

**High Desert “Partnership in Academic Excellence” Foundation, Inc. dba  
LEWIS CENTER FOR EDUCATIONAL RESEARCH**

17500 Mana Road, Apple Valley, CA 92307 (760) 946-5414 (760) 946-9193 fax

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**Agenda for Regular Meeting of the Lewis Center for Educational Research Board  
December 2, 2019 - Public Meeting – 4:00 p.m.**

**Meeting at Norton Science and Language Academy  
503 E. Central Ave., San Bernardino, CA 92408, K5**

**Additional Location: 17500 Mana Rd., Apple Valley, CA, Gym Conference Room**

1. **CALL TO ORDER AND PLEDGE OF ALLEGIENCE:** Duberly Beck
2. **ROLL CALL:** Duberly Beck
3. **PUBLIC COMMENTS:** Members of the general public may address the Board during Public Comments or as items appearing on the agenda are considered. A time limit of three (3) minutes shall be observed. Those wishing to speak are invited to fill out a Request to Speak Card and give it to the Secretary.
4. **SPECIAL PRESENTATIONS:**
  - .01 Employee of the Semester Recognition
5. **CONSENT AGENDA:**
  - .01 Approve Minutes of November 12, 2019 Regular Meeting
  - .02 Approve AAE AFJROTC Leadership Camp at Fawnskin March 23-27, 2020
6. **DISCUSSION/ACTION ITEMS:**
  - .01 Discuss Architect Plans for NSLA to include Interior and Exterior Designs – Steve Fierce
  - .02 Discuss NSLA Budget Projections and Priority Process – Larry Rieder
  - .03 Discuss Negotiation with TETRA – John Phan
  - .04 Discuss Postponing Sale and Close of AAE Financing Until mid January/early February until survey/title issues are resolved – John Phan
  - .05 Discuss Debt Capacity for Norton – John Phan
  - .06 Approve Subordination Agreement (not included in packet)
  - .07 Discuss 2018-19 Annual Audit – David Gruber
  - .08 Discuss Parent Student Handbook Updates – Lisa Lamb, Valli Andreasen,
  - .09 Discuss School Safety Practices – Lisa Lamb, Valli Andreasen, Fausto Barragan
  - .10 Discuss 2020 State of the County Regional Business Summit February 5, 2020 – Lisa Lamb
  - .11 Discuss Lewis Center Foundation Update – Marcia Vargas
  - .12 Approve Nominating Committee Recommendation of Kevin Porter as a member of the LCER Board of Directors – Duberly Beck
  - .13 Approve Nominating Committee Recommendation of Torri Gray as a member of the LCER Board of Directors – Duberly Beck
  - .14 Approve Nominating Committee Recommendation of Slate of LCER Board Officers for 2020
    - 1.Chairman – Kevin Porter
    - 2.Vice Chairman – Sharon Page
    - 3.Secretary – Jessica Rodriguez
    - 4.Treasurer – David Rib

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**7. INFORMATION INCLUDED IN PACKET:** *(Board members may ask questions on items for clarification.)*

.01 President/CEO – Lisa Lamb

.02 LCER Financial Reports

- Checks Over \$10K
- Budget Comparisons – The Budget Comparisons are not available as of the meeting date. They will be sent to the LCER Board and Executive Staff when available.

.03 Lewis Center Foundation Financial Report

- October 2019

.04 LCER Board Attendance Log

.05 LCER Board Give and Get

**8. BOARD/STAFF COMMENTS:**

.01 Ask a question for clarification

.02 Make a brief announcement or report on his or her own activities

.03 Future agenda items

**9. CLOSED SESSION:** Duberly Beck

.01 Public Employee Performance: President/Chief Executive Officer

**10. ADJOURNMENT:** Duberly Beck

**Regular Meeting of the  
Lewis Center for Educational Research Board of Directors**

**Minutes  
November 12, 2019**

**1.0 Call to Order**

Chairman Duberly Beck called the meeting to order at 3:30 p.m.

**2.0 Roll Call**

LCER Board Members Duberly Beck, Pat Caldwell, Omari Onyango, Sharon Page, David Rib, Jessica Rodriguez, Marcia Vargas and Rick Wolf were present.

LCER Board Member Jim Morris was absent.

