

Board of Trustees
Yosemite-Wawona Elementary Charter School
Wawona, California

In planning and performing our audit of the financial statements of Yosemite-Wawona Elementary Charter School (Charter School) for the year ended June 30, 2018 in accordance with auditing standards generally accepted in the United States of America, we considered the Charter School's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

However, during our audit we became aware of matters discussed below that are opportunities to strengthen internal controls and operating efficiency. This letter does not affect our report dated November 27, 2018, on the financial statements of the Charter School which also includes our report on the Charter School's internal control.

The management comments noted below related to federal programs, based on our audit procedures, are not material noncompliance and are therefore not reported as findings.

Uniform Federal Grant Guidance - Written Policies & Procedures

The Uniform Guidance (2 CFR 200.0-200.521 and Appendices I-XII) mandates that districts have written procedures related to procurement, cash management, and allowable costs and that districts have written standards of conduct covering conflict of interest for employees engaged in the selection, award, and administration of contracts. Implementation of the procurement standards was required effective July 1, 2017.

During our federal compliance audit, we noted that the Charter School did not adopt the new Uniform Guidance written policies and procedures as required.

Internal Controls - Board Approval of Warrants

During our financial audit, we noted the Charter School could improve their internal controls over warrants paid. The Charter School's policy for approving warrants includes Board approval of monthly warrant listings at the board meetings. While performing a test of expenditures, we determined that the July 2017 and August 2017 warrant listings were not approved. At the October 3, 2017 board meeting, the September warrant listing was approved. At this same meeting, the July - September 2017 payroll was approved. The board had to hold an emergency meeting on August 23, 2017 due to a fire evacuation. It is possible that the fire evacuation contributed to the cause of this issue.

We also determined that certain warrants were not included on the warrant listings provided to the Board due to timing issues. For example, the Board approved the March 2018 warrant listing at the April 11, 2018 meeting. However, the Hilton Hotel warrant of \$606.45 issued March 28, 2018 was not included on the March 2018 warrant listing. Per discussion with school staff, the staff was waiting for receipts from an employee before recording the Hilton Hotel charge in QuickBooks; the receipts were received on April 26, 2018 at which point the staff entered the payment into QuickBooks and dated it March 28, 2018, the actual date of the transaction. Per the staff, there is not a policy for dealing with such timing issues.

Recommendation:

In any situation where a board meeting is cancelled or warrant listing information is unavailable due to circumstances beyond control ie. fire evacuation, the Board should approve all prior months' warrant registers that are missed, similar to the way payroll was approved from July - September 2017 at the October 3, 2017 board meeting.

The administrator should provide any warrants added after approval of a given monthly warrant listing to the Board at the subsequent board meeting.

We will review the status of these comments during our next audit engagement. We have already discussed these comments with District personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

We wish to thank the District staff for their support and assistance during our audit.

This report is intended solely for the information and use of management, the Board, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

*Borchardt, Corona, Faeth
& Zakarian*

BORCHARDT, CORONA, FAETH & ZAKARIAN

Fresno, California
November 27, 2018

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**YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
COUNTY OF FRESNO
WAWONA, CALIFORNIA
AUDIT REPORT**

JUNE 30, 2018

**BORCHARDT, CORONA, FAETH & ZAKARIAN
Certified Public Accountants
1180 E. Shaw Ave., Ste. 110
Fresno, California 93710-7809**

**YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
AUDIT REPORT
YEAR ENDED JUNE 30, 2018**

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Thomas R. Borchardt, CPA
Consultant

Independent Auditor's Report

Board of Trustees
Yosemite-Wawona Elementary Charter School
Wawona, California

Report on the Financial Statements

We have audited the accompanying financial statements of Yosemite-Wawona Elementary Charter School (a non-profit organization, "the 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.

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 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yosemite-Wawona Elementary Charter School as of June 30, 2018, 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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information schedules listed in the table of contents are presented for purposes of additional analysis including those required by the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, 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 our report dated November 27, 2018, on our consideration of Yosemite-Wawona Elementary Charter 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 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 Yosemite-Wawona Elementary Charter School's internal control over financial reporting and compliance.

