



**THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT
PUBLIC BENEFIT CORPORATION)**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
JUNE 30, 2017 AND 2016**

**ROCKLIN ACADEMY
CHARTER SCHOOL #0308**

**ROCKLIN ACADEMY AT MEYERS STREET
CHARTER SCHOOL #0900**

**WESTERN SIERRA COLLEGIATE ACADEMY
CHARTER SCHOOL #1071**

**ROCKLIN ACADEMY GATEWAY
CHARTER SCHOOL #1528**

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THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rocklin Academy Family of Schools
Rocklin, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Rocklin Academy (the "Organization"), a California non-profit public benefit corporation, which comprise the statements of financial position as of June 30, 2017 and 2016 the related statements of activities, functional expenses, and cash flows for the years 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 The Rocklin Academy as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

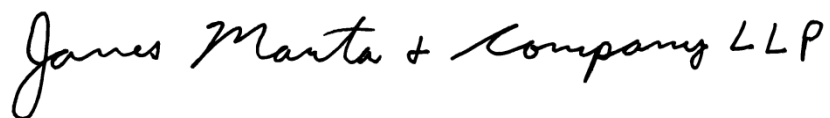
Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents, as required by the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate 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 December 8, 2017 on our consideration of The Rocklin Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Rocklin Academy's internal control over financial reporting and compliance.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 8, 2017

FINANCIAL STATEMENTS

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,354,225	\$ 3,525,417
Restricted cash, current	398,653	348,141
Accounts receivable	2,074,408	2,233,396
Prepaid Expenses and deposits	84,813	77,204
Total Current Assets	7,912,099	6,184,158
Noncurrent Assets		
Restricted cash, noncurrent	975,620	974,941
Property & equipment, net	8,432,725	8,766,508
Other assets, net	410,483	427,586
Total Noncurrent Assets	9,818,828	10,169,035
Total Assets	\$ 17,730,927	\$ 16,353,193
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 452,476	\$ 550,004
Due to student groups	147,569	55,129
Due to parent groups	74,511	143,881
Accrued interest	70,059	70,959
Capital lease obligations, current	-	389
Debt, current	130,000	120,000
Total Current Liabilities	874,615	940,362
Noncurrent Liabilities		
Capital lease obligations, noncurrent	-	-
Debt, noncurrent	10,045,000	10,175,000
Total Noncurrent Liabilities	10,045,000	10,175,000
Total Liabilities	10,919,615	11,115,362
NET ASSETS		
Unrestricted net assets	5,386,018	3,744,903
Temporarily restricted	1,425,294	1,492,928
Total Net Assets	\$ 6,811,312	\$ 5,237,831

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

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
UNRESTRICTED NET ASSETS		
Revenues		
Federal revenue	\$ 297,203	\$ 363,340
State revenue		
State aid portion of general purpose funding	10,146,009	9,648,019
State lottery revenue	363,351	352,113
All other	244,289	1,118,762
Local revenue		
Cash in-lieu of property taxes	6,849,219	5,562,936
Interest Income	2,182	324
All other	1,804,823	1,541,971
Net assets released from restrictions	4,305,846	3,507,544
Total revenues	24,012,922	22,095,009
Expenses		
Program expenses		
Educational program	17,944,426	15,583,570
Supporting services	4,427,381	4,674,361
Total expenses	22,371,807	20,257,931
Change in Unrestricted Net Assets	1,641,115	1,837,078
TEMPORARILY RESTRICTED NET ASSETS		
EPA revenue	1,957,672	1,977,645
State lottery revenue	122,477	125,727
Other state revenue	2,129,942	1,735,308
All other local revenue	28,121	
Net assets released from restrictions	(4,305,846)	(3,507,544)
Change in Temporarily Restricted Net Assets	(67,634)	331,136
Change in Net Assets	1,573,481	2,168,214
Net Assets, Beginning of Period	5,237,831	3,069,617
Net Assets, End of Period	\$ 6,811,312	\$ 5,237,831

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

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

	Educational Programs	Supporting Services	Total
Certificated Salaries	\$ 7,216,340	\$ 1,780,469	\$ 8,996,809
Classified Salaries	2,236,650	551,843	2,788,493
Employee Benefits	2,740,959	676,270	3,417,229
Books and supplies	860,851	212,396	1,073,247
Services and other operating expenses	4,889,626	1,206,403	6,096,029
 Total Expenses	 \$ 17,944,426	 \$ 4,427,381	 \$ 22,371,807

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

	Educational Programs	Supporting Services	Total
Certificated Salaries	\$ 7,894,650	\$ 184,218	\$ 8,078,868
Classified Salaries	1,819,238	761,168	2,580,406
Employee Benefits	2,232,062	516,079	2,748,141
Books and supplies	1,217,503	96,251	1,313,754
Services and other operating expenses	2,420,117	3,116,645	5,536,762
 Total Expenses	 \$ 15,583,570	 \$ 4,674,361	 \$ 20,257,931

