

**WILLOW EDUCATION
dba BAY AREA TECHNOLOGY SCHOOL**

**ALAMEDA COUNTY
OAKLAND, CALIFORNIA**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

**FOR THE YEAR ENDED
JUNE 30, 2018**

WILLOW EDUCATION
dba BAY AREA TECHNOLOGY SCHOOL

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To the Board of Directors
Willow Education
dba Bay Area Technology School
Oakland, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Willow Education dba Bay Area Technology School, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the organization's 2017 financial statements and in the report dated December 12, 2017, which was audited by another accounting firm, an unmodified opinion was issued.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the Education Audit Appeals Panel's *2017-18 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. 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 risk of material misstatement of the financial statements 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Willow Education dba Bay Area Technology School as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information, as required by the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2018, on our consideration of Willow Education dba Bay Area Technology School's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Willow Education dba Bay Area Technology School's internal control over financial reporting and compliance.

JZ CPAs Inc

Long Beach, California
October 31, 2018

WILLOW EDUCATION DBA BAY AREA TECHNOLOGY SCHOOL

STATEMENT OF FINANCIAL POSITION

As of June 30, 2018

(With comparatives as of June 30, 2017)

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Note 3) | \$ 655,003 | \$ 657,916 |
| Accounts receivable (Note 4) | 434,158 | 374,326 |
| Prepaid expense | 44,830 | 130,968 |
| Total current assets | <u>1,133,991</u> | <u>1,163,210</u> |
| Noncurrent Assets | | |
| Capital assets (Note 5) | 246,368 | 11,708 |
| Total noncurrent assets | <u>246,368</u> | <u>11,708</u> |
| | | |
| TOTAL ASSETS | <u>\$ 1,380,359</u> | <u>\$ 1,174,918</u> |
| | | |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | \$ 333,843 | \$ 66,226 |
| Accrued expenses | 55,124 | 127,295 |
| Total current liabilities | <u>388,967</u> | <u>193,521</u> |
| Total liabilities | <u>388,967</u> | <u>193,521</u> |
| | | |
| Net Assets | | |
| Unrestricted | 991,392 | 961,003 |
| Temporarily Restricted | | 20,394 |
| Total net assets | <u>991,392</u> | <u>981,397</u> |
| | | |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,380,359</u> | <u>\$ 1,174,918</u> |

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

WILLOW EDUCATION DBA BAY AREA TECHNOLOGY SCHOOL
STATEMENT OF ACTIVITIES
For the year ended June 30, 2018
(With comparative totals for the year ended June 30, 2017)

| | Unrestricted | Temporarily Restricted | Total | 2017 Total |
|--|-------------------|---------------------------|-------------------|-------------------|
| REVENUE AND SUPPORT | | | | |
| Revenue | | | | |
| LCFF state aid, current year | \$ 1,929,310 | \$ | \$ 1,929,310 | \$ 1,780,952 |
| LCFF state aid, prior year | 23,311 | | 23,311 | (7,419) |
| Education protection account funds | 446,201 | | 446,201 | 407,344 |
| Payments in lieu of property taxes | 666,630 | | 666,630 | 650,307 |
| Federal Revenue | 279,710 | | 279,710 | 226,787 |
| Other state revenue | 483,817 | | 483,817 | 348,392 |
| Other local revenue | 17,926 | | 17,926 | 31,426 |
| Total revenues | <u>3,846,905</u> | <u></u> | <u>3,846,905</u> | <u>3,437,789</u> |
| Net assets released from restrictions: | | | | |
| Grant restrictions satisfied | 20,394 | (20,394) | | |
| TOTAL REVENUE AND SUPPORT | <u>3,867,299</u> | <u>(20,394)</u> | <u>3,846,905</u> | <u>3,437,789</u> |
| EXPENSES | | | | |
| Certificated salaries | 1,618,862 | | 1,618,862 | 1,300,423 |
| Classified salaries | 383,163 | | 383,163 | 371,236 |
| Taxes and employee benefits | 581,160 | | 581,160 | 453,891 |
| Books and supplies | 160,109 | | 160,109 | 164,320 |
| Rentals, leases and repairs | 180,490 | | 180,490 | 284,259 |
| Other operating expenditures | 637,834 | | 637,834 | 554,379 |
| Special education encroachment | 268,821 | | 268,821 | 170,544 |
| Depreciation expense | 6,470 | | 6,470 | 1,201 |
| TOTAL EXPENSES | <u>3,836,910</u> | <u></u> | <u>3,836,910</u> | <u>3,300,253</u> |
| CHANGE IN NET ASSETS | <u>30,390</u> | <u>(20,394)</u> | <u>9,996</u> | <u>137,536</u> |
| NET ASSETS, BEGINNING OF THE YEAR | <u>961,003</u> | <u>20,394</u> | <u>981,397</u> | <u>843,862</u> |
| NET ASSETS, END OF THE YEAR | <u>\$ 991,392</u> | <u>\$ -</u> | <u>\$ 991,392</u> | <u>\$ 981,398</u> |