*Borchardt, Corona, Faeth
& Gpakavian*

Fresno, California
November 27, 2018

Financial Section

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YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

CURRENT ASSETS	
Cash in Bank	\$ 198,516
Accounts Receivable	8,181
Prepaid Expenses (Note D)	<u>1,130</u>
Total Current Assets	<u>207,827</u>
NON-CURRENT ASSETS	
Property and Equipment, Net (Note E)	<u>110,551</u>
Total Non-Current Assets	<u>110,551</u>
Total Assets	<u><u>\$ 318,378</u></u>
CURRENT LIABILITIES	
Accounts Payable	\$ 1,014
Unearned Revenue	42,000
Current Portion of Capital Lease Payable (Note F)	<u>19,209</u>
Total Current Liabilities	<u>62,223</u>
NON-CURRENT LIABILITIES	
Capital Lease Payable (Note F)	<u>67,892</u>
Total Non-Current Liabilities	<u>67,892</u>
Total Liabilities	<u>130,115</u>
NET ASSETS	
Temporarily Restricted (Note L)	1,763
Unrestricted	<u>186,500</u>
Total Net Assets	<u>188,263</u>
Total Liabilities and Net Assets	<u><u>\$ 318,378</u></u>

The notes to the financial statements are an integral part of this statement.

YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
LCFF Sources:			
State Aid	\$ 59,610	\$ -	\$ 59,610
Education Protection Account	4,816	-	4,816
Transfers to Charter in Lieu of Property Tax	138,121	-	138,121
Federal Revenue	52,112	17,348	69,460
State Lottery	5,294	2,300	7,594
Other State Revenue	3,249	-	3,249
Other Local Revenue	35,820	42,000	77,820
Net Assets Released from Restrictions (Note M)	61,591	(61,591)	-
Total Revenues	<u>360,613</u>	<u>57</u>	<u>360,670</u>
EXPENSES			
Program Services	277,979	-	277,979
Management and General	94,037	-	94,037
Total Expenses	<u>372,016</u>	<u>-</u>	<u>372,016</u>
 Change in Net Assets	 (11,403)	 57	 (11,346)
 Beginning Net Assets	 <u>197,903</u>	 <u>1,706</u>	 <u>199,609</u>
 Ending Net Assets	 <u>\$ 186,500</u>	 <u>\$ 1,763</u>	 <u>\$ 188,263</u>

The notes to the financial statements are an integral part of this statement.

YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (11,346)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation	15,793
(Increase) Decrease in:	
Accounts Receivable	3,997
Prepaid Expense	10,840
Increase (Decrease) in:	
Accounts Payable	<u>(2,383)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	16,901
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	<u>(26,793)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on capital lease	<u>(12,450)</u>
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NET DECREASE IN CASH	(22,342)
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BEGINNING CASH	<u>220,858</u>
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ENDING CASH	<u><u>\$ 198,516</u></u>
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SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:

Cash paid during the year for interest	<u><u>\$ 11,153</u></u>
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SUPPLEMENTAL NONCASH FINANCING ACTIVITIES

Property and Equipment financed with capital lease	<u><u>\$ 99,551</u></u>
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The accompanying notes are an integral part of the financial statements.

YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

A. ORGANIZATION

Yosemite-Wawona Elementary Charter School (the "School") was formed to offer an alternative, educationally sound, site based curriculum for students and operates under the laws of the State of California as a nonprofit benefit corporation. The School was opened in August of 2014. The School's funding comes primarily from LCFF Sources.

The charter granted to the School includes a single school site located in Yosemite National Park in eastern Mariposa County, California. The National Park Service (NPS) requires all emergency response personnel and most management employees to be "required occupants" within the Park District they serve. These employees and their families have no choice but to live within the community where the employee is stationed. It is the mission of the School to serve the children of these park employees and other local families that wish to have their children attend the School.

