

**ARISE HIGH SCHOOL**  
**Independent Auditor's Report**  
**and Financial Statements**  
**For the Year Ended**  
**June 30, 2017**

**ARISE HIGH SCHOOL**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Arise High School  
Oakland, CA

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

We have audited the accompanying financial statements of Arise High School (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

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

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

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

Board of Directors  
Arise High School

## **Opinion**

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial position of the School as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 25, 2017 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the School's 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 School's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**  
Glendora, CA  
November 25, 2017

ARISE HIGH SCHOOL

STATEMENT OF FINANCIAL POSITION  
June 30, 2017

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 1,038,258
Accounts receivable - federal and state	<u>557,714</u>
Total current assets	<u>1,595,972</u>

**LONG-TERM ASSETS:**

Property, plant and equipment, net	2,884
Deposits	<u>11,400</u>
Total long-term assets	<u>14,284</u>
Total assets	<u><u>\$ 1,610,256</u></u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable and accrued liabilities	<u>\$ 183,190</u>
Total current liabilities	<u>183,190</u>

**NET ASSETS:**

Unrestricted	1,373,706
Temporarily restricted	<u>53,360</u>
Total net assets	<u>1,427,066</u>
Total liabilities and net assets	<u><u>\$ 1,610,256</u></u>

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

**ARISE HIGH SCHOOL**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES:</b>			
State revenue:			
State aid	\$ 2,253,526	\$ -	\$ 2,253,526
Other state revenue	511,949	-	511,949
Federal revenue:			
Grants and entitlements	275,732	-	275,732
Local revenue:			
In-lieu property tax revenue	595,931	-	595,931
Contributions	8,728	-	8,728
Investment income	275	-	275
Other revenue	448,087	-	448,087
Total revenues	<u>4,094,228</u>	<u>-</u>	<u>4,094,228</u>
<b>EXPENSES:</b>			
Program services	3,031,951	-	3,031,951
Management and general	421,986	-	421,986
Total expenses	<u>3,453,937</u>	<u>-</u>	<u>3,453,937</u>
Change in net assets	640,291	-	640,291
Beginning net assets	<u>733,415</u>	<u>53,360</u>	<u>786,775</u>
Ending net assets	<u>\$ 1,373,706</u>	<u>\$ 53,360</u>	<u>\$ 1,427,066</u>

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

**ARISE HIGH SCHOOL**

**STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2017**

**CASH FLOWS from OPERATING ACTIVITIES:**

Change in net assets	\$ 640,291
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	339
Change in operating assets:	
Accounts receivable - federal and state	(187,942)
Accounts receivable - other	5,007
Change in operating liabilities:	
Accounts payable and accrued liabilities	36,748
Deferred revenues	(48,073)
Net cash flows from operating activities	<u>446,370</u>

**CASH FLOWS from FINANCING ACTIVITIES:**

Net change in line of credit	<u>(143,556)</u>
Net cash flows from financing activities	<u>(143,556)</u>
Net change in cash and cash equivalents	302,814
Cash and cash equivalents at the beginning of the year	<u>735,444</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 1,038,258</u></u>

**SUPPLEMENTAL CASH FLOW INFORMATION:**

Cash paid for interest during the fiscal year	<u><u>\$ 2,871</u></u>
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*The accompanying notes are an integral part of these financial statements.*

**ARISE HIGH SCHOOL**

**STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2017**

	<b>Program Services</b>	<b>Management and General</b>	<b>Total Expenses</b>
Salaries and wages	\$ 1,381,903	\$ 206,491	\$ 1,588,394
Other employee benefits	290,963	43,477	334,440
Payroll taxes	61,006	9,116	70,122
Legal expenses	-	13,790	13,790
Accounting expenses	-	7,970	7,970
Instructional materials	195,913	-	195,913
Other fees for services	575,578	86,006	661,584
Office expenses	-	16,556	16,556
Printing and postage expenses	33,627	5,025	38,652
Information technology expenses	43,623	6,518	50,141
Occupancy expenses	377,258	-	377,258
Travel expenses	32,804	4,902	37,706
Interest expense	-	2,871	2,871
Depreciation expense	339	-	339
Insurance expense	-	13,446	13,446
Other expenses	38,937	5,818	44,755
	<u>\$ 3,031,951</u>	<u>\$ 421,986</u>	<u>\$ 3,453,937</u>

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



## ARISE HIGH SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2017

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Activities* – Arise High School (the School) was incorporated on March 22, 2007, under the laws of the State of California as a Nonprofit Public Benefit Corporation. The mission of the School is to empower students with the skills and knowledge to pursue higher education and become leaders in the world. The School will also provide an environment for training educators to become leaders in secondary school reform.