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

WILLOW EDUCATION DBA BAY AREA TECHNOLOGY SCHOOL
STATEMENT OF CASH FLOWS
For the year ended June 30, 2018
(With comparative totals for the year ended June 30, 2017)

| | 2018 | 2017 |
|--|------------|------------|
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 9,996 | \$ 137,536 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 6,470 | 1,201 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in assets: | | |
| Accounts receivable | (59,832) | (7,404) |
| Prepaid expenses | 86,139 | (97,905) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 267,616 | 26,436 |
| Accrued liabilities | (72,171) | 125,371 |
| Net cash (used in) provided by operating activities | 238,217 | 185,235 |
| Cash flows from investing activities: | | |
| Cash used to purchase fixed assets | (241,130) | - |
| Net cash (used in) investing activities | (241,130) | - |
| Net increase (decrease) in cash | (2,912) | |
| Cash and cash equivalents, beginning of the year | 657,916 | 472,682 |
| Cash and cash equivalents, end of the year | \$ 655,003 | 657,916 |
| SUPPLEMENTAL INFORMATION: | | |
| Cash paid for interest expense | \$ 256 | \$ 107 |

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

WILLOW EDUCATION DBA BAY AREA TECHNOLOGY SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES

Willow Education dba Bay Area Technology School (School) is a charter school located in Oakland, California that provides sixth through twelfth grade education to approximately 300 students. The School was created under the approval of the Oakland Unified School District and the California State Board of Education, and receives public per-pupil funding to help support its operation. The School is economically dependent on Federal and state funding.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements are prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide, "Not-for-Profit Organizations."

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, the School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

INCOME TAXES

The School is a not-for-profit organization that is exempt from Federal and state income taxes under the Internal Revenue Code Section 501(c)(3) and the California State Revenue and Taxation Code 23701(d) except on net income derived from unrelated business activities. The School's management believes that it has support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The School's Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2016, 2017 and 2018 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

WILLOW EDUCATION DBA BAY AREA TECHNOLOGY SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY AND EQUIPMENT

Property and equipment are capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired their cost and

the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

NET ASSET CLASSES

Willow Education dba Bay Area Technology 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 Willow Education dba Bay Area Technology School consist of the following:

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. The School does not have temporarily restricted net assets.

Permanently restricted

These net assets are permanently restricted by donors and cannot be used by the school. The School does not have permanently restricted net assets.

COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2017 from which the summarized information was derived.

WILLOW EDUCATION DBA BAY AREA TECHNOLOGY SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School's cash (\$691,547 as of June 30, 2018) is held in financial institutions which are either insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor, or certain non-interest bearing accounts that are fully insured by the FDIC. As of June 30, 2018, the School had cash that was exposed to uninsured deposit risk in the amount of \$441,547.

NOTE 4 – ACCOUNTS RECEIVABLE

As of June 30, 2018, accounts receivable of \$434,158 consisted of Federal, state, and local government funding.

NOTE 5 – CAPITAL ASSETS / PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018 are comprised of the following:

| <u>Description</u> | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value</u> |
|----------------------------|-------------------|-------------------------------------|---------------------------|
| Furniture and equipment | \$ 82,935 | \$ (2,675) | \$ 80,260 |
| Leasehold improvements | <u>172,278</u> | <u>(6,170)</u> | <u>166,109</u> |
| Net property and equipment | \$ <u>255,213</u> | \$ <u>(8,845)</u> | \$ <u>246,368</u> |

NOTE 6 - EMPLOYEE RETIREMENT 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 California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

WILLOW EDUCATION DBA BAY AREA TECHNOLOGY SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - EMPLOYEE RETIREMENT PLANS (continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS)

Plan Description

Willow Education dba Bay Area Technology School contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS.

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. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 9.2% of their salary. The required employer contribution rate for fiscal year 2017-2018 was 10.73% of annual payroll. The contribution requirements of the plan members are established by state statute. For the year ended June 30, 2018, Willow Education dba Bay Area Technology School's contribution to CalSTRS was \$184,966.