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Net Cash Flows Provided (Used) by Operating Activities		
Change in net assets	\$ 1,573,481	\$ 2,168,214
Reconciliation to net cash provided by operating activities:		
Depreciation and Amortization	549,604	476,017
Changes in:		
Accounts receivable	158,988	(363,294)
Prepaid expense and deposits	(7,609)	15,403
Other assets, net	17,103	17,103
Accounts payable	(97,528)	(383,023)
Accrued interest	(900)	(488)
Due to student groups	92,440	6,505
Due to parent groups	(69,370)	41,860
Net cash provided (used) by operating activities	2,216,209	1,978,297
Net Cash Flows Provided (Used) by Investing Activities		
Purchase of property and equipment	(215,821)	(1,033,285)
Net Cash Flows Provided (Used) by Financing Activities		
Payments on debt	(120,000)	(65,000)
Payments on capital lease obligations	(389)	(20,892)
Net cash provided (used) by financing activities	(120,389)	(85,892)
Net Increase (Decrease) in Cash and Cash Equivalents	1,879,999	859,120
Cash and Cash Equivalents, Beginning of Year	4,848,499	3,989,379
Cash and Cash Equivalents, End of Year	\$ 6,728,498	\$ 4,848,499
Cash and cash equivalents	\$ 5,354,225	\$ 3,525,417
Restricted Cash	1,374,273	1,323,082
Total	\$ 6,728,498	\$ 4,848,499
Supplemental Disclosure		
Cash paid for interest	\$ 851,513	\$ 858,055

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The Rocklin Academy (the Organization) is a California non-profit public benefit corporation that was incorporated in May 2000 and is organized to manage, operate, guide, direct, and promote California public charter schools.

Charters granted to the Organization by Rocklin Unified School District (RUSD), the Sponsoring District, include three schools:

- Rocklin Academy (Turnstone) received its third charter renewal from RUSD in February 2015. The renewal of the charter is effective through June 30, 2020. Turnstone serves students in Kindergarten through 6th grade. The charter school number is 0308.
- Rocklin Academy at Meyers Street (Meyers) received its second renewal by RUSD in November 2015. The renewal of the charter is effective through June 30, 2021. Meyers serves students in Kindergarten through 6th grade. The charter school number is 0900.
- Western Sierra Collegiate Academy (WSCA) received its first charter renewal from RUSD in November 2013. The renewal of the charter is effective through June 30, 2019. WSCA serves students in grades 7 – 12. The charter school number is 1071.

Charters granted to the Organization by Newcastle Elementary School District (NESD), the Sponsoring District) include one school:

- Rocklin Academy Gateway (Gateway) received its charter from NESD in March 2013. The charter is effective through June 30, 2023. Gateway serves students in transitional Kindergarten through 8th grade. The charter school number is 1528.

The charters could be revoked by the authorizers 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.

The Organization is funded principally through State of California public education monies received through the California Department of Education, RUSD and NESD. The Organization is governed by a Board of Directors consisting of seven members.

THE ROCKLIN ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

B. BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are prepared on the accrual basis of accounting and in conformity with accounting standards applicable to not-for-profit entities. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Details for the Organization's temporarily restricted net assets as of June 30, 2017 and 2016 are presented in Note 10 to the financial statements. The Organization had no permanently restricted net assets at June 30, 2017 and 2016.

C. REVENUE RECOGNITION

Contributions and grants are recognized in full when received or unconditionally promised. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in temporarily or permanently restricted net assets. Temporarily restricted net assets become unrestricted, and are reported in the statement of activities as net assets released from restrictions, when time restrictions expire or the contributions are used for the restricted purpose. Conditional promises to give, which depend on the occurrence of specified future and uncertain events, are not recorded until the conditions are met. Government grants are recognized as revenue in accordance with the terms of the applicable grant agreement, which is generally upon the incurrence of expenditures related to the required services.

Donated materials, equipment, and professional services are recorded as in-kind contributions and recognized at the estimated fair value as of the date of donation or service. Contributed services are recorded when they create or enhance non-financial assets or require a specialized skill that the Organization would otherwise need to purchase.

D. CASH AND CASH EQUIVALENTS

The Organization considers investments with maturity at purchase of three months or less to be cash equivalents.

E. ACCOUNTS RECEIVABLE

Management provides for uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. It is estimated that all of the accounts receivable will be collected; accordingly, no allowance for doubtful accounts has been established.

F. OTHER ASSETS

Consist of debt costs incurred related to the issuance of the bond and are amortized using the effective interest method over the term of bond.

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

G. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or, if donated, at the estimated fair market value at the date of donation. The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from 3 to 30 years.

H. DUE TO STUDENT GROUPS

WSCA has an Associated Student Body (ASB) which consists of the various clubs. Funds raised by the various student groups are held in a separate bank account by the Organization. The Organization provides oversight and monitors the activities of these groups. The restricted cash balance on the Statements of Financial Position include \$147,569 and \$55,129 at June 30, 2017 and 2016, respectively, that was held on behalf of the ASB. Revenues and expenses of the ASB are generated separately from the Organization and therefore not included on the Organization's Statements of Activities.

I. DUE TO PARENT GROUPS

Each school has a Parent Student Partnership (PSP), which consists of various programs. Funds raised by the various PSPs are held in separate bank accounts by the Organization. The Organization provides oversight and monitors the activities of these programs. The cash and cash equivalent balances on the Statements of Financial Position include \$74,511 and \$143,881 at June 30, 2017 and 2016, respectively, that was held on behalf of the respective PSPs. Revenues and expenses of the PSP are generated separately from the Organization and therefore not included on the Organization's Statements of Activities.

J. INCOME TAXES

The Organization is organized pursuant to General Nonprofit Law of the State of California and is exempt from State and Federal income taxes under I.R.C. Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

K. 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 certain reported amounts and disclosures. Significant estimates included in these financial statements are management's estimate of the collectability of accounts receivable, the useful lives of property and equipment, and the functional allocation of expenses. Accordingly, actual results could differ from those estimates.

L. RECLASSIFICATION

Certain 2016 amounts have been reclassified to conform with the 2017 financial statement presentation.

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

M. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the Organization's school programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated based on employees' time incurred and management's estimate of the usage of resources.

N. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. Amounts held as cash and cash equivalents are insured by the Federal Deposit Insurance Corporation. The Organization minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institutions. The balance at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2017 consisted of the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash in county treasury	\$ 31,361	\$ -	\$ 31,361
Cash in banks	5,593,056	1,374,273	6,967,329
Checks outstanding	<u>(270,192)</u>	<u>-</u>	<u>(270,192)</u>
Total cash and cash equivalents	<u>\$ 5,354,225</u>	<u>\$ 1,374,273</u>	<u>\$ 6,728,498</u>

Cash and cash equivalents as of June 30, 2016 consisted of the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash in county treasury	\$ 31,361	\$ -	\$ 31,361
Cash in banks	3,923,240	1,323,082	5,246,322
Checks outstanding	<u>(429,184)</u>	<u>-</u>	<u>(429,184)</u>
Total cash and cash equivalents	<u>\$ 3,525,417</u>	<u>\$ 1,323,082</u>	<u>\$ 4,848,499</u>

Cash in Banks

Cash balances held in deposits with financial institutions are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The amount held in banks in excess of FDIC as of June 30, 2017 and 2016 was \$4,949,238 and \$3,564,923, respectively. The Organization has not experienced any losses in bank deposit accounts that exceed federally insured limits. Management believes the Organization is not exposed to any significant credit risk related to cash.

THE ROCKLIN ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

2. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash in County Treasury

In accordance with Education Code Section 41001, the Organization maintains a portion of its cash in the Placer County Treasury (the County Treasury). The County Treasury pools these funds with those of other school districts in the county and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

The County Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County Treasury are either secured by federal depository insurance or are collateralized.

The County Treasury is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes, or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

Restricted Cash

Restricted cash represents bond proceeds from bonds issued in 2011 that are required to be maintained for a debt service reserve, as well as cash accumulated for principal and interest payments and cash held on behalf of student and parent groups. Balances at June 30 are presented below.

	<u>2017</u>	<u>2016</u>
Current portion:		
Principal and interest payments on bonds due within one year	\$ 176,573	\$ 227,280
Held on behalf of student and parent groups	<u>222,080</u>	<u>120,861</u>
Total current portion	<u>\$ 398,653</u>	<u>\$ 348,141</u>
Noncurrent portion:		
Debt service reserves	<u>\$ 975,620</u>	<u>\$ 974,941</u>

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

3. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2017 and 2016 consisted of the following:

	June 30, 2016	Additions	Disposals	June 30, 2017
Land	\$ 923,472	\$ -	\$ -	\$ 923,472
Buildings and improvements	8,790,539	29,338	-	8,819,877
Buildings and improvements in process	178,833	-	-	178,833
Equipment	592,763	186,483	-	779,246
Leasehold improvements	255,424	-	-	255,424
	<u>10,741,031</u>	<u>215,821</u>	<u>-</u>	<u>10,956,852</u>
Less accumulated depreciation	<u>(1,974,523)</u>	<u>(549,604)</u>	<u>-</u>	<u>(2,524,127)</u>
Property and equipment, net	<u>\$ 8,766,508</u>	<u>\$ (333,783)</u>	<u>\$ -</u>	<u>\$ 8,432,725</u>

Depreciation expense was \$549,604 and \$476,017, respectively, for the years ended June 30, 2017 and 2016. Various components of the land and building shown above are pledged as collateral for the bond debt disclosed in Note 4.

4. DEBT

In June 2011, the Organization issued California Statewide Communities Development Authority Charter School Revenue Bonds Series 2011 A and B with interest rates ranging from 8.25 - 9.00 percent. Interest payments are due monthly with principal repayments beginning June 15, 2013. Final maturity is May 15, 2041. The bond proceeds were to be used for the purchase and renovation of a facility for the WSCA campus. The purchase of the property occurred during the 2010-11 fiscal year and the renovations to the facility were completed and placed in service during the 2011-12 fiscal year. The debt is secured by the land and building as disclosed in Note 3. The outstanding balance on the obligation at June 30, 2017 and 2016 was \$10,175,000 and \$10,295,000, respectively. The loan agreement has several covenants that the Organization is required to meet annually, beginning June 30, 2012. The most significant of these covenants are as follows:

- Cash on Hand greater than or equal to 30 days;
- Debt Service Coverage Ratio of 1.0 if Cash on Hand is greater than or equal to 60 days or Debt Service Coverage Ratio of 1.10 if Cash on Hand is less than 60 days;
- Short-term debt cannot exceed the lesser of 10 percent of gross revenue or \$500,000 and the Organization shall not incur any long-term indebtedness without written consent of a majority of the beneficial owners of the outstanding bonds unless it's for equipment financing that is secured solely by a security interest in personal property and does not exceed \$75,000.

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

4. DEBT (CONTINUED)

The Organization was in compliance with the covenants at June 30, 2017 and 2016.

Debt activity for the year ended June 30, 2017 was as follows:

	<u>June 30,</u> <u>2016</u>	<u>Payments</u>	<u>June 30,</u> <u>2017</u>
Series 2011A & 2011B bonds	<u>\$ 10,295,000</u>	<u>\$ (120,000)</u>	<u>\$ 10,175,000</u>

Future minimum payments relating to debt were as follows as of June 30, 2017:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 130,000
2019	145,000
2020	155,000
2021	170,000
2022	185,000
2023-2027	1,160,000
2028-2032	1,740,000
2033-2037	2,575,000
2037-2041	<u>3,915,000</u>
	<u>\$ 10,175,000</u>

Interest expense related to debt was \$850,613 and \$856,875 for the years ended June 30, 2017 and 2016, respectively.

5. LINE OF CREDIT

The Organization has a \$150,000 line of credit with a bank with an interest rate of prime plus 1.75% currently 5% per annum. This line of credit has no maturity date but is subject to a yearly annual fee and periodic financial review. There were no amounts outstanding on this line of credit at June 30, 2017 and 2016.