The School is a grade 9 through grade 12 charter school and was granted its charter under the Oakland Unified School District, pursuant to the terms of the Charter School Act (the Act) of 1992, as amended. The Act authorizes the formation of charter schools for the purpose among others, of developing new, innovative, and more flexible ways of educating children within the public school system. The School receives its funding in the same way as do traditional public schools and is open to all students in Oakland and contiguous counties.

The School is located at 3301 E. 12th Street in Oakland, California.

*Cash and Cash Equivalents* – The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

*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, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

*Basis of Accounting* – The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

*Basis of Presentation* – The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Financial Accounting Standards Board.

*Net Asset Classes* – 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. Net assets of the School are defined as:

- Unrestricted: All resources over which the governing board has discretionary control to use in carrying on the general operations of the School.
- Temporarily restricted: These net assets are restricted by donors to be used for specific purposes. At June 30, 2017 the School had \$53,360 of temporarily restricted net assets for California Clean Energy Jobs Act.
- Permanently restricted: These net assets are permanently restricted by donors and cannot be used by the School. The School does not currently have any permanently restricted net assets.

**ARISE HIGH SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Receivables** – Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2017. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

**Property, Plant and Equipment** – Property, plant and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset.

**Contributed Assets and Services** – Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair values in the period received.

**Property Taxes** – Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

**Revenue Recognition** – Amounts received from the California Department of Education are recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

**Contributions** – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as temporarily restricted. Restricted contributions that are received and released in the same period are reported as unrestricted contributions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair market value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**Functional Allocation of Expenses** – Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

**ARISE HIGH SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Compensated Absences* – The School does not allow employees to carryover unused vacation. Accordingly, there were no accumulated compensated absence benefits at June 30, 2017.

*Income Taxes* – The School is a non-profit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School files informational returns in the U.S. federal jurisdiction, and the state of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

*Evaluation of Subsequent Events* – The School has evaluated subsequent events through November 25, 2017, the date these financial statements were available to be issued.

**NOTE 2: CONCENTRATION OF CREDIT RISK**

The School maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**NOTE 3: PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment in the accompanying financial statements is presented net of accumulated depreciation. The School capitalizes all expenditures for land, buildings and equipment in excess of \$5,000. Depreciation expense was \$339 for the year ended June 30, 2017.

The components of property, plant and equipment as of June 30, 2017 are as follows:

Leasehold improvements	\$ 15,087
Less accumulated depreciation	<u>(12,203)</u>
Property, plant and equipment, net	<u><u>\$ 2,884</u></u>

**NOTE 4: LINE OF CREDIT**

The School has a line of credit with Citibank for \$250,000 with annual floating interest rate equal to the greater of the index rate plus 2%, or the floor rate of 5%. The line of credit automatically renews. The School has no outstanding balance as of June 30, 2017.

**ARISE HIGH SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 5: EMPLOYEE RETIREMENT**

**Multi-employer Defined Benefit Pension Plans**

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

The risks of participating in this multiemployer defined benefit pension plan are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law, and (c) if the School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multi-employer plan.

**State Teachers' Retirement System (STRS)**

**Plan Description**

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS.

The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2016, total plan net assets are \$189 billion, the total actuarial present value of accumulated plan benefits is \$333 billion, contributions from all employers totaled \$3.4 billion, and the plan is 63.7% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and [www.calstrs.com](http://www.calstrs.com).

**Funding Policy**

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 9.205% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020–21. The required employer contribution rate for the year ended June 30, 2017 was 12.58% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

**ARISE HIGH SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 5: EMPLOYEE RETIREMENT**

The School's contributions to STRS for the past three years are as follows:

Year Ended <u>June 30,</u>	Required <u>Contribution</u>	Percent <u>Contributed</u>
2015	\$ 81,519	100%
2016	\$ 112,184	100%
2017	\$ 138,617	100%

**NOTE 6: OPERATING LEASES**

The School leases office space from Fruitvale Village. The current agreement has a lease term of two years. The School will receive no sublease rental revenues nor pay any contingent rentals associated with these leases. For the year ended June 30, 2017, operating lease expense was \$360,386.

