



**PUBLIC POLICY
CHARTER SCHOOL**

ANNUAL FINANCIAL REPORT

JUNE 30, 2016



**PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Public Policy Charter School
(A California Nonprofit Public Benefit Corporation)
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of Public Policy Charter School (the Charter School) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Charter School'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 Charter School'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Charter School, as of June 30, 2016, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2016, on our consideration of the the 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 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 Charter School's internal control over financial reporting and compliance.

Vannink, Tein, Day & Co., LLP

Rancho Cucamonga, California
September 2, 2016

PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

Current Assets

| | |
|---------------------------|----------------|
| Cash and cash equivalents | \$ 56,070 |
| Accounts receivable | 185,483 |
| Prepaid expenses | 45,770 |
| Total Current Assets | <u>287,323</u> |

| | |
|--------------|-------------------|
| Total Assets | <u>\$ 287,323</u> |
|--------------|-------------------|

LIABILITIES

Current Liabilities

| | |
|---------------------------|---------------|
| Accounts payable | \$ 31,071 |
| Deferred revenue | 31,910 |
| Total Current Liabilities | <u>62,981</u> |

| | |
|-------------------|---------------|
| Total Liabilities | <u>62,981</u> |
|-------------------|---------------|

NET ASSETS

| | |
|--------------|---------|
| Designated | 4,336 |
| Unrestricted | 220,006 |

| | |
|------------------|----------------|
| Total Net Assets | <u>224,342</u> |
|------------------|----------------|

| | |
|----------------------------------|-------------------|
| Total Liabilities and Net Assets | <u>\$ 287,323</u> |
|----------------------------------|-------------------|

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

**PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016**

REVENUES

| | |
|-------------------------------|------------------|
| Local Control Funding Formula | \$ 851,683 |
| Federal revenue | 339,055 |
| Other State revenue | 170,305 |
| Local revenues | <u>256,532</u> |
| Total Revenues | <u>1,617,575</u> |

EXPENSES

| | |
|--------------------------------------|------------------|
| Program services | |
| Teacher salaries and benefits | 437,980 |
| Educational programs | 650 |
| Occupancy | 59,589 |
| Student supplies | 142,617 |
| Student nutrition | 64,460 |
| Special education fee | 31,118 |
| Operating expenses | 116,834 |
| Insurance | 6,274 |
| Capital outlay | <u>5,386</u> |
| Total Program Services | <u>864,908</u> |
| Fundraising | |
| Fundraising expense | <u>2,709</u> |
| Management and general | |
| Administrative salaries and benefits | 304,334 |
| Clerical salaries and benefits | 31,280 |
| District supervisory fee | 8,517 |
| Student supplies | 14,289 |
| Occupancy | 50,800 |
| Insurance | 5,349 |
| Operating expenses | 106,456 |
| Capital outlay | <u>4,591</u> |
| Total Management and General | <u>525,616</u> |
| Total Expenses | <u>1,393,233</u> |

CHANGE IN NET ASSETS

NET ASSETS, BEGINNING OF YEAR

| |
|-------------------|
| 224,342 |
| <u>-</u> |
| <u>\$ 224,342</u> |

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

PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)

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

| | |
|---|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ 224,342 |
| Changes in operating assets and liabilities | |
| Increase in accounts receivable | (185,483) |
| Increase in prepaid expenses and other assets, net | (45,770) |
| Increase in accounts payable | 31,071 |
| Increase in deferred revenue | 31,910 |
| Net Cash Provided by Operating Activities | <u>56,070</u> |
| NET INCREASE IN CASH | 56,070 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | - |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 56,070</u> |
| Supplemental cash flow disclosure | |
| Cash paid during the period for interest | <u>\$ -</u> |

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

**PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

NOTE 1 - ORGANIZATION AND MISSION

Public Policy Charter School was formed during 2014 as a California nonprofit organization. In September 2015, the Charter School welcomed its first students in grades 5th and 6th. Public Policy Charter School is a nonprofit public benefit corporation. The Charter School petitioned, and was approved by, Los Angeles Unified School District for a charter for a period of five years ending on June 30, 2020. The Charter School was numbered by the State of California Department of Education during 2015.

Charter school number authorized by the State: 1703

The Charter School is located at 1701 Browning Blvd., Los Angeles, CA 90062 that provides a first rate education to students in grades five through eight school (currently serving grades 5th and 6th). The Charter School mission is to provide learners with a safe, supportive, and dynamic learning environment that delivers a rigorous and engaging, college-preparatory curriculum. Through the study of public policy, our learners will be equipped with the knowledge, skills and fortitude to advocate for themselves and their community through leadership and action.

Other Related Entities

Joint Powers Agency and Risk Management Pools - The Charter School is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 11 to the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The significant policies followed by the Charter School are described below to enhance the financial statements.