6. CAPITAL LEASES

The Organization leases copiers under non-cancelable capital lease agreements. The agreements expire at various times through fiscal year 2017. The leased equipment valued upon acquisition totaling \$287,271 is included in property and equipment. The leased equipment is being depreciated over the term of the lease and depreciation expense for the equipment is included in the total depreciation and amortization expense.

The lease was paid off as of June 30, 2017.

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

7. OPERATING LEASES

The Organization leases the premises it occupies at four locations with minimum annual payments (plus certain allocable direct costs) required under present commitment agreements. The rental agreements having an original term of more than one year expire on various dates through June 2027. Rental expense for leases was \$1,996,828 and \$1,669,580 for the years ended June 30, 2017 and 2016, respectively.

Minimum lease rental commitments (plus certain allocable direct costs) under leasing agreements for the years ended June 30 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	1,927,091
2019	1,991,840
2020	2,054,591
2021	2,121,622
2022	2,150,301
2023-2027	<u>8,824,797</u>
Total	<u>\$ 19,070,242</u>

8. EMPLOYEE BENEFIT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

California State Teachers' Retirement System (CalSTRS):

Plan Description

The Organization contributes to the California State Teachers' Retirement Systems (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirements, disability, and survivor benefits to beneficiaries. Benefit provision are established by state statutes, as legislatively amended, with the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, California 95605.

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Funding Policy

Active plan members are required to contribute 8% of their salary and the Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for the fiscal year 2016-2017 was 12.58% of annual payroll. The Organization's contributions to CalSTRS for the fiscal years ended June 30, 2017, 2016, and 2015 were \$1,081,609, \$817,825, and \$561,739, respectively, and equal 100% of the required contributions for each year.

California Public Employees' Retirement System (CalPERS):

Plan Description

The Organization contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, with the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the Organization 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 the fiscal year 2016-2017 was 13.888% of annual payroll. The Organization's contributions to CalPERS for the fiscal years ended June 30, 2017, 2016, and 2015 were \$277,036, \$208,214, and \$168,395, respectively, and equal 100% of the required contributions for each year.

9. AGREEMENTS

Turnstone and Meyers Charter Schools each had a Memorandum of Understanding (MOU) with Rocklin Unified School District (RUSD) for the period of July 1 through June 30, 2017 and 2016, which outlined the supervisory oversight provided by RUSD, special education responsibilities, and facility use fees for the site provided by RUSD at Ruhkala Elementary and Rocklin Elementary. As stated in the Education Code, up to 1% of all Charter Schools revenues (excluding grants and private monies outside of the funding model), can be paid to the Sponsoring District for the actual expenses incurred in monitoring and overseeing. The fees paid to RUSD for rent and oversight in accordance with these agreements were \$437,785 and \$388,444 for the years ended June 30, 2017 and 2016, respectively.

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

9. AGREEMENTS (CONTINUED)

WSCA Charter School has a MOU with RUSD for the period of July 1 through June 30, 2017 and 2016, which outlined the supervisory oversight provided to WSCA. As stated in the Education Code, up to 1% of all Charter Schools revenues (excluding grants and private monies outside of the funding model), can be paid to the charter authorizer for the actual expenses incurred in monitoring and overseeing. The fees paid to RUSD for oversight in accordance with this agreement were \$59,846 and \$54,896 for the years ended June 30, 2017 and 2016, respectively.

10. RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30 are available for the following purposes:

	2017	2016
Purpose Restricted:		
Educator Effectiveness	\$ 68,887	\$ 160,527
California Clean Energy Jobs Acts Funds	109,068	118,642
College Readiness Block Grant	63,632	-
Instructional Materials	20,719	66,919
Special Education	10,795	22,768
Debt Service Reserves	1,152,193	1,124,072
Total Restricted Net Assets	\$ 1,425,294	\$ 1,492,928

11. JOINT VENTURE

For the years ended June 30, 2017 and 2016 the Organization participated in a joint venture under joint powers agreement (JPA) with the California Charter Schools Association Joint Powers Authority (CharterSAFE).

CharterSAFE arranges for and provide workers' compensation, property, and liability insurance coverage for their members. The JPA is governed by a board consisting of a representative from each member. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member beyond their representation on the board. Each member pays a premium commensurate with the level of coverage requested and shares, surpluses and deficits proportionate to their participation in the JPA.

A. Property

Organization	
Deductible:	\$0 - \$1,000
Coverage:	
(CharterSAFE)	\$1,001 - \$25,000
(Travelers)	\$25,001 to \$100,000,000
Excess Insurance:	None

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

11. JOINT VENTURE (CONTINUED)

B. Liability

Organization	
Deductible:	\$0 - \$50,000
Coverage	
(CharterSAFE)	\$100,000 - \$300,000 depending on coverage
(Great American Insurance Company)	Excess of charterSAFE limits to \$1,000,000 per claim/occurrence with no aggregate.
(Brit Insurance)	\$1,000,001 to \$5,000,000
(Lexington Insurance Company)	\$5,000,001 to \$20,000,000

C. Directors & Officers/Employment Practice Liability

Organization	
Deductible:	\$0 - \$50,000
(Scottsdale Insurance)	Excess of deductibles - \$1,000,000
(Brit Insurance)	\$1,000,001 to \$10,000,000
(Lexington Insurance Company)	\$10,000,001 to \$25,000,000

Complete separate financial statements for the JPA may be obtained from CharterSAFE at 1107⁹th Street, Suite 200, Sacramento, California 95814.