On September 19, 2013 (Amended on June 29, 2014) the Bass Lake Joint Union Elementary School District approved the School's petition for Charter from January 13, 2014 to January 13, 2019. As noted in Note K, the School's Charter Renewal Petition is on the Board's agenda for approval in December 2018 and will be presented to Bass Lake Joint Union Elementary School District in January 2019. A charter may be revoked by the sponsoring organization for material violations of the charter, failure to meet student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Each sponsoring organization may receive up to 1% of the annual charter revenue for supervisory oversight. Separately, the School has negotiated fees for sponsoring organization administrative and other services. The rate for the sponsoring organization for 2017-18 was as follows:

<u>Sponsoring Organization</u>	<u>School</u>	<u>Oversight Fee</u>
Bass Lake Joint Union Elementary School District	Yosemite-Wawona Elementary Charter School	0.00%

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School are prepared using the accrual method of accounting and the accounting policies of the School conform to accounting principles generally accepted in the United States of America as established by the American Institute of Certified Public Accountants.

1. Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under ASC Topic 958, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets of the 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 grantor agencies/donors to be used for specific purposes.
- Permanently restricted: These net assets are permanently restricted by grantor agencies/donors and cannot be used by the School. The School does not currently have any permanently restricted net assets.

YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

2. 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.

3. 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, revenues and expenses. Actual results could differ from those estimates.

4. Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

5. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor as required by ASC Topic 958. Amounts received that are designated for specific use in future periods are reported as temporarily restricted. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets for expenditure and reported in the statement of activities and changes in net assets as net assets released from restrictions.

6. Property and Equipment

Property and equipment are capitalized at cost and depreciated using the straight-line method over their estimated useful lives. It is the School's policy to capitalize expenditures for items exceeding \$5,000 in value. Lesser amounts are expensed. Major additions are capitalized; 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 related accumulated depreciation are removed from the accounts, with the resulting gain or loss reflected in the statement of activities. For the year ending June 30, 2018 one asset with a total cost of \$126,344 was acquired exceeding \$5,000 (see Note E).

7. Tax-Exempt Status

The School has a tax-exempt status as provided by Internal Revenue Code Section 501(c)(3) and under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. The School files non-profit organization returns with both the Internal Revenue Service and the California Franchise Tax Board.

8. Cash

Cash in Bank

Cash balance in bank (\$198,516 as of June 30, 2018) is insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The School maintains its cash balance in one financial institution. As of June 30, 2018 the School's balance was fully insured.

YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the School contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The School has no investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the School's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

C. ACCOUNTS RECEIVABLE

Accounts receivable primarily consists of funds due from state and federal governments, therefore no provisions for uncollectable accounts were recorded.

D. PREPAIDS

Beginning in 2016, the School leases three vans for two year terms. The School prepaid the lease on the three vans, \$24,352 in the fiscal year ended June 30, 2016 and \$13,563 in the fiscal year ended June 30, 2017. The lease costs are being amortized over the lease term. The amortized lease expense for 2017-18 was \$10,840 while the unamortized prepaid lease balance as of June 30, 2018 was \$1,130.

E. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2018 consisted of the following:

	<u>Life</u>	<u>Total</u>
Bus	8 Years	\$ 126,344
Accumulated depreciation		(15,793)
Property and Equipment, Net		<u>\$ 110,551</u>

Depreciation expense for the year ended June 30, 2018 was \$15,793.

On July 13, 2017 the School financed a bus through a capital lease agreement with Fleet Financing Resources, LLC. The details of the capital lease are described in Note F.

YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

F. CAPITAL LEASE

The School leases a bus from Fleet Financing Resources, LLC under a capital lease. The economic substance of the lease is that the School is financing the acquisition of the bus through the lease, and, accordingly, it is recorded in the School's assets and liabilities. The bus was purchased on July 13, 2017 for a total price of \$126,344. The School made a down payment of \$26,793 and financed the remaining balance of \$99,551. As of June 30, 2018 the capital lease balance was \$87,101.

