

OXFORD PREPARATORY ACADEMY

**Independent Auditor's Report
and Financial Statements
For the Year Ended
June 30, 2015**

Operating:

**Oxford Preparatory Academy – Chino Valley
Oxford Preparatory Academy – South Orange County**

OXFORD PREPARATORY ACADEMY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Oxford Preparatory Academy
Chino, CA

Report on the Financial Statements

We have audited the accompanying financial statements of Oxford Preparatory Academy (the Academy), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2015, 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
Oxford Preparatory Academy

Opinion

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial position of the Academy as of June 30, 2015, 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 Academy'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 10, 2015 on our consideration of the Academy'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 the Academy's internal control over financial reporting and compliance.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA

November 10, 2015, except for Footnote 6, which is dated March 15, 2017

OXFORD PREPARATORY ACADEMY

STATEMENT OF FINANCIAL POSITION

June 30, 2015

	<u>Chino Valley</u>	<u>South Orange County</u>	<u>Total</u>
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 323,675	\$ 782,052	\$ 1,105,727
Accounts receivable - federal and state	1,265,044	196,794	1,461,838
Accounts receivable - other	29,729	951	30,680
Prepaid expenses and other assets	214,376	144,549	358,925
Total current assets	<u>1,832,824</u>	<u>1,124,346</u>	<u>2,957,170</u>
LONG-TERM ASSETS:			
Property, plant and equipment, net	880,465	346,041	1,226,506
Total long-term assets	<u>880,465</u>	<u>346,041</u>	<u>1,226,506</u>
Total assets	<u>\$ 2,713,289</u>	<u>\$ 1,470,387</u>	<u>\$ 4,183,676</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	\$ 816,481	\$ 422,971	\$ 1,239,452
Notes payable	1,400,000	150,000	1,550,000
Total current liabilities	<u>2,216,481</u>	<u>572,971</u>	<u>2,789,452</u>
LONG-TERM LIABILITIES:			
Notes payable	-	200,000	200,000
Total long-term liabilities	<u>-</u>	<u>200,000</u>	<u>200,000</u>
NET ASSETS:			
Unrestricted	496,808	697,416	1,194,224
Total net assets	<u>496,808</u>	<u>697,416</u>	<u>1,194,224</u>
Total liabilities and net assets	<u>\$ 2,713,289</u>	<u>\$ 1,470,387</u>	<u>\$ 4,183,676</u>

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

OXFORD PREPARATORY ACADEMY

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

	<u>Chino Valley</u>	<u>South Orange County</u>	<u>Total</u>
REVENUES:			
State revenue:			
State aid	\$ 6,217,890	\$ 1,070,412	\$ 7,288,302
Other state revenue	923,179	715,220	1,638,399
Federal revenue:			
Grants and entitlements	145,817	106,771	252,588
Local revenue:			
In-lieu property tax revenue	1,358,730	4,343,658	5,702,388
Other revenue	<u>376,340</u>	<u>402,095</u>	<u>778,435</u>
Total revenues	<u>9,021,956</u>	<u>6,638,156</u>	<u>15,660,112</u>
EXPENSES:			
Program services	6,895,061	4,877,446	11,772,507
Management and general	<u>2,028,641</u>	<u>1,444,899</u>	<u>3,473,540</u>
Total expenses	<u>8,923,702</u>	<u>6,322,345</u>	<u>15,246,047</u>
Change in unrestricted net assets	98,254	315,811	414,065
Beginning unrestricted net assets	<u>398,554</u>	<u>381,605</u>	<u>780,159</u>
Ending unrestricted net assets	<u>\$ 496,808</u>	<u>\$ 697,416</u>	<u>\$ 1,194,224</u>