The latest condensed financial information available for the JPA is presented below:

	June 30, 2017*
	<u>(in thousands)</u>
Total Assets	<u>\$ 24,748</u>
Total Liabilities	\$ 18,992
Net Position	<u>5,756</u>
Total Liabilities and Net Position	<u>\$ 24,748</u>
Total Revenues	\$ 22,032
Total Expenses	<u>19,644</u>
Net Increase in Net Position	<u>\$ 2,388</u>

*Unaudited financial data

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

12. CONTINGENCIES

The Organization 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 reimbursement, if required, would not be material.

The Organization has secured council for legal matters. While the final outcome cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on the Organization's financial statements.

13. SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2017 through December 8, 2017, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements other than what is disclosed.

SUPPLEMENTARY INFORMATION

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

ORGANIZATION

YEAR ENDED JUNE 30, 2017

ORGANIZATION

The Rocklin Academy (the Organization) is a California non-profit public benefit corporation that was incorporated in May 2000 and is organized to manage, operate, guide, direct, and promote California public charter schools.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Doug Johnson	Chair	2018
Adam Schwarz	Vice-Chair/Secretary	2018
Larry Stieber	Member	2018
Jarrett Black	Member	2018
Alice Dowdin Calvillo	Member	2018

ADMINISTRATION

Robin Stout
Executive Director/Superintendent

Brigid Perakis
Director of HR and Operations

Ace Ensign
Director of Finance

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

SCHEDULE OF AVERAGE DAILY ATTENDANCE
JUNE 30, 2017

Classroom based ADA:	Second Period Report	Annual Report
Rocklin Academy		
Grades TK through 3	190.82	190.52
Grades 4 through 6	<u>178.63</u>	<u>178.12</u>
Total	<u>369.45</u>	<u>368.64</u>
Rocklin Academy at Meyers Street		
Grades TK through 3	95.25	95.05
Grades 4 through 6	<u>85.50</u>	<u>85.29</u>
Total	<u>180.75</u>	<u>180.34</u>
Rocklin Academy Gateway		
Grades TK through 3	521.60	519.45
Grades 4 through 6	412.23	410.20
Grades 7 through 8	<u>238.38</u>	<u>236.03</u>
Total	<u>1,172.21</u>	<u>1,165.68</u>
Western Sierra Collegiate Academy		
Grades 7 through 8	183.70	182.51
Grades 9 through 12	<u>531.79</u>	<u>529.23</u>
Total	<u>715.49</u>	<u>711.74</u>
Totals		
Grades TK through 3	807.67	805.02
Grades 4 through 6	676.36	673.61
Grades 7 through 8	422.08	418.54
Grades 9 through 12	<u>531.79</u>	<u>529.23</u>
Total classroom based ADA	<u>2,437.90</u>	<u>2,426.40</u>

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

SCHEDULE OF AVERAGE DAILY ATTENDANCE
JUNE 30, 2017

Non-classroom based ADA:	Second Period Report	Annual Report
	<u> </u>	<u> </u>
Rocklin Academy		
Grades TK through 3	0	0
Grades 4 through 6	<u>0</u>	<u>0</u>
Total	<u><u>0</u></u>	<u><u>0</u></u>
Rocklin Academy at Meyers Street		
Grades TK through 3	0	0
Grades 4 through 6	<u>0</u>	<u>0</u>
Total	<u><u>0</u></u>	<u><u>0</u></u>
Rocklin Academy Gateway		
Grades TK through 3	0	0
Grades 4 through 6	0	0
Grades 7 through 8	<u>0</u>	<u>0</u>
Total	<u><u>0</u></u>	<u><u>0</u></u>
Western Sierra Collegiate Academy		
Grades 7 through 8	0	0
Grades 9 through 12	<u>.85</u>	<u>0</u>
Total	<u><u>.85</u></u>	<u><u>0</u></u>
Totals		
Grades TK through 3	0	0
Grades 4 through 6	0	0
Grades 7 through 8	0	0
Grades 9 through 12	<u>.85</u>	<u>0</u>
Total Non- classroom based ADA	<u><u>.85</u></u>	<u><u>0</u></u>
Total ADA		
Grades TK through 3	807.67	805.02
Grades 4 through 6	676.36	673.61
Grades 7 through 8	422.08	418.54
Grades 9 through 12	<u>532.64</u>	<u>529.23</u>
Total ADA	<u><u>2,438.75</u></u>	<u><u>2,426.40</u></u>

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE YEAR ENDED JUNE 30, 2017

	Standard Minutes Requirement	2016-17 Actual Minutes	Status
Rocklin Academy Turnstone			
Kindergarten	36,000	52,750	In compliance
Grades 1 through 3	50,400	58,925	In compliance
Grades 4 through 6	54,000	61,325	In compliance
Rocklin Academy at Meyers Street			
Kindergarten	36,000	52,750	In compliance
Grades 1 through 3	50,400	58,925	In compliance
Grades 4 through 6	54,000	61,325	In compliance
Rocklin Academy Gateway			
Kindergarten	36,000	52,750	In compliance
Grades 1 through 3	50,400	58,925	In compliance
Grades 4 through 6	54,000	61,325	In compliance
Grade 7	54,000	66,478	In compliance
Western Sierra Collegiate Academy			
Grades 7 through 8	54,000	65,337	In compliance
Grades 9 through 12	64,800	65,337	In compliance

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

No audit adjustments were made to any funds of the Organization.