The following is a schedule by years of future minimum payments required under the lease:

<u>Year Ending</u> <u>June 30</u>	<u>Lease</u> <u>Payments</u>
2018	\$ 30,606
2019	28,252
2020	28,252
2021	25,898
Total Minimum Lease Payments	113,008
Less Amount representing interest	25,907
Present value of minimum lease payments	<u>87,101</u>

During the year, the School made payments on the capital lease of \$23,603 of which \$11,153 represents interest.

As a result of the School not operating during 2018-19 (see note K), the bus, as collateral for the lease, was transferred to Fleet Financing Resources, LLC so that they could sell the bus. A Notice of Disposition of Collateral by Private Sale was issued on October 29, 2018. The School continues to make the monthly lease payments and is current on the lease. The ultimate outcome of the sale and settlement of the lease obligation is unknown as of the date of these financial statements.

G. FACILITIES – SPECIAL USE PERMIT

The School is currently operating on property that is owned by the National Park Service (NPS). The property is being offered to the School under a Special Use Permit issued by the NPS which allows free use of the property. They were operating under a 25 year Special Use Permit issued to the Bass Lake Joint Union Elementary School District in 1992 and expired in April of 2017. The School is currently working with the NPS to transfer the Permit into their name. However, the ultimate outcome is unknown as of the date of these financial statements.

H. JOINT VENTURES (JOINT POWERS AGREEMENTS)

The School participates in a joint venture under a joint powers agreement (JPA) with the California Risk Management Authority I. The relationship between the School and the JPA is such that the JPA is not a component unit of the School for financial reporting purposes.

Condensed audited financial information for the above JPA (the most current information available) can be obtained through each respective authority.

California Risk Management Authority I (CRMA)

CRMA I arranges for and provides property and liability insurance for its member districts. CRMA I is governed by a Board consisting of a representative from each member district. The Board controls the operations of CRMA I, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in CRMA I.

YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under cost-sharing, 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). Although the School has classified payroll, they do not participate in the California Public Employees Retirement System (CalPERS).

The risks of participating in a multi-employer plan are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- The required member, employer and state contribution rates are set by the California Legislature and detailed in the Teachers' Retirement Law.
- If Yosemite-Wawona Elementary Charter School chooses to stop participating in the multi-employer plan, which is not probable, they may be required to pay a withdrawal liability to the multi-employer plan.

CalSTRS:

Plan Description

Yosemite-Wawona Elementary Charter School contributes to CalSTRS. The plan provides retirement, disability, annual cost of living adjustments and death benefits to plan members. Benefit provisions are established by state statute and Local Government resolution. According to the most recently available audited financial report for the year ended June 30, 2017, total plan assets are \$210 billion, the accumulated benefit obligation is \$303 billion, the plan is 69% funded and contributions from employers totaled approximately \$4.2 billion. Yosemite-Wawona Elementary Charter School did not contribute more than 5% of the total contributions to the plan. CalSTRS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on its respective websites.

Yosemite-Wawona Elementary Charter School's participation in the Plan is outlined in the table below:

<u>Pension Fund</u>	<u>EIN/Pension Plan Number*</u>	<u>Rehabilitation Plan</u>	<u>School Contributions June 30, 2017</u>	<u>Surcharge Imposed</u>	<u>Expiration Date of Current Bargaining Agreement</u>
CalSTRS	94-6291617/N/A	No	\$ 6,881	No	N/A

*Pension Plan Number information was not available or may not be applicable to CalSTRS.

Contributions – CalSTRS

For the year ended June 30, 2018, Section 22950 of the California Education code requires CalSTRS 2% at 60 and 2% at 62 members to contribute monthly to the system 10.25% and 9.205% of the creditable compensation, respectively, upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 14.43% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22, and for each year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Yosemite-Wawona Elementary Charter School's contributions to the pension plan were \$14,105 for the year ended June 30, 2018, and equal 100% of the required contributions for the year.

YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for Yosemite-Wawona Elementary Charter School. For the year ended June 30, 2018 the State contributed \$4,584 on behalf of Yosemite-Wawona Elementary Charter School to CalSTRS.

J. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards and Grants

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 expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

K. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 27, 2018, which is the date the financial statements were available to be issued. Our evaluation through the time period noted the following item requiring disclosure.

Yosemite-Wawona Elementary Charter School suspended operations for the 2018-2019 school year due to the inability to fill the position for a credentialed teacher with enough time to provide students with the required 175 days of instruction. The Board of Directors and the community are taking steps to reopen the School for the 2019-2020 school year including: establishing an interview committee to find a credentialed teacher; establishing an ad hoc committee to meet with the Park Superintendent, Madera and Mariposa Department of Education Superintendents, representatives from UC Merced and Senator Feinstein's office, and community members; and developing next year's curriculum. The Board of Directors is also working to renew the Special Use Permit with the National Parks Service for another five years. The Charter Renewal Petition is on the Board's agenda for approval at the December 2018 meeting and will be presented to the Bass Lake Joint Union Elementary School District in January 2019.

L. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2018 are available for the following purposes:

State Lottery	\$ 1,763
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M. NET ASSETS RELEASED FROM RESTRICTIONS

During the year ended June 30, 2018 net assets were released from donor and grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors or grantors. The net assets released from restrictions are as follows:

Federal	\$ 17,348
State	2,243
Local	42,000
	<u>\$ 61,591</u>

1. The first part of the report is a summary of the work done during the year. This includes a description of the project, the objectives, and the results achieved. It also includes a list of the people who have contributed to the work.

2. The second part of the report is a detailed description of the work done during the year. This includes a description of the project, the objectives, and the results achieved. It also includes a list of the people who have contributed to the work.

3. The third part of the report is a summary of the work done during the year. This includes a description of the project, the objectives, and the results achieved. It also includes a list of the people who have contributed to the work.

4. The fourth part of the report is a detailed description of the work done during the year. This includes a description of the project, the objectives, and the results achieved. It also includes a list of the people who have contributed to the work.

5. The fifth part of the report is a summary of the work done during the year. This includes a description of the project, the objectives, and the results achieved. It also includes a list of the people who have contributed to the work.

6. The sixth part of the report is a detailed description of the work done during the year. This includes a description of the project, the objectives, and the results achieved. It also includes a list of the people who have contributed to the work.

7. The seventh part of the report is a summary of the work done during the year. This includes a description of the project, the objectives, and the results achieved. It also includes a list of the people who have contributed to the work.

8. The eighth part of the report is a detailed description of the work done during the year. This includes a description of the project, the objectives, and the results achieved. It also includes a list of the people who have contributed to the work.

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9. The ninth part of the report is a summary of the work done during the year. This includes a description of the project, the objectives, and the results achieved. It also includes a list of the people who have contributed to the work.

10. The tenth part of the report is a detailed description of the work done during the year. This includes a description of the project, the objectives, and the results achieved. It also includes a list of the people who have contributed to the work.

11. The eleventh part of the report is a summary of the work done during the year. This includes a description of the project, the objectives, and the results achieved. It also includes a list of the people who have contributed to the work.

12. The twelfth part of the report is a detailed description of the work done during the year. This includes a description of the project, the objectives, and the results achieved. It also includes a list of the people who have contributed to the work.

13. The thirteenth part of the report is a summary of the work done during the year. This includes a description of the project, the objectives, and the results achieved. It also includes a list of the people who have contributed to the work.

14. The fourteenth part of the report is a detailed description of the work done during the year. This includes a description of the project, the objectives, and the results achieved. It also includes a list of the people who have contributed to the work.

Supplementary Information Section

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YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
 ORGANIZATION
 YEAR ENDED JUNE 30, 2018

The School was established on August 18, 2014, by Bass Lake Joint Union Elementary School District. The School is currently operating one charter school serving grades K-8 in Wawona, California.