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Plan Description

Willow Education dba Bay Area Technology School contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

WILLOW EDUCATION DBA BAY AREA TECHNOLOGY SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - EMPLOYEE RETIREMENT PLANS (continued)

Funding Policy

Active plan members are required to contribute 7% of their salary, and Willow Education dba Bay Area Technology School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2017-18 was 11.847%. The contribution requirements of the plan members are established by state statute. For the year ended June 30, 2018, Willow Education dba Bay Area Technology School's contribution to CalPERS was \$51,046.

NOTE 7 - SUBSEQUENT EVENTS

The School's Management has evaluated subsequent events for the period from June 30, 2018 through October 31, 2018, the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.

SUPPLEMENTARY INFORMATION

**WILLOW EDUCATION DBA BAY AREA TECHNOLOGY SCHOOL
SUPPLEMENTARY INFORMATION**

LOCAL EDUCATIONAL AGENCY ORGANIZATION STRUCTURE

| | |
|--------------------------|---|
| Name of School | Willow Education dba Bay Area Technology School |
| Sponsoring District | Oakland Unified School District |
| Original date of charter | 5/07/2003 |
| Charter expiration date | 6/30/2023 |

GOVERNING BOARD

| <u>Member</u> | <u>Title</u> | <u>Term Expires</u> |
|------------------|--------------|---------------------|
| Kairat Sabyrov | President | 9/15/2020 |
| Volkan Vulukoylu | Treasurer | 3/15/2019 |
| Fatih Dagdelen | Secretary | 11/15/2019 |
| Amy Holt | Director | 10/15/2020 |
| Elissa Graham | Director | 10/15/2020 |

ADMINISTRATION

Kathleen Daugherty, Interim Executive Director
Charter School Management Corporation, Business Manager

**WILLOW EDUCATION DBA BAY AREA TECHNOLOGY SCHOOL
SUPPLEMENTARY INFORMATION**

SCHEDULE OF AVERAGE DAILY ATTENDANCE

| | <u>Annual ADA</u> | <u>Second Period ADA</u> |
|--|-------------------|------------------------------|
| Elementary School | | |
| Grades four through six-classroom based | 46.48 | 46.03 |
| Middle School | | |
| Grades seven through eight-classroom based | 96.78 | 97.62 |
| High School | | |
| Grades nine through twelve-classroom based | 154.38 | 155.04 |
| Total | <u>297.64</u> | <u>298.69</u> |

SCHEDULE OF INSTRUCTIONAL TIME

| <u>Grade Level</u> | <u>Minutes Requirement</u> | <u>Actual Minutes</u> | <u>Number of Traditional Days</u> | <u>Status</u> |
|--------------------|--------------------------------|---------------------------|---------------------------------------|---------------|
| Grade 6 | 54,000 | 70,846 | 178 | Complied |
| Grade 7 | 54,000 | 70,846 | 178 | Complied |
| Grade 8 | 54,000 | 70,846 | 178 | Complied |
| Grade 9 | 64,800 | 70,846 | 178 | Complied |
| Grade 10 | 64,800 | 70,846 | 178 | Complied |
| Grade 11 | 64,800 | 70,846 | 178 | Complied |
| Grade 12 | 64,800 | 70,846 | 178 | Complied |

WILLOW EDUCATION DBA BAY AREA TECHNOLOGY SCHOOL
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the years ended June 30, 2019, 2018, 2017, and 2016

| | Budget 2019 | 2018 | 2017 | 2016 |
|--|---------------------|-------------------|-------------------|-------------------|
| Revenues | \$ 4,022,228 | \$ 3,867,299 | \$ 3,437,789 | \$ 3,026,813 |
| Expenses | 3,580,372 | 3,836,910 | 3,300,253 | 2,678,102 |
| Change in Net Assets | <u>441,856</u> | <u>30,389</u> | <u>137,536</u> | <u>348,711</u> |
| Ending Net Assets | <u>\$ 1,433,248</u> | <u>\$ 991,392</u> | <u>\$ 981,398</u> | <u>\$ 843,862</u> |
| Unrestricted Net Assets | <u>\$ 1,433,248</u> | <u>\$ 991,392</u> | <u>\$ 961,004</u> | <u>\$ 843,862</u> |
| Unrestricted net assets as a percentage of total expenses | <u>40%</u> | <u>26%</u> | <u>29%</u> | <u>32%</u> |
| Total Long Term Debt | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Average Daily Attendance at P2 | <u>304</u> | <u>298</u> | <u>283</u> | <u>267</u> |