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

SCHEDULE OF CHARTER SCHOOLS

FOR THE YEAR ENDED JUNE 30, 2017

<u>Charter Schools Chartered by the Organization</u>	<u>Included in the Organization Financial Statements or Separate Report</u>
The Rocklin Academy does not sponsor any charter schools.	Not applicable

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
<i>Passed through California Department of Education</i>			
84.010	ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	14329	<u>\$ 297,203</u>

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

	Admin	Turnstone	Meyers	Western Sierra	Gateway	Preschool	Total
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 390,338	\$ 2,537,933	\$ 917,873	\$ 589,007	\$ 792,370	\$ 126,704	\$ 5,354,225
Restricted cash, current	-	21,703	11,670	353,188	12,092	-	398,653
Accounts receivable	-	277,288	134,785	535,569	1,126,766	-	2,074,408
Due from (to)	-	1,100,000	(350,000)	(750,000)	-	-	-
Prepaid expenses and deposits	7,609	-	-	-	77,204	-	84,813
Total current assets	<u>397,947</u>	<u>3,936,924</u>	<u>714,328</u>	<u>727,764</u>	<u>2,008,432</u>	<u>126,704</u>	<u>7,912,099</u>
Noncurrent Assets							
Restricted cash, net	-	-	-	975,620	-	-	975,620
Property & equipment, net	626,526	-	42,187	7,255,582	508,430	-	8,432,725
Other assets, net	-	-	-	410,483	-	-	410,483
Total noncurrent assets	<u>626,526</u>	<u>-</u>	<u>42,187</u>	<u>8,641,685</u>	<u>508,430</u>	<u>-</u>	<u>9,818,828</u>
TOTAL ASSETS	<u>\$ 1,024,473</u>	<u>\$ 3,936,924</u>	<u>\$ 756,515</u>	<u>\$ 9,369,449</u>	<u>\$ 2,516,862</u>	<u>\$ 126,704</u>	<u>\$ 17,730,927</u>
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	\$ 18,113	\$ 155,761	\$ 99,973	\$ 77,336	\$ 84,878	\$ 16,415	\$ 452,476
Due to student groups	-	-	-	147,569	-	-	147,569
Due to parent groups	-	21,703	11,670	29,046	12,092	-	74,511
Accrued interest	-	-	-	70,059	-	-	70,059
Capital lease obligations, current	-	-	-	-	-	-	-
Debt, current	-	-	-	130,000	-	-	130,000
Total current liabilities	<u>18,113</u>	<u>177,464</u>	<u>111,643</u>	<u>454,010</u>	<u>96,970</u>	<u>16,415</u>	<u>874,615</u>
NONCURRENT LIABILITIES							
Capital lease obligation, net	-	-	-	-	-	-	-
Debt, net	-	-	-	10,045,000	-	-	10,045,000
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,045,000</u>	<u>-</u>	<u>-</u>	<u>10,045,000</u>
TOTAL LIABILITIES	<u>18,113</u>	<u>177,464</u>	<u>111,643</u>	<u>10,499,010</u>	<u>96,970</u>	<u>16,415</u>	<u>10,919,615</u>
NET ASSETS							
Unrestricted	1,006,360	3,735,735	632,154	(2,495,540)	2,397,020	110,289	5,386,018
Temporary restricted	-	23,725	12,718	1,365,979	22,872	-	1,425,294
Total net assets	<u>1,006,360</u>	<u>3,759,460</u>	<u>644,872</u>	<u>(1,129,561)</u>	<u>2,419,892</u>	<u>110,289</u>	<u>6,811,312</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,024,473</u>	<u>\$ 3,936,924</u>	<u>\$ 756,515</u>	<u>\$ 9,369,449</u>	<u>\$ 2,516,862</u>	<u>\$ 126,704</u>	<u>\$ 17,730,927</u>

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

COMBINING STATEMENT OF ACTIVITIES

JUNE 30, 2017

	Admin	Turnstone	Meyers	Western Sierra	Gateway	Preschool	Total
UNRESTRICTED NET ASSETS							
REVENUES							
Federal Revenue	\$ -	\$ 47,169	\$ 22,768	\$ 94,297	\$ 132,969	\$ -	\$ 297,203
State revenue							
State aid portion of general purpose funding	-	1,178,266	584,629	2,757,746	5,625,368	-	10,146,009
State lottery revenue	-	55,416	26,807	105,571	175,557	-	363,351
All other	-	37,897	18,641	82,256	105,495	-	244,289
Local revenue							
Cash in-lieu of property taxes	-	1,099,144	537,289	2,129,354	3,083,432	-	6,849,219
Interest Income	-	413	-	1,769	-	-	2,182
All other	230,623	39,292	22,427	218,725	570,784	722,972	1,804,823
Net Assets released from restrictions	-	832,539	409,542	1,748,340	1,315,425	-	4,305,846
Total revenues	<u>230,623</u>	<u>3,290,136</u>	<u>1,622,103</u>	<u>7,138,058</u>	<u>11,009,030</u>	<u>722,972</u>	<u>24,012,922</u>
EXPENDITURES							
Program							
Educational programs	1,864,482	1,926,794	1,040,960	5,279,008	7,320,125	513,057	17,944,426
Supporting Services	460,019	475,393	256,833	1,302,476	1,806,075	126,585	4,427,381
TRANSFERS BETWEEN SITES	<u>(2,187,787)</u>	<u>437,557</u>	<u>218,779</u>	<u>656,336</u>	<u>875,115</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>93,909</u>	<u>450,392</u>	<u>105,531</u>	<u>(99,762)</u>	<u>1,007,715</u>	<u>83,330</u>	<u>1,641,115</u>
TEMPORARILY RESTRICTED							
EPA revenue	-	475,047	232,195	1,015,988	234,442	-	1,957,672
State lottery revenue	-	18,789	9,008	36,245	58,435	-	122,477
Other state revenue	-	318,949	161,604	676,577	972,812	-	2,129,942
All other local revenue	-	-	-	28,121	-	-	28,121
Net assets released from restrictions	-	(832,539)	(409,542)	(1,748,340)	(1,315,425)	-	(4,305,846)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>-</u>	<u>(19,754)</u>	<u>(6,735)</u>	<u>8,591</u>	<u>(49,736)</u>	<u>-</u>	<u>(67,634)</u>
INCREASE / DECREASE IN NET ASSETS	<u>93,909</u>	<u>430,638</u>	<u>98,796</u>	<u>(91,171)</u>	<u>957,979</u>	<u>83,330</u>	<u>1,573,481</u>
NET ASSETS, Beginning of year	<u>912,451</u>	<u>3,328,822</u>	<u>546,076</u>	<u>(1,038,390)</u>	<u>1,461,913</u>	<u>26,959</u>	<u>5,237,831</u>
NET ASSETS, Ending of year	<u>\$ 1,006,360</u>	<u>\$ 3,759,460</u>	<u>\$ 644,872</u>	<u>\$ (1,129,561)</u>	<u>\$ 2,419,892</u>	<u>\$ 110,289</u>	<u>\$ 6,811,312</u>