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

OXFORD PREPARATORY ACADEMY

**STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015**

		South Orange	
	Chino Valley	County	Total
CASH FLOWS from OPERATING ACTIVITIES:			
Change in net assets	\$ 98,254	\$ 315,811	\$ 414,065
Adjustments to reconcile change in net assets to net cash flows from operating activities:			
Depreciation	161,113	71,060	232,173
Change in operating assets:			
Accounts receivable - federal and state	663,326	617,000	1,280,326
Accounts receivable - other	(29,729)	(951)	(30,680)
Prepaid expenses and other assets	(93,601)	(64,996)	(158,597)
Change in operating liabilities:			
Accounts payable and accrued liabilities	189,340	46,409	235,749
Net cash flows from operating activities	988,703	984,333	1,973,036
CASH FLOWS from INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(390,142)	(54,486)	(444,628)
Net cash flows from investing activities	(390,142)	(54,486)	(444,628)
CASH FLOWS from FINANCING ACTIVITIES:			
Proceeds from notes payable	-	250,000	250,000
Repayments of notes payable	(700,000)	(800,000)	(1,500,000)
Net cash flows from financing activities	(700,000)	(550,000)	(1,250,000)
Net change in cash and cash equivalents	(101,439)	379,847	278,408
Cash and cash equivalents at the beginning of the year	425,114	402,205	827,319
Cash and cash equivalents at the end of the year	\$ 323,675	\$ 782,052	\$ 1,105,727
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest during the fiscal year	\$ 101,983	\$ 11,321	\$ 113,304

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

OXFORD PREPARATORY ACADEMY

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015**

	Program	Management	Total
	Services	and General	Expenses
Salaries and wages	\$ 6,560,202	\$ 1,378,821	\$ 7,939,023
Pension expense	619,032	141,500	760,532
Other employee benefits	812,293	234,321	1,046,614
Payroll taxes	192,423	100,441	292,864
Management fees	-	554,794	554,794
Legal expenses	-	91,377	91,377
Accounting expenses	-	27,172	27,172
Instructional materials	510,798	-	510,798
Other fees for services	1,244,165	426,892	1,671,057
Advertising and promotion expenses	-	35,298	35,298
Office expenses	36,083	213,412	249,495
Printing and postage expenses	12,154	-	12,154
Information technology expenses	39,576	-	39,576
Occupancy expenses	852,407	-	852,407
Travel expenses	110,769	29,319	140,088
Conference and meeting expenses	62,700	-	62,700
Interest expense	97,158	16,146	113,304
Depreciation expense	232,173	-	232,173
Insurance expense	-	67,123	67,123
Other expenses	390,574	156,924	547,498
	<u>\$ 11,772,507</u>	<u>\$ 3,473,540</u>	<u>\$ 15,246,047</u>

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

OXFORD PREPARATORY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Oxford Preparatory Academy (the Academy) is a California nonprofit public benefit corporation and is organized to manage and operate two public charter schools. The Academy is funded principally through State of California public education monies received through the California Department of Education.

Oxford Preparatory Academy - Chino Valley

The charter may be revoked by the Chino Valley Unified School District (the Sponsor) for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Oxford Preparatory Academy - South Orange County

The charter may be revoked by the Capistrano Unified School District (the Sponsor) for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Cash and Cash Equivalents – The Academy 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.

Functional Allocation of Expenses – Costs of providing the Academy'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.

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.

OXFORD PREPARATORY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Asset Classes – The Academy 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 Academy are defined as:

- Unrestricted: All resources over which the governing board has discretionary control to use in carrying on the general operations of the Academy.
- Temporarily restricted: These net assets are restricted by donors to be used for specific purposes. The Academy does not currently have any temporarily restricted net assets.
- Permanently restricted: These net assets are permanently restricted by donors and cannot be used by the Academy. The Academy does not currently have any permanently restricted net assets.

Receivables – Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2015. 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.

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 Academy 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 Academy 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 revenue. 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.

OXFORD PREPARATORY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes – The Academy 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 Academy 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 Academy has evaluated subsequent events through November 10, 2015, the date these financial statements were available to be issued.

NOTE 2: CONCENTRATION OF CREDIT RISK

The Academy 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 Academy 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.

The Academy also maintains cash in the County Treasury (the County). The County pools these funds with those of other educational organizations in the county and invests the cash. These pooled funds are carried at cost which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The funds maintained by the County are either secured by federal depository insurance or collateralized.

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in the accompanying financial statements is presented net of accumulated depreciation. The Academy capitalizes all expenditures for land, buildings and equipment in excess of \$5,000. Depreciation expense was \$232,173 as of June 30, 2015.