Board of Trustees

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Edward Mee	President/ Board Chairman	June 2018
Chad Andrews	Secretary	June 2018
Dale Wohlgemuth	Member	Resigned November 2018
Elise Bevington	Member	September 2019
Karen Stansberry	Member	Resigned June 2018
Katy Woods	Member	September 2019
Eugene Moisa	Member	Resigned August 2018
Amber Campion	Member	February 2020

Administration

Esme McCarthy
 Teacher, Resigned June 30, 2018

YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
SCHEDULE OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2018

This schedule is used to report resources held by the School in a purely custodial capacity (assets equal liabilities) and does not involve measurement of results of operations. These assets would be held in a trustee or agent capacity and would not be available to support the School's programs and are not included in the School's financial statements. At June 30, 2018 the School had none to report.

**YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)**

**SCHEDULE OF EXPENSES BY STATE CATEGORIES
YEAR ENDED JUNE 30, 2018**

Certificated Salaries	\$ 100,292
Classified Salaries	111,000
Employee Benefits	30,130
Books and Supplies	40,361
Services and Other Expenditures	63,287
Depreciation	15,793
Interest Expense	<u>11,153</u>
	<u>\$ 372,016</u>

This schedule presents expenses by the object codes according to state categories for analysis purposes.

YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Certificated Salaries	\$ 82,764	\$ 17,528	\$ 100,292
Classified Salaries	58,754	52,246	111,000
Employee Benefits	25,329	4,801	30,130
Books and Supplies	34,526	5,835	40,361
Services and Other Operating Expenditures	49,660	13,627	63,287
Depreciation	15,793	-	15,793
Interest Expense	11,153	-	11,153
	<u>\$ 277,979</u>	<u>\$ 94,037</u>	<u>\$ 372,016</u>

This schedule presents expenses by natural and functional classification for analysis purposes.

YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2018

<u>Grade Level</u>	<u>Ed. Code 47612 Minutes Requirement</u>	<u>2017-18 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
TK/Kindergarten	36,000	36,750	175	N/A	In Compliance
Grade 1	50,400	54,675	175	N/A	In Compliance
Grade 2	50,400	54,675	175	N/A	In Compliance
Grade 3	50,400	54,675	175	N/A	In Compliance
Grade 4	54,000	54,675	175	N/A	In Compliance
Grade 5	54,000	54,675	175	N/A	In Compliance
Grade 6	54,000	54,675	175	N/A	In Compliance
Grade 7	54,000	54,675	175	N/A	In Compliance
Grade 8	54,000	54,675	175	N/A	In Compliance

School districts and charter schools must maintain their instructional minutes as defined in Education code section 46201 or 46207, as applicable. This schedule is required of all districts, including basic aid districts.

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 46201 through 46206.

YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2018

	<u>*Second Period Report</u>	<u>*Annual Report Report</u>
TK/K-3:		
Regular ADA - Classroom-Based	9	9
Regular ADA - Non-Classroom Based	<u>5</u>	<u>5</u>
Total TK/K-3	<u>14</u>	<u>14</u>
Grades 4 - 6:		
Regular ADA - Classroom-Based	5	5
Regular ADA - Non-Classroom-Based	<u>2</u>	<u>1</u>
Total Grades 4 - 6	<u>7</u>	<u>6</u>
Grades 7 and 8		
Regular ADA - Classroom Based	2	2
Regular ADA - Non Classroom Based	<u>1</u>	<u>1</u>
Total Grades 7-8	<u>3</u>	<u>3</u>
ADA Totals	<u><u>24</u></u>	<u><u>23</u></u>

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 school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

*The average daily attendance above are the original and audited amounts since the School did not have findings that impact average daily attendance.

**YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
RECONCILIATION OF UNAUDITED ACTUALS FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

June 30, 2018 Unaudited Actuals Financial Report Fund Balance	<u>\$ 207,152</u>
Adjustments and Reclassifications:	
Increasing (Decreasing) the Fund Balance (Net Assets):	
Accounts Receivable	5,359
Prepaid Expenses	(10,301)
Property and Equipment, Net	(15,793)
Accounts Payable	<u>1,846</u>
Net Adjustments and Reclassifications	<u>(18,889)</u>
June 30, 2018 Audited Financial Statement Net Assets	<u><u>\$ 188,263</u></u>

This schedule provides the information necessary to reconcile the fund balance of the School to the audited financial statements.

