note was renewed and the current maturity date is on February 9, 2017. The Schools is currently paying monthly interest. No principal payments until the maturity date.

On March 11, 2015, the Schools issued a note payable to KC Capital Mortgage Inc. for \$800,000 with an interest rate of 12 percent to refinance a commercial real property. The note matures on April 1, 2017. The interest payment of \$8,000 per month is payable starting on May 1, 2015. The entire principal will be paid in full on the maturity date.

NOTE #6 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2016, the Schools had temporary restricted net assets of \$96,928 for the scholarship funds.

NOTE #7 – EMPLOYEE RETIREMENT SYSTEMS

The Schools participates in the California Public Employees Retirement System (CalPERS).

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2015, the Schools Pool total plan assets are \$57 billion, the total accrued liability is \$72 billion, contributions from all employers totaled \$1.3 billion, and the plan is 79.2 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

**AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2015. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2016, are summarized as follows:

| | School Employer Pool (CalPERS) | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | December 31, 2012 | January 1, 2013 |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.000% | 6.000% |
| Required employer contribution rate | 11.847% | 11.847% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Charter School is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2016, are presented above and the total Charter School contributions were \$189,989.

**AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE #8 – COMMITMENTS AND CONTINGENCIES

Grants

The Schools received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of the management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2016.

Litigation

The Schools is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Schools at June 30, 2016.

Facility Lease

The AIPHS is operating in a shared site leased by the AIMS. This lease expires on June 30, 2027.

NOTE # 9 – RISKS AND UNCERTAINTY

The Schools is funded principally through the State of California’s public education monies, the California Department of Education and Oakland Unified School District, and various government agency grants. The charters may be revoked by the State of California for material violations of the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. Any decreases in the state’s allocations for the Schools programs could have a material adverse effect on the Schools’ business, financial condition, and results of operations.

NOTE # 10 – OTHER RELATED PARTY TRANSACTIONS

During the year, the Schools had amounts due to and from between each individual school. The balances for these activities as of June 30, 2016 are as follows:

| | Amounts Due From/(To) |
|-------------|--------------------------|
| Home Office | \$ 41,953 |
| AIPCS | 414,374 |
| AIPCS II | (670,019) |
| AIPHS | 213,692 |
| Total | <u>\$ -</u> |

During the year, the Schools paid \$85,133 for oversight fees to Oakland Unified School District.

**AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE # 10 – SUBSEQUENT EVENTS

The Schools' management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet dated through January 25, 2017, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

SUPPLEMENTAL INFORMATION

**AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)**

**ORGANIZATIONAL STRUCTURE
FOR THE YEAR ENDED JUNE 30, 2016**

GOVERNING BOARD

| <u>MEMBER</u> | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|-------------------|---------------|---------------------|
| Steven Leung | President | June 2016 |
| Toni Cook | Director | October 2018 |
| Paula Mitchell | Director | April 2019 |
| Benson Wan | Director | December 2019 |
| Clifford Thompson | Director | December 2019 |

ADMINISTRATION

Maya Woods-Cadiz Superintendent

See the accompanying notes to supplementary information.

**AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2016**

| | Second Period Report | | | Annual | | |
|---------------|-----------------------------|--------------------|------------------------|-----------------------------|--------------------|------------------------|
| | Average daily attendance | Classroom Based | Non-Classroom Based | Average daily attendance | Classroom Based | Non-Classroom Based |
| AIPCS | | | | | | |
| Grades 4 to 6 | 26 | 26 | - | 26 | 26 | - |
| Grades 7 to 8 | 102 | 102 | - | 101 | 101 | - |
| Total ADA | 128 | 128 | - | 127 | 127 | - |

| | Second Period Report | | | Annual | | |
|---------------|-----------------------------|--------------------|------------------------|-----------------------------|--------------------|------------------------|
| | Average daily attendance | Classroom Based | Non-Classroom Based | Average daily attendance | Classroom Based | Non-Classroom Based |
| AIPCS II | | | | | | |
| TK/K to 3 | 189 | 189 | - | 187 | 187 | - |
| Grades 4 to 6 | 249 | 249 | - | 246 | 246 | - |
| Grades 7 to 8 | 189 | 189 | - | 187 | 187 | - |
| Total ADA | 626 | 626 | - | 620 | 620 | - |

| | Second Period Report | | | Annual | | |
|----------------|-----------------------------|--------------------|------------------------|-----------------------------|--------------------|------------------------|
| | Average daily attendance | Classroom Based | Non-Classroom Based | Average daily attendance | Classroom Based | Non-Classroom Based |
| AIPHS | | | | | | |
| Grades 9 to 12 | 221 | 221 | - | 219 | 219 | - |
| Total ADA | 221 | 221 | - | 219 | 219 | - |

The Schools does not operate any non-classroom based programs.