Future minimum lease payments are as follows:

Year Ended <u>June 30,</u>	
2018	<u>336,732</u>
Total	<u>\$ 336,732</u>

**NOTE 7: CONTINGENCIES**

The School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

**SUPPLEMENTARY INFORMATION**

**ARISE HIGH SCHOOL**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
For the Year Ended June 30, 2017**

The School was incorporated on March 22, 2007, under the laws of the State of California as a Nonprofit Public Benefit Corporation. The School was granted its charter renewal through the Oakland Unified School District (the District) on January 11, 2011. The charter may be revoked by the District for material violations of the charter, failure to meet or make progress toward student outcomes, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

The charter school number is: 0837

The Board of Directors and the Administrators as of the year ended June 30, 2017 were as follows:

**BOARD OF DIRECTORS**

<b><u>Member</u></b>	<b><u>Office</u></b>	<b><u>2 year term length Term Expires</u></b>
Kirstin Alvarez	Interim Board Chair	August, 2019
James Baldwin	Interim Board Secretary	February, 2019
Elena Sanina	Board Member	May, 2017
Javier Martinez	Board Member	December, 2017
Hollis Pierce-Jenkins	Board Member	April, 2018
Frederick Mesa	Board Member	October, 2018

**ADMINISTRATORS**

Elizabeth Solis	Principal
Audrey Blanson	Director of Operations and Finance

**ARISE HIGH SCHOOL**

**SCHEDULE OF INSTRUCTIONAL TIME  
For the Year Ended June 30, 2017**

	<b>Instructional Minutes</b>		<b>Instructional Days</b>	<b>Status</b>
	<b>Requirement</b>	<b>Actual</b>		
Grade 9	64,800	64,950	178	In compliance
Grade 10	64,800	64,950	178	In compliance
Grade 11	64,800	64,950	178	In compliance
Grade 12	64,800	64,950	178	In compliance

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



**ARISE HIGH SCHOOL**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
For the Year Ended June 30, 2017**

	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Classroom</u>		<u>Classroom</u>	
	<u>Based</u>	<u>Total</u>	<u>Based</u>	<u>Total</u>
Grades 9-12	<u>261.03</u>	<u>261.03</u>	<u>257.34</u>	<u>257.34</u>
ADA Totals	<u>261.03</u>	<u>261.03</u>	<u>257.34</u>	<u>257.34</u>

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

**ARISE HIGH SCHOOL**  
**RECONCILIATION OF ANNUAL FINANCIAL REPORT**  
**WITH AUDITED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

There were no differences between the Annual Financial Report and the Audited Financial Statements.

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

**ARISE HIGH SCHOOL**

**NOTES TO THE SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2017**

**NOTE 1: PURPOSE OF SCHEDULES**

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of the Education Code.

**Schedule of Average Daily Attendance**

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

**Reconciliation of Annual Financial Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form 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***

Board of Directors  
Arise High School  
Oakland, CA

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 Arise High School (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated November 25, 2017.

**Internal Control Over Financial Reporting**

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

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

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

**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***

**Compliance and Other Matters**

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

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Glendora, CA

November 25, 2017



CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors  
Arise High School  
Oakland, CA

We have audited Arise High School's (the School) compliance with the types of compliance requirements described in the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2017. The School's State compliance requirements are identified in the table below.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the School's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of the School's compliance.

### Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	No <sup>1</sup>
After School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Not applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	Not applicable
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Yes

<sup>1</sup>School did not expend any California Clean Energy Jobs Act fund during the year.


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### **Opinion on State Compliance**

In our opinion, the School complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2017.

### **Purpose of this Report**

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**  
Glendora, CA  
November 25, 2017

**ARISE HIGH SCHOOL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2017**

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings and questioned costs related to the basic financial statements for the year ended June 30, 2017.



## ARISE HIGH SCHOOL

### STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2017

#### FINANCIAL STATEMENT FINDINGS

There were no findings and questioned costs related to the basic financial statements for the year ended June 30, 2016.

#### STATE COMPLIANCE FINDINGS

**2016-001**      **State Compliance: Instructional Minutes**      **40000**

**Criteria:** Pursuant to the provisions of subdivision (a)(1) of Education Code Section 47612.5, the minimum instructional minutes offered for grades 9-12 should be 64,800.

**Condition:** During our testing we calculated that the School offered 63,055 of instructional minutes for the year for grades 9-12.

**Effect:** The questioned cost generated from not meeting the annual minutes is \$68,099 (determined using the penalty calculation worksheet on the CDE website).

**Questioned Costs:** \$68,099

**Recommendation:** We recommend that the School carefully review and monitor the instructional calendar and daily schedules to ensure compliance.

**Status:** Implemented.