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Other Independent Auditor's Reports

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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 Trustees
Yosemite-Wawona Elementary Charter School
Wawona, 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 Yosemite-Wawona Elementary Charter School, which comprise of 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 November 27, 2018.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yosemite-Wawona Elementary Charter 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Borchardt, Corona, Faith
& Gpakavian*

Fresno, California
November 27, 2018

Independent Auditor's Report on State Compliance

Board of Trustees
Yosemite-Wawona Elementary Charter School
Wawona, California

Report on State Compliance

We have audited Yosemite-Wawona Elementary Charter School's, (the School's) compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the School's state programs identified below for the fiscal year ended June 30, 2018.

Management's Responsibility for State Compliance

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 for each of the School's state programs based on our audit of the types of compliance requirements referred to above. 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 State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the California Education Audit Appeals Panel. Those standards and audit guide 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 state programs noted below 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. Our audit does not provide a legal determination of the School's compliance with those requirements.

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

<u>Compliance Requirements</u>	<u>Procedures in Audit Guide Performed?</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance Accounting:	
Attendance Reporting	N/A
Teacher Certification and Misassignments	N/A
Kindergarten Continuance	N/A
Independent Study	N/A
Continuation Education	N/A
Instructional Time:	
School Districts	N/A
Instructional Materials	N/A
Ratios of Administrative Employees to Teachers	N/A
Classroom Teacher Salaries	N/A
Early Retirement Incentive	N/A
GANN Limit Calculation	N/A
School Accountability Report Card	N/A
Juvenile Court Schools	N/A

	Procedures in Audit Guide Performed?
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	N/A
Transportation Maintenance of Effort	N/A
Apprenticeship: Related and Supplemental Instruction	N/A
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
After School	N/A
Before School	N/A
General Requirements	N/A
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	N/A
CHARTER SCHOOLS:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	N/A

The term "N/A" is used above to mean either the School did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, Yosemite-Wawona Elementary Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its state programs for the year ended June 30, 2018.

*Borchardt, Corona, Faeth
& Gjakavian*

Fresno, California
November 27, 2018

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Findings and Recommendations Section

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**YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Summary of Auditors' Results

1. Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness (es) identified?	_____ Yes <u> X </u> No
Significant deficiency (ies) identified not considered to be material weakness (es)	_____ Yes <u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

2. Federal Awards

Internal control over major programs:	
Material weakness (es) identified?	Not Applicable
Significant deficiency (ies) identified not considered to be material weakness (es)	Not Applicable
Type of auditor's report issued on compliance for major programs:	Not Applicable
Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.516(a)?	Not Applicable
Dollar threshold used to distinguish between Type A and Type B programs	Not Applicable
Auditee qualified as low-risk Auditee?	Not Applicable

3. State Awards

Internal control over state programs:	
Material weakness (es) identified?	_____ Yes <u> X </u> No
Significant deficiency (ies) identified not considered to be material weakness (es)	_____ Yes <u> X </u> None reported
Type of auditor's report issued on compliance for state programs:	<u>Unmodified</u>

**YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

There were no findings in the current year.

**YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018**

There were no findings in the current year.

**YOSEMITE-WAWONA ELEMENTARY CHARTER SCHOOL
(A CALIFORNIA NON-PROFIT PUBLIC
BENEFIT CORPORATION)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

1. Finding/Recommendation

During our analysis of attendance records we noted the P-2 and Annual Reports of Attendance were not properly prepared. While the attendance of the school was properly reported on line A-1 of the attendance reports, the break out between class-room based attendance on line A-2 and non-classroom attendance on line A-11 was incorrect.

It was recommended that the School should revise its P-2 and Annual Report of Attendance to report correct classroom and non-classroom based ADA.

Current Status

Implemented

District Explanation if Not Implemented

Not Applicable

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