See the accompanying notes to supplementary information.

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

BALANCE SHEET – FUND BASIS

JUNE 30, 2017

	Admin	Turnstone	Meyers	Western Sierra	Gateway	Preschool	Eliminations	Combined
ASSETS								
Cash on hand and in banks	\$ 390,338	\$ 2,559,636	\$ 929,543	\$ 1,917,815	\$ 804,462	\$ 126,704	\$ -	\$ 6,728,498
Accounts receivable	-	1,377,288	134,785	535,569	1,126,766	-	(1,100,000)	2,074,408
Prepaid expenditures	7,609	-	-	-	77,204	-	-	84,813
Total assets	\$ 397,947	\$ 3,936,924	\$ 1,064,328	\$ 2,453,384	\$ 2,008,432	\$ 126,704	\$ (1,100,000)	\$ 8,887,719
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$ 18,113	\$ 177,464	\$ 461,643	\$ 1,003,951	\$ 96,970	\$ 16,415	\$ (1,100,000)	\$ 674,556
FUND BALANCE	379,834	3,759,460	602,685	1,449,433	1,911,462	110,289	-	8,213,163
TOTAL LIABILITIES AND FUND BALANCE	\$ 397,947	\$ 3,936,924	\$ 1,064,328	\$ 2,453,384	\$ 2,008,432	\$ 126,704	\$ (1,100,000)	\$ 8,887,719

**RECONCILIATION OF THE FUND BASIS BALANCE SHEET
TO THE STATEMENT OF FINANCIAL POSITION**

	Admin	Turnstone	Meyers	Western Sierra	Gateway	Preschool	Combined
Total fund balance - governmental funds (As reported in SACS)	\$ 379,834	\$ 3,759,460	\$ 602,685	\$ 1,449,433	\$1,911,462	\$ 110,289	\$ 8,213,163
Capital assets used for fund basis activities are not financial resources and therefore, are not reported as assets in fund basis statements	626,526	-	42,187	7,255,582	508,430	-	8,432,725
Debt issuance costs are not financial resources for the fund balance statements, so they are expensed when incurred	-	-	-	410,483	-	-	410,483
Unmatured interest is not due and payable in the current period and, therefore, not reported as liabilities in the fund basis statements	-	-	-	(70,059)	-	-	(70,059)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the fund basis statements	-	-	-	(10,175,000)	-	-	(10,175,000)
Total net assets - GAAP basis	\$ 1,006,360	\$ 3,759,460	\$ 644,872	\$ (1,129,561)	\$2,419,892	\$ 110,289	\$ 6,811,312

See the accompanying notes to supplementary information.

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – FUND BASIS**

FOR THE YEAR ENDED JUNE 30, 2017

	Admin	Turnstone	Meyers	Western Sierra	Gateway	Preschool	Total
REVENUES							
LCFF sources	\$ -	\$ 2,752,457	\$ 1,354,113	\$ 5,903,088	\$ 8,943,242	\$ -	\$ 18,952,900
Federal revenue	-	47,169	22,768	94,297	132,969	-	297,203
Other state revenue	-	431,051	216,060	900,649	1,312,299	-	2,860,059
Other local revenue	230,623	39,705	22,427	248,615	570,784	722,972	1,835,126
Total Revenues	230,623	3,270,382	1,615,368	7,146,649	10,959,294	722,972	23,945,288
EXPENDITURES							
Certificated salaries	344,029	1,266,394	638,918	2,902,425	3,845,043	-	8,996,809
Classified salaries	611,446	142,451	111,568	575,448	999,613	347,967	2,788,493
Employee benefits	265,195	430,668	235,921	1,019,152	1,408,056	58,237	3,417,229
Books and supplies	80,892	92,373	35,875	287,387	521,601	55,119	1,073,247
Services and other operating expenditures	951,900	174,400	109,578	475,159	2,202,182	178,319	4,091,538
Capital outlay	-	-	-	32,163	183,658	-	215,821
Other outgo							
Principal retirement	-	-	389	120,900	-	-	121,289
Interest	-	-	-	850,613	-	-	850,613
MOU Fees	-	291,388	146,397	59,846	89,540	-	587,171
Total Expenditures	2,253,462	2,397,674	1,278,646	6,323,093	9,249,693	639,642	22,142,210
Other financing sources:							
Cost Allocations	2,187,787	(437,557)	(218,779)	(656,336)	(875,115)	-	-
Change in fund balance	164,948	435,151	117,943	167,220	834,486	83,330	1,803,078
Fund balance, July 1, 2016	214,886	3,324,309	484,742	1,282,213	1,076,976	26,959	6,410,085
Fund balance, June 30, 2017	\$ 379,834	\$ 3,759,460	\$ 602,685	\$ 1,449,433	\$ 1,911,462	\$ 110,289	\$ 8,213,163