The components of property, plant and equipment as of June 30, 2015 are as follows:

Building and improvements	\$ 496,839
Furniture, fixtures, equipment	<u>1,402,360</u>
	1,899,199
Less accumulated depreciation	<u>(672,693)</u>
Property, plant and equipment, net	<u>\$ 1,226,506</u>

OXFORD PREPARATORY ACADEMY

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 4: NOTES PAYABLE

Revenue Anticipation Notes

The Academy issued its \$3,000,000 2013 Revenue Anticipation Notes, Series A (“2013A RANs”) on June 25, 2013 to cover working capital needs during the 2013-14 year, which were repaid in full without penalty on August 1, 2014. The 2013A RANs carry an interest rate of 6.25%.

The Academy issued its \$1,500,000 2014 Revenue Anticipation Notes, Series A (“2014A RANs”) on July 28, 2014 to cover working capital needs during the 2014-15 year, which were repaid in full without penalty on September 15, 2015. The 2014A RANs carry an interest rate of 6.25%.

California Department of Education

The Academy received a revolving loan from the California Department of Education (CDE) in the amount of \$250,000. The loan has a term of 5 years and carries an interest rate of .26 %. Annual payments of principal and interest are deducted from Academy’s apportionment.

The loan repayment by year is as follows:

Year Ended <u>June 30,</u>	
2016	\$ 50,000
2017	50,000
2018	50,000
2019	50,000
2020	<u>50,000</u>
Total	<u>\$ 250,000</u>

NOTE 5: EMPLOYEE RETIREMENT

Multi-employer Defined Benefit Pension Plans

Qualified employees are covered under multi-employer defined benefit pension plans maintained by agencies of the State of California.

The risks of participating in these multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer 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 (c) if the Academy chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Academy has no plans to withdraw from this multi-employer plan.

OXFORD PREPARATORY ACADEMY

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 5: EMPLOYEE RETIREMENT

State Teachers' Retirement System (STRS)

Plan Description

The Academy contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. 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, 2014, total plan net assets are \$191 billion, the total actuarial present value of accumulated plan benefits is \$287 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5% funded. The Academy 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.

Funding Policy

Active plan members are required to contribute 8.15% of their salary and the Academy 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. The required employer contribution rate for year ended June 30, 2015 was 8.88% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

The Academy'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>
2013	\$ 518,554	100%
2014	\$ 403,061	100%
2015	\$ 506,735	100%

OXFORD PREPARATORY ACADEMY

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 5: EMPLOYEE RETIREMENT

Public Employees' Retirement System (PERS)

Plan Description

The Academy contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by CalPERS. Plan information for PERS is not publicly available. 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. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2014, the Schools Pool total plan assets are \$56.8 billion, the total actuarial present value of accumulated plan benefits is \$76.9 billion, contributions from all employers totaled \$1.2 billion, and the plan is 86.6% funded. The Academy did not contribute more than 5% of the total contributions to the plan.

Copies of the CalPERS' annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814 and www.calpers.ca.gov.

Funding Policy

Active plan members are required to contribute 7.0% of their salary while new members after January 1, 2013 are required to contribute 6.0% of their salary. The Academy 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 rate for year ended June 30, 2015 was 11.771%. The contribution requirements of the plan members are established and may be amended by State statute.

The Academy's contributions to PERS for each of the last three years are as follows:

Year Ended June 30,	Required Contribution	Percent Contributed
2013	\$ 207,385	100%
2014	\$ 183,490	100%
2015	\$ 253,797	100%

NOTE 6: RELATED PARTY TRANSACTIONS

A separate non-profit Charter Management Organization (CMO) – Edlighten Learning Solutions was considered a related party for the year ended June 30, 2015.

OXFORD PREPARATORY ACADEMY

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 6: RELATED PARTY TRANSACTIONS

During the year ended June 30, 2015, \$824,226 (Chino Valley) and \$610,663 (South Orange County) in contractual CMO fees were paid by the Academy for charter replication and renewal process, business planning, facility oversight and planning, human resources, and professional development.

NOTE 7: CONTINGENCIES

The Academy 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

OXFORD PREPARATORY ACADEMY

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
For the Year Ended June 30, 2015**

Oxford Preparatory Academy (the Academy) is a California non-profit public benefit corporation and is organized to manage and operate two public charter schools.

The Oxford Preparatory - Chino Valley began serving students in September 2010 and is sponsored by the Chino Valley Unified School District (the Sponsor).

The Sponsor has renewed the charter through June 30, 2017.

Charter School number authorized by the State: 1178

The Oxford Preparatory - South Orange County began serving students in September 2011 and is sponsored by the Capistrano Unified School District (the Sponsor).