WILLOW EDUCATION
DBA BAY AREA TECHNOLOGY SCHOOL
RECONCILIATION OF UNAUDITED ACTUALS
WITH AUDITED FINANCIAL STATEMENTS
For the year ended June 30, 2018

| | | |
|--|----|----------------------------|
| June 30, 2018, annual financial and budget report fund balance: | \$ | 991,393 |
| Adjustments and reclassifications: | | <hr/> |
| Total adjustments and reclassifications: | \$ | <hr/> - <hr/> |
| June 30, 2018 audited financial statements net assets | \$ | <hr/> <u>991,393</u> <hr/> |

WILLOW EDUCATION DBA BAY AREA TECHNOLOGY SCHOOL
SUPPLEMENTARY INFORMATION

NOTES TO SUPPLEMENTARY INFORMATION

NOTE 1 – PURPOSE OF SCHEDULES

Organizational Structure

This schedule provides information about the School’s charter number, district of authorization, members of the governing board, and members of administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes at 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 and in different programs.

Schedule of Instructional Time

The School receives incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of Education Code Sections 46200 through 46206. Charter schools must maintain their instructional minutes at the 1986-87 requirements as adjusted by Education Code sections later adopted.

Schedule of Financial Trends and Analysis

Budget information for 2019 is presented for analysis purposes only and is based on estimates of the 2017-18 fiscal year. This information has not been subject to audit.

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

Reconciliation of Unaudited Financial Report Alternative Form with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance as reported on the Unaudited Financial Report Alternative Form to the net assets reported in the audited financial statements.

**SUPPLEMENTARY INFORMATION SECTION REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



To the Board of Directors
Willow Education
dba Bay Area Technology School
Oakland, California

**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**

We have audited, in accordance with the auditing standards generally accepted in the United States of American 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 Willow Education dba Bay Area Technology School, which comprise the statement of financial position as of June 30, 2018, 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 October 31, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Willow Education dba Bay Area Technology 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 Willow Education dba Bay Area Technology School's internal control. Accordingly, we do not express an opinion on the effectiveness of Willow Education dba Bay Area Technology 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Willow Education dba Bay Area Technology School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

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.

JZ CPAs Inc

Long Beach, California
October 31, 2016



To the Board of Directors
Willow Education
dba Bay Area Technology School
Oakland, California

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Compliance

We have audited Willow Education dba Bay Area Technology School's compliance with the types of compliance requirements identified in the 2017-18 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting that could have a direct and material effect on each of Willow Education dba Bay Area Technology School's state programs as noted below for the year ended June 30, 2018.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of Willow Education dba Bay Area Technology School's 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 *2017-18 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Those 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 direct and material effect on the applicable State programs listed below. An audit includes examining, on a test basis, evidence about Willow Education dba Bay Area Technology 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. Our audit does not provide a legal determination of Willow Education dba Bay Area Technology School's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine Willow Education dba Bay Area Technology School’s compliance with the State laws and regulations applicable to the following:

| Procedures | Procedures performed |
|---|----------------------|
| Local Education Agencies Other Than Charter Schools: | |
| Attendance | Not applicable |
| Teacher Certification and Misassignments | Not applicable |
| Kindergarten Continuance | Not applicable |
| Independent Study | Not applicable |
| Continuation Education | Not applicable |
| Instructional Time | Not applicable |
| Instructional Materials | Not applicable |
| Ratios of Administrative Employees to Teachers | Not applicable |
| Classroom Teacher Salaries | Not applicable |
| Early Retirement Incentive | Not applicable |
| Gann Limit Calculation | Not applicable |
| School Accountability Report Card | Not applicable |
| Juvenile Court Schools | Not applicable |
| Middle or Early College High Schools | Not applicable |
| K-3 Grade Span Adjustment | Not applicable |
| Transportation Maintenance of Effort | Not applicable |
| School District, County Offices of Education, and Charter Schools: | |
| Educator Effectiveness | Not applicable |
| California Clean Energy Jobs Act | Yes |
| After School Education and Safety Program | Not applicable |
| Proper Expenditure of Education Protection Account Funds | Yes |
| 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 Instruction/Independent Study for Charter Schools | Not applicable |
| Determination of Funding for Nonclassroom-Based Instruction | Not applicable |
| Annual Instructional Minutes – Classroom Based | Yes |
| Charter School Facility Grant Program | Not applicable |

Opinion

In our opinion, Willow Education dba Bay Area Technology School has complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2018.

JZ CPAs Inc

Long Beach, California
October 31, 2018

WILL EDUCATION DBA BAY AREA TECHNOLOGY SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2018

FINANCIAL STATEMENT FINDINGS

None noted.

STATE AWARDS FINDINGS AND QUESTIONED COSTS

None noted.

STATUS OF PRIOR YEAR FINDINGS

Prior year findings were corrected as noted on prior year report.