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPNEDITURES, AND
CHANGES IN FUND BALANCE – FUND BASIS TO THE STATEMENT OF ACTIVITIES**

	Admin	Turnstone	Meyers	Western Sierra	Gateway	Preschool	Total
Net change in fund balance - governmental funds	\$164,948	\$435,151	\$117,943	\$167,220	\$834,486	\$ 83,330	\$ 1,803,078
Acquisition of capital assets is an expenditure in the fund basis statements, but increases liabilities in the statement of net assets	-	-	-	32,163	183,658	-	215,821
Depreciation of capital assets is an expense that is not recorded in the fund basis statements	(71,039)	(4,513)	(19,536)	(394,351)	(60,165)	-	(549,604)
Debt issuance costs are recognized as current period interest expense in the fund basis statements, but are capitalized for future amortization in the statements of net assets	-	-	-	(17,103)	-	-	(17,103)
Repayment of principal on long-term liabilities is an expenditure in the fund basis statements, but decreases the long-term liabilities in the statement of net assets	-	-	389	120,900	-	-	121,289
Change in net assets - GAAP basis	\$ 93,909	\$430,638	\$ 98,796	\$ (91,171)	\$957,979	\$ 83,330	\$ 1,573,481

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

1. PURPOSE OF STATEMENTS AND SCHEDULES

A. Organization

This schedule provides information regarding the organization, governance and administration of The Rocklin Academy.

B. Schedule of Average Daily Attendance

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

C. Schedule of Instructional Time

The Organization has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of Education Code Sections 46201 through 46206. Districts must maintain their instructional minutes in accordance with the State's standard requirement as required by Education Code Section 46201(b).

The Organization participated in the Longer Day incentives and met or exceeded its target funding.

D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds, as reported in the Annual Financial and Budget Report to the audited financial statements.

E. Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

F. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activities of the Charter School and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

G. Combining Statement of Financial Position and Combining Statement of Activities

The accompanying combining financial statements are presented to assist users in evaluating the financial performance of each of The Rocklin Academy's individual charter schools.

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

H. Reconciliations of State Reporting to GAAP Reporting

The accompanying reconciliations of the fund basis balance sheet and fund basis statement of revenues, expenditures and changes in fund balance to the GAAP reporting is presented to assist users in identifying differences between the GAAP reporting and fund balances as reported in the Annual Financial and Budget Report.

2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosures in the financial statements of School Districts that adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. This section does not apply to charter schools.

OTHER INDEPENDENT AUDITOR'S REPORTS



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

Board of Directors
The Rocklin Academy
Rocklin, California

Report on Compliance for Each State Program

We have audited the compliance of The Rocklin Academy with the types of compliance requirements described in the State of California's *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2017.

Management's Responsibility

Compliance with the applicable compliance requirements is the responsibility of The Rocklin Academy's management.

Auditor's Responsibility

Our responsibility is to express an opinion on The Rocklin Academy's compliance with the applicable compliance requirements based on our audit.

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 of California's *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about The Rocklin 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. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

Description	Procedures Performed
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

Description	Procedures Performed
Instructional Time for School Districts	No, see below
Instructional Materials	No, see below
General Requirements	No, see below
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive Program	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
Mental Health Expenditures	No, see below
 School Districts, County Office of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After Schools Education and Safety Program	No, see below
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 and Accountability Plan	Yes
Independent Study-Course Based	No, see below
Immunizations	No, see below
 Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	No, see below

We did not perform any procedures relating to Local Education Agencies Other Than Charter Schools because these sections do not apply to Charter Schools.

We did not perform any procedures related to After School Education and Safety Program because the Organization does not offer this program.

We did not perform any testing of Independent Study-Course Based because it was not material to the audit.

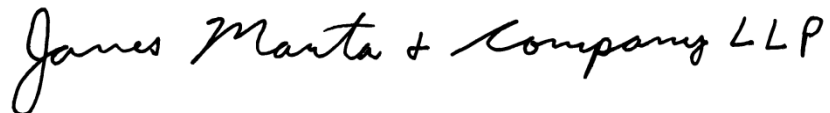
We did not perform any procedures related to Immunizations as the LEA did not have any schools reported by the California Department of Public Health as not submitting immunization assessment reports.

We did not perform any procedures related to Determination of Funding for Nonclassroom-Based Instruction, because less than 20% of the Organization's ADA was generated from nonclassroom-based instruction.

We did not perform any procedures related to Charter School Facility Grant Program because the Organization did not receive any funding from this program.

Opinion

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

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 8, 2017



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**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***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Rocklin Academy
Rocklin, 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 The Rocklin Academy, which comprise the statement of financial position as of June 30, 2017 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

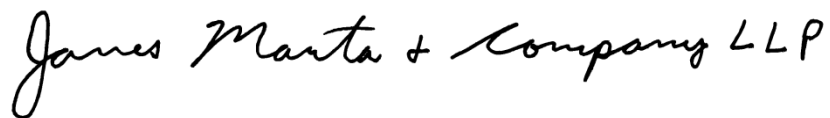
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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 The Rocklin Academy's financial statements are free of 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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 8, 2017

FINDINGS AND RECOMMENDATIONS

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I – Summary of Audit Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses? _____ Yes X None reported

Type of auditor’s report issued on compliance for major programs: Not Applicable

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Not Applicable	

State Awards

Internal control over state programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses? _____ Yes X None reported

Type of auditor’s report issued on compliance for state programs: Unmodified

THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – State Award Findings and Questioned Costs

No matters were reported.

**THE ROCKLIN ACADEMY
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

STATUS OF PRIOR YEAR RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

No matters were reported.