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School has no temporarily or permanently restricted net assets, as of June 30, 2016. In addition, the Charter School is required to present a Statement of Cash Flows.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The Charter Schools' financial statements are prepared utilizing the accrual basis of accounting. Support and revenues are recorded in the period earned. Expenditures are recognized in the period the liability is incurred.

**PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

Income Taxes

The Charter School is a nonprofit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. It is also exempt from state franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2012 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

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

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Charter School considers all cash on hand, in banks, and highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

The Charter School considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Prepaid Expenses / Security Deposit

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has reported prepaid items either when purchased or during the benefiting period. Security deposits represent amounts paid per the rental agreement of facilities that will not be returned within one year and are recorded as non-current assets.

Donated Services, Goods, and Facilities

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

**PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

Use of Estimates

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

NOTE 3 - CASH

Cash at June 30, 2016, consisted of the following:

| Deposits | <u>Reported Amount</u> | <u>Bank Balance</u> |
|---------------------------|------------------------|---------------------|
| Cash on hand and in banks | \$ 56,070 | \$ 66,808 |

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The Charter School maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2016, the Charter School did not have a balance in excess of FDIC insured limits. Management believes that the Charter School is not exposed to any significant risk related to cash.

NOTE 4 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2016, consisted of the following:

| | |
|-------------------------------|-------------------|
| Local Control Funding Formula | \$ 61,852 |
| Federal receivables | 77,039 |
| Other State receivables | 29,124 |
| Lottery | <u>17,468</u> |
| Total Accounts Receivable | <u>\$ 185,483</u> |

PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - PREPAID EXPENSES

Prepaid expenses at June 30, 2016, consisted of the following:

| | | |
|------------------------|----|---------------|
| Security deposits | \$ | 18,300 |
| Other | | 27,470 |
| Total Prepaid Expenses | \$ | <u>45,770</u> |

NOTE 6 - ACCOUNTS PAYABLE

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

| | | |
|----------------------------|----|---------------|
| Salaries and benefits | \$ | 4,872 |
| Vendor payables | | 22,413 |
| Compensated absences | | 1,940 |
| Due to grantor governments | | 1,846 |
| Total Accounts Payable | \$ | <u>31,071</u> |

NOTE 7 - DEFERRED REVENUE

Deferred revenue at June 30, 2016, consisted of the following:

| | | |
|-----------------|----|---------------|
| Federal sources | \$ | <u>31,910</u> |
|-----------------|----|---------------|

NOTE 8 - OPERATING LEASES

On April 29, 2015, Public Policy Charter School entered into a Sublease Agreement with TEACH, Inc., *dba* Teach Academy of Technologies for the property located at 1701 Browning Blvd, Los Angeles, CA 90062. The terms of the lease were for the year commencing on August 1, 2015, and ending on July 31, 2016. Per the agreement, the Charter School was required to pay base rent in the amount of \$9,000 per month, with payments due on the first day of each month. Additionally, per the terms of the agreement, the Charter School could take early possession of the premises (if available); as such, the Charter School leased the premises effective July 2015 at the same base rent amount. Total rent expense for the year ended June 30, 2016, was \$108,000.

On April 13, 2016, Public Policy Charter School entered into a Commercial Lease Agreement with Cassandra Kwoh for the property located at 1701 Browning Blvd, Los Angeles, CA 90062. The terms of the lease were for one year, commencing on August 1, 2016, and ending on June 31, 2017. Per the agreement, the Charter School is required to pay rent in the amount of \$8,700 per month, with rent payments due on the first day of each month.

**PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

Future lease payments are as follows:

| Fiscal Year Ending June 30, 2017 | Lease Payments |
|--|-------------------|
| | \$ 104,400 |

NOTE 9 - NET ASSETS

Net assets at June 30, 2016, consisted of the following:

| | |
|------------------|-------------------|
| Designated | \$ 4,336 |
| Unrestricted | 220,006 |
| Total Net Assets | <u>\$ 224,342</u> |

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

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

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 Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

**PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

The details of the plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. 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, 2015, total actuarial value of assets are \$177 billion, the actuarial obligation is \$242 billion, contributions from all employers totaled \$2.6 billion, and the plan is 68.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

**PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

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

| | <u>STRP Defined Benefit Program</u> | |
|---|-------------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 9.20% | 8.56% |
| Required employer contribution rate | 10.73% | 10.73% |
| Required state contribution rate | 7.12589% | 7.12589% |

Contributions

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2016, are presented above and the Charter School's total contributions were \$42,690.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Charter Schools. These payments consist of State General Fund contributions to CalSTRS in the amount of \$28,565 (7.12589 percent of salaries subject to CalSTRS). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

NOTE 11 - RISK MANAGEMENT

Participation in Joint Powers Authority

The Charter School is a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) dba CharterSAFE for risk management services for workers' compensation insurance and charter school liability insurance. The relationship between the Charter School and the CharterSAFE is such that the CharterSAFE is not considered a component unit of the Charter School for financial reporting purposes.

**PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

The CharterSAFE has budgeting and financial reporting requirements independent of member units and the CharterSAFE's financial statements are not presented in these financial statements; however, transactions between the CharterSAFE and the Charter Schools are included in these statements. Audited financial statements for the CharterSAFE were not available for fiscal year 2015-2016 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2016, the Charter School made payments of \$21,914 to CharterSAFE for services received. At June 30, 2016, the Charter School had no recorded accounts receivable or accounts payable to CharterSAFE.

NOTE 12 - CONTINGENCIES

The Charter Schools have 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 reimbursement, if required, would not be material.

Litigation

The Charter Schools are not currently a party to any legal proceedings.

NOTE 13 - SUBSEQUENT EVENTS

The Charter School management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through September 2, 2016, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions, other than those noted below, that would have a material impact on the current year financial statements.

On August 10, 2016, Public Policy Charter School entered into a loan agreement with the California School Finance Authority Charter School Revolving Loan Fund Program for a total amount of \$250,000 to be repaid in four years. The purpose of the loan is to support the operations of the Charter School.

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SUPPLEMENTARY INFORMATION

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**PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2016**

ORGANIZATION

Public Policy Charter School (Charter Number 1703) was granted in 2015 by the Los Angeles Unified School District. Public Policy Charter School operates one school providing classroom-based instruction to students in grades five and six.

GOVERNING BOARD

| <u>MEMBER</u> | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|-----------------|-------------------------------|---------------------|
| Laura Baron | Board Chair | February 2018 |
| Mayra Rivas | Board Secretary and Treasurer | February 2018 |
| Kiumars Arzani | Board Member | February 2018 |
| Sujit Govindraj | Board Member | February 2018 |
| Rohit Shukla | Board Member | February 2018 |

ADMINISTRATION

| | |
|----------------|--------------------|
| Sonali Tucker | Executive Director |
| Donna Jacobson | Principal |

See accompanying note to supplementary information.

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INDEPENDENT AUDITOR'S REPORTS

Other Matters

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

| | <u>Procedures Performed</u> |
|---|---------------------------------|
| LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS | |
| Attendance | No, see below |
| Teacher Certification and Misassignments | No, see below |
| Kindergarten Continuance | No, see below |
| Independent Study | No, see below |
| Continuation Education | No, see below |
| Instructional Time | No, see below |
| Instructional Materials | No, see below |
| Ratios of Administrative Employees to Teachers | No, see below |
| Classroom Teacher Salaries | No, see below |
| Early Retirement Incentive | No, see below |
| Gann Limit Calculation | No, see below |
| School Accountability Report Card | No, see below |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | No, see below |
| K-3 Grade Span Adjustment | No, see below |
| Transportation Maintenance of Effort | No, see below |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| Educator Effectiveness | No, see below |
| California Clean Energy Jobs Act | No, see below |
| After School Education and Safety Program: | |
| General Requirements | No, see below |
| After School | No, see below |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study - Course Based | No, see below |
| Immunizations | Yes |
| CHARTER SCHOOLS | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Non Classroom-Based Instruction/Independent Study for Charter Schools | No, see below |
| Determination of Funding for Non Classroom-Based Instruction | No, see below |
| Annual Instruction Minutes Classroom-Based | Yes |
| Charter School Facility Grant Program | Yes |

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School did not receive funding related to Educator Effectiveness; therefore, we did not perform any related procedures.

The Charter School did not receive funding related to the California Clean Energy Jobs Act; therefore, we did not perform any related procedures.

The Charter School does not operate a before or after school program within the After School Education and Safety Program; therefore, we did not perform any related procedures.

The Charter School does not operate Independent Study – Course Based instruction; therefore, we did not perform any related procedures.

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

Varrinck, Tim, Day & Co., LLP

Rancho Cucamonga, California
September 2, 2016

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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**PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)**

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS

| | |
|---|----------------------|
| Type of auditor's report issued: | <u>Unmodified</u> |
| Internal control over financial reporting: | |
| Material weakness identified? | <u>No</u> |
| Significant deficiency identified? | <u>None reported</u> |
| Noncompliance material to financial statements noted? | <u>No</u> |

STATE AWARDS

| | |
|---|-------------------|
| Type of auditor's report issued on compliance for programs: | <u>Unmodified</u> |
|---|-------------------|

**PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

None reported.

**PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

None reported.

**PUBLIC POLICY CHARTER SCHOOL
(A California Nonprofit Public Benefit Corporation)**

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

The year ended June 30, 2016, was the Charter School's first year of operation.