See the accompanying notes to supplementary information.

**AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)**

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2016**

| <u>AIPCS Grade Level</u> | <u>Minimum Minutes Requirement</u> | <u>2015-16 Actual Minutes</u> | <u>Number of Days Traditional Calendar</u> | <u>Status</u> |
|------------------------------|--|---------------------------------------|--|---------------|
| Grade 6 | 54,000 | 64,800 | 180 | Complied |
| Grade 7 | 54,000 | 64,800 | 180 | Complied |
| Grade 8 | 54,000 | 64,800 | 180 | Complied |

| <u>AIPCS II Grade Level</u> | <u>Minimum Minutes Requirement</u> | <u>2015-16 Actual Minutes</u> | <u>Number of Days Traditional Calendar</u> | <u>Status</u> |
|---------------------------------|--|---------------------------------------|--|---------------|
| Kindergarten | 36,000 | 54,000 | 180 | Complied |
| Grades 1 - 3 | | | | |
| Grade 1 | 50,400 | 54,000 | 180 | Complied |
| Grade 2 | 50,400 | 54,000 | 180 | Complied |
| Grade 3 | 50,400 | 54,000 | 180 | Complied |
| Grades 4 - 6 | | | | |
| Grade 4 | 54,000 | 64,800 | 180 | Complied |
| Grade 5 | 54,000 | 64,800 | 180 | Complied |
| Grade 6 | 54,000 | 64,800 | 180 | Complied |
| Grades 7 - 8 | | | | |
| Grade 7 | 54,000 | 64,800 | 180 | Complied |
| Grade 8 | 54,000 | 64,800 | 180 | Complied |

| <u>AIPHS Grade Level</u> | <u>Minimum Minutes Requirement</u> | <u>2015-16 Actual Minutes</u> | <u>Number of Days Traditional Calendar</u> | <u>Status</u> |
|------------------------------|--|---------------------------------------|--|---------------|
| Grade 9 | 64,800 | 69,600 | 180 | Complied |
| Grade 10 | 64,800 | 69,600 | 180 | Complied |
| Grade 11 | 64,800 | 69,600 | 180 | Complied |
| Grade 12 | 64,800 | 69,600 | 180 | Complied |

See the accompanying notes to supplementary information.

**AMERICAN INDIAN MODEL SCHOOLS
(A California Nonprofit Corporation)**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2016.

See the accompanying notes to supplementary information.

AMERICAN INDIAN MODEL SCHOOLS

NOTE TO SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

Agency Organization Structure

This schedule provides information about the members of the governing board and the administration of the Schools.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the Unaudited Actual Financial Report to the audited financial statements.



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

The Board of Trustees
American Indian Model Schools
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of American Indian Model Schools (the Schools) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Schools in a separate letter dated January 25, 2017.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Schools' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Schools' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
January 25, 2017



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

The Board of Trustees
American Indian Model Schools
Oakland, California

Report on State Compliance

We have audited American Indian Model Schools' (the Schools) compliance with the types of compliance requirements as identified in the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Schools' State government programs as noted below for the year ended June 30, 2016.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Schools' State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the Schools' compliance with those requirements.

Basis for Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts

As described in the accompanying schedule of findings and questioned costs, the Schools did not comply with requirements regarding Unduplicated Local Control Funding Formula Pupil Counts (2016-001). Compliance with such requirements is necessary, in our opinion, for the Schools to comply with the requirements applicable to the programs.

Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Schools complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2016.

Unmodified Opinion on Each of the Other Programs

In our opinion, the Schools complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2016, except as described in the Schedule of State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Schools' compliance with the State laws and regulations applicable to the following items:

| | <u>Procedures Performed</u> |
|--|---------------------------------|
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| Educator Effectiveness | Yes |
| California Clean Energy Jobs Act | No, see below |
| After School Education and Safety Program: | |
| General Requirements | No, see below |
| After School | No, see below |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study-Course Based | No, see below |
| Immunizations | Yes |
| Charter Schools: | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Non Classroom-Based Instruction/Independent Study for Charter Schools | No (see below) |
| Determination of Funding for Non Classroom-Based Instruction | No (see below) |
| Annual Instruction Minutes Classroom-Based | Yes |
| Charter School Facility Grant Program | Yes |

The Schools did not receive any funds for the California Clean Energy Job Act; therefore, we did not perform procedures related to the California Clean Energy Job Act.

The Schools does not offer After School Education and Safety Program; therefore, we did not perform any procedures related to the program.

The Schools does not have Independent Study-Course Based program; therefore, we did not perform any procedures related to the program.