The Sponsor has renewed the charter through June 30, 2019.

Charter School number authorized by the State: 1324

OXFORD PREPARATORY ACADEMY

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (continued)
For the Year Ended June 30, 2015**

The Board of Directors and the Administrators as of the year ended June 30, 2015 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Bob Kuhnert, Esq.	Chairman	2 year term expires 6/30/15
Albert Chang	Vice Chairman	3 year term expires 6/30/16
Dr. Greg Maddex	Secretary	2 year term expires 6/30/15
Robert G Lehmeier	Treasurer	3 year term expires 6/30/16
Michael Delgado	Member	3 year term expires 6/30/16

ADMINISTRATORS

Barbara Black	Interim Executive Director
Juliette Ugartechea	Chief Financial Officer
Nick Cailfato	Coord. of Business Services

OXFORD PREPARATORY ACADEMY

**SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2015**

	Instructional Minutes			Instructional Days	Status
	Requirement	Reduced	Actual		
Chino Valley:					
Kindergarten	36,000	34,971	35,070	170	In compliance
Grade 1	50,400	48,960	50,510	170	In compliance
Grade 2	50,400	48,960	50,510	170	In compliance
Grade 3	50,400	48,960	50,510	170	In compliance
Grade 4	54,000	52,457	52,740	170	In compliance
Grade 5	54,000	52,457	52,740	170	In compliance
Grade 6	54,000	52,457	52,740	170	In compliance
Grade 7	54,000	52,457	52,740	170	In compliance
Grade 8	54,000	52,457	52,740	170	In compliance
South Orange County:					
Kindergarten	36,000	34,971	35,700	170	In compliance
Grade 1	50,400	48,960	50,310	170	In compliance
Grade 2	50,400	48,960	50,310	170	In compliance
Grade 3	50,400	48,960	50,310	170	In compliance
Grade 4	54,000	52,457	52,540	170	In compliance
Grade 5	54,000	52,457	52,540	170	In compliance
Grade 6	54,000	52,457	52,540	170	In compliance
Grade 7	54,000	52,457	52,540	170	In compliance
Grade 8	54,000	52,457	52,540	170	In compliance

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

OXFORD PREPARATORY ACADEMY

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2015**

	<u>Second Period Report</u>		<u>Annual Report</u>	
	Classroom		Classroom	
	<u>Based</u>	<u>Total</u>	<u>Based</u>	<u>Total</u>
Chino Valley:				
Grades K-3	436.83	559.97	437.41	561.37
Grades 4-6	336.07	399.48	335.69	398.52
Grades 7-8	177.84	187.69	177.41	187.30
ADA Totals	<u>950.74</u>	<u>1,147.14</u>	<u>950.51</u>	<u>1,147.19</u>
South Orange County:				
Grades K-3	334.25	419.20	327.12	421.24
Grades 4-6	257.68	288.30	258.49	287.78
Grades 7-8	120.41	128.99	119.78	128.51
ADA Totals	<u>712.34</u>	<u>836.49</u>	<u>705.39</u>	<u>837.53</u>

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

OXFORD PREPARATORY ACADEMY
RECONCILIATION OF ANNUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

There were no adjustments or reclassifications for the year ended June 30, 2015.

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

OXFORD PREPARATORY ACADEMY

**NOTES TO THE SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Academy and whether the Academy 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 Academy. 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
Oxford Preparatory Academy
Chino, 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 Oxford Preparatory Academy (the Academy), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2015, 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 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy'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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 Academy'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.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
November 10, 2015



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors
Oxford Preparatory Academy
Chino, CA

We have audited Oxford Preparatory Academy's (the Academy) compliance with the types of compliance requirements described in the *2014-2015 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, 2015. The Academy'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 Academy'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 *2014-2015 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 Academy'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 Academy's compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the Academy'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:	
California Clean Energy Jobs Act	Not applicable
After School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation 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
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	Yes
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Not applicable

Opinion on State Compliance

In our opinion, the Academy complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2015.

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 *2014-2015 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.



VICENTI, LLOYD & STUTZMAN LLP
 Glendora, CA
 November 10, 2015

OXFORD PREPARATORY ACADEMY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

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 or state awards for June 30, 2015.

OXFORD PREPARATORY ACADEMY

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

There were no findings and questioned costs related to the basic financial statements or state awards for the prior year.