The School does not offer a Non Classroom-Based Instruction/Independent Study; therefore, we did not perform any procedures related to the Non Classroom-Based Instruction/Independent Study Program and Determination of Funding for Non Classroom-Based Instruction.

The Schools' Response to Findings

The Schools' responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Schools responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

Vavinek, Time, Day & Co., LLP

Pleasanton, California
January 25, 2017

AMERICAN INDIAN MODEL SCHOOLS

SUMMARY OF AUDITORS RESULTS FOR THE YEAR ENDED JUNE 30, 2016

FINANCIAL STATEMENTS

| | |
|---|----------------------|
| Type of auditor's report issued: | <u>Unmodified</u> |
| Internal control over financial reporting: | |
| Material weaknesses identified? | <u>No</u> |
| Significant deficiencies identified not considered to be material weaknesses? | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u> |

FEDERAL AWARDS

| | |
|---|-----------------------|
| Internal control over major Federal programs: | |
| Material weaknesses identified? | <u>Not Applicable</u> |
| Significant deficiencies identified not considered to be material weaknesses? | <u>Not Applicable</u> |
| Type of auditor's report issued on compliance for major Federal programs: | <u>Not Applicable</u> |

STATE AWARDS

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

Unmodified for all programs except for the following
programs which were qualified:

| |
|--|
| <u>Name of Program</u> |
| <u>Unduplicated Local Control Funding Formula Pupil Counts</u> |

AMERICAN INDIAN MODEL SCHOOLS

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

AMERICAN INDIAN MODEL SCHOOLS

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations. The findings have been coded as follows:

| <u>Five Digit Code</u> | <u>AB 3627 Finding Type</u> |
|------------------------|-----------------------------|
| 10000 | Attendance |
| 40000 | State Compliance |

2016-001 Unduplicated Local Control Funding Formula Pupil Counts (40000)

Criteria or Specific Requirements

Supplemental and concentration grant amounts are calculated based on the percentage of “unduplicated pupils” enrolled in the LEA on Census Day. The percentage equals:

- Unduplicated count of pupils who (1) are English learners; (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. “Unduplicated count” means that each pupil is counted only once even if the pupil meets more than one of these criteria [*EC sections 2574(b)(2) and 42238.02(b)(1)*].
- Divided by total enrollment in the LEA [*EC sections 2574(b)(1) and 42238.02(b)(5)*]. All pupil counts are based on certificated enrollment reported in CALPADS as of Census Day.

Condition

During our testing of the free and reduced price meal eligible students reported in the CALPADS 1.17 and 1.18 reports, we noted that four students that were reported as qualifying for free or reduced priced meals did not meet the eligibility requirements; ten English learners did not have documentation on file for support.

Questioned Costs)

AIPCS - \$189; AIPCS II - \$2,549; AIPHS – 1,391. The amounts were determined based on calculating the difference between the original LCFF revenue and LCFF revenue adjusted for the decrease in the unduplicated counts for each school.

Context

We reviewed a total of 53 samples.

Effect

The unduplicated pupil counts reported in the CALPADS 1.17 reports should be adjusted for the following changes as a result of procedures performed:

| <u>School</u> | <u>CALPADS Reported</u> | <u>Adjusted Based On Eligibility For</u> | | <u>Adjusted Total</u> |
|---------------|-----------------------------|--|-------------------|---------------------------|
| | | <u>FRPM</u> | <u>EL Funding</u> | |
| AIPCS | 112 | (1) | - | 111 |
| AIPCS II | 530 | (1) | (8) | 521 |
| AIPHS | 196 | (2) | (2) | 192 |
| Total | 838 | (4) | (10) | 824 |

AMERICAN INDIAN MODEL SCHOOLS

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Cause

Unknown.

Recommendation

We recommend that the Schools establishing procedures necessary to ensure that CALPADS 1.17 and 1.18 are accurately reported.

Corrective Action Plan

During a review of Unduplicated Local Control Funding Formula Pupil Counts auditors noted that some students did not have supporting documents that corresponded with CALPADS. For the 2016-2017 school year, there will be an internal audit prior to the Fall 1 certification window to ensure that the Title I and student language designation is correct. The internal audit will be a way to ensure that our third-party compliance and reporting support (CSMC) has reported the correct information into CALPADS.

Our current process is as follows: information is recorded in an Excel spreadsheet, we then populate the data in PowerSchool, where then the information is updated in CALPADS through CSMC. Our third party has informed us that if we provide information in PowerSchool then it will automatically update in CALPADS. This year the school site level internal audit will ensure that the updates are correct before the closing of the amendment window. School sites will update CALPADS with student's language acquisition and Title I, as opposed to having third party (CSMC) perform update. In addition, we will make sure that Title I, CELDT and ADA information is kept in binders designated by schools and classification status. The binders will be kept in the Operations office to ensure that we can retrieve the information in a timely manner.

AMERICAN INDIAN MODEL SCHOOLS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2016

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

| <u>Five Digit Code</u> | <u>AB 3627 Finding Type</u> |
|------------------------|-----------------------------|
| 30000 | Internal Control |

2015-001 Financial Reporting (30000)

Criteria or Specific Requirements

One element of an Organization's internal control over financial reporting is its ability to prepare financial statements from its trial balance in accordance with Generally Accepted Accounting Standards. This includes development of a system of internal control procedures that allow for accurate, timely closing of accounting records.

Condition

Significant Deficiencies – We noted several differences in the account balances that resulted in audit adjustments.

Recommendation

We recommend that the Organization continue its effort in reconciling the balance sheet items during the year end closing process to ensure accurate reporting of the financial statements.

Corrective Action Plan

AIMS has hired new Fiscal Office Staff and has reviewed and reinstated all appropriate policies and procedures. In addition, AIMS has implemented monthly procedures to submit financial documents to CSMC to ensure that all transactions and records are complete prior to year-end reporting. The Finance Officer and Superintendent of AIMS will conduct evaluations periodically to ensure accurate reporting of financial statements.

Current Status

Implemented.

2015-002 Form 700 Statement of Economic Interest (30000)

Criteria or Specific Requirements

The Political Reform Act and The California Fair Political Practices Commission require that Form 700 Statement of Economic Interests be filed by State and Locally Elected Officials and Employees designated in a Conflict-of-Interest Code no later than April 1 of each year.

Condition

Significant Deficiency – We noted no Form 700, or alternative forms, were filed for members of the management and key employees.

AMERICAN INDIAN MODEL SCHOOLS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2016

Recommendation

We recommend that the School establish policies and procedures to require certain individuals to complete and maintain Form 700 annually. In addition, the School should assign a responsible individual to ensure that Form 700 Statement of Economic Interests is turned in by all necessary personnel within the required time frame.

Corrective Action Plan

AIMS has appointed a new board secretary who is responsible for ensuring that Form 700's are turned in within the required time frame moving forward.

Current Status

Implemented.

2015-003 Unduplicated Local Control Funding Formula Pupil Counts (40000)

Criteria or Specific Requirements

7 CFR 225.15(c)

Records and claims. (1) Sponsors shall maintain accurate records which justify all costs and meals claimed. Failure to maintain such records may be grounds for denial of reimbursement for meals served and/or administrative costs claimed during the period covered by the records in question. The sponsor's records shall be available at all times for inspection and audit by representatives of the Secretary, the Comptroller General of the United States, and the State agency for a period of three years following the date of submission of the final claim for reimbursement for the fiscal year.

7 CFR 225.15(f)

Application for free Program meals. (1) Purpose of application form. The application is used to determine the eligibility of children attending camps and the eligibility of sites that are not open sites.

Condition

During our review of Unduplicated Local Control Funding Formula Pupil Counts, we noted that fifteen pupils reported on the certified "1.18 - FRPM / PM / English Learner / Foster Youth – Student List" report did not have any supporting documentation.

Recommendation

The School should implement procedures necessary to ensure records to support the unduplicated students counts are maintained and readily available.

Corrective Action Plan

At the end of the fiscal year, June 2015, American Indian Model Schools(AIMS) underwent an unusual amount of staff turnovers. During the transition many of AIMS normal procedures and record keeping were disrupted. Moving forward AIMS now has a stable community of staff members. Staff members have been given the appropriate County training to ensure successful tracking and reporting. This will enable AIMS to effectively fulfill the task and to stay in compliance in the future.

Current Status

Not implemented, see current year finding 20016-001.

AMERICAN INDIAN MODEL SCHOOLS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2016

2015-004 **Attendance (10000)**
(AIPCS and AIPHS)

Criteria or Specific Requirements

California Education Code 44809 requires districts to maintain printed, signed attendance records from teachers even when online attendance systems are used unless formal approval of the online attendance system is obtained from the California Department of Education to change to a completely paperless system. It is the responsibility of site personnel to verify that teachers are certifying their attendance on at least a bi-monthly basis.

Condition

The School was not able to locate the signed attendance records from the teachers.

Recommendation

The School should implement procedures to ensure certified teachers' records are maintained and readily available to comply with Education Code 44809.

Corrective Action Plan

During the transition from our previous school location to our current location we were unable to locate signed attendance records which resulted in non-compliance. This attendance reporting was a new process requirement, AIMS had new staff without proper training, with limited experience, which led to our noncompliance. Site administrators have now been trained and the necessary procedures are set in place to ensure that all certified teacher records are properly recorded, stored, and readily available in compliance with Education Code 44809.

Current Status

Implemented.