Staff members Valli Andreasen, Fausto Barragan, Matt Cabe, Ryan Dorcey, Teresa Dowd, David Gruber, Heather Juarez, Lisa Lamb, Stacy Newman and Toni Preciado were also present.

**3.0 Public Comments: None.**

**The LCER Board of Directors Convened into Closed Session at 3:32 p.m. to discuss:**

**4.0 Closed Session:**

.01 Public Employee Performance: President/Chief Executive Officer

**5.0 Closed Session:**

.01 Pupil Personnel Administrative Hearing Panel Recommendation on AAE Expulsion Case #101619

**The LCER Board of Directors Convened into Open Session at 4:51 p.m.**

Duberly Beck, Chairman of the Board, reported that the LCER Board took no action on Closed Session Item 4.01

Duberly Beck, Chairman of the Board, reported that the LCER Board approved by unanimous vote the Pupil Personnel Administrative Hearing Panel Recommendation on AAE Expulsion Case #101619, to expel student #6588 for one calendar year, eligible for return on November 12, 2020. A rehabilitation plan must be completed before reapplying.

**6.0 Special Presentations:**

**.01** CAASPP Testing Scores Presentation – Valli Andreasen, Fausto Barragan and Heather Juarez presented comparative scores and reported that AAE had a 3% growth and is outperforming both the State and the local District, and NSLA had a 4% growth and is closing the gap in State and County comparisons.

**.02** Chile Delegation Presentation – Students and staff presented on their experience during the 2019 Chile Space Science Exchange. The students stayed with host families. Differences between our school and Colegio Concepcion is that the schedules are very different. The students stay in one classroom and the teachers rotate classrooms. The students take care of their own classroom – they decorate it and clean it. Technology wise they are behind where we are. The students told about their days, classes visited, places visited and foods they ate. They went to the UCSC Chilean astronomy lab, and they ran a SETI lesson with NSLA students. Chile plans to bring their students out again in April. Duberly Beck thanked the LCER Board, Lewis Center Foundation and the parents for their support of this program.

**.03** AAE Charter Renewal Draft Presentation – Lisa Lamb reported that the main updates in the AAE Charter Renewal Draft are in lottery and enrollment. Students must be school age eligible to apply. Facilities were updated, including AVCI, and our attorneys assisted with the legal updates. The AAE Charter Renewal will be brought forward for approval next month before going before the AVUSD Board.

**7.0 Consent Agenda**

- .01** Approve Minutes of October 14, 2019 Regular Meeting
- .02** Approve AAE World Literature Honors Getty Center Field Trip
- .03** Approve Resolution 2019-03 – Education Protection Account for AAE
- .04** Approve Resolution 2019-04 – Education Protection Account for NSLA
- .05** Approve Lewis Center Foundation Bylaws and Job Description Revision
- .06** Approve Resolution 2019-00 – Transferring Real Property to LLC

On a motion by Sharon Page, seconded by Marcia Vargas, vote 8-0, the LCER Board of Directors approved Consent Agenda Items 7.01 – 7.06.

**8.0 Discussion/Action Items:**

- .01** Discuss Architect Plans for NSLA to include Interior and Exterior Designs – This item was tabled to the next meeting.
- .02** Discuss Budget for NSLA Construction Project – This item was tabled to the next meeting.
- .03** Discuss Lewis Center Foundation Update – Marcia Vargas reported that after raising almost \$25K from the Golf Tournament, the Lewis Center Foundation is moving full speed ahead on the Gala, which is May 15, 2020. Duberly is the Gala Committee Chair and Marcia is the Auction Chair. The Board was asked to help get auction items. Save the Dates should be ready by December and invitations by February. Congressman Jerry Lewis and Rick Piercy will be the honorees. There will also be an unveiling of the congressional painting of Congressman Lewis on May 13, 2020 at 11:00 a.m.
- .04** Discuss LCER Board Member Representation on Lewis Center Foundation Board – Lisa reported that as Marcia is terming out on the LCER Board, there will no longer be LCER Board Member representation on the Lewis Center Foundation Board. LCER Board members were asked to please let her know if interested.

**9.0 Information Included in Packet:**

- 01.** President/CEO Report
- 02.** LCER Financial Reports – Duberly asked when the audit would be completed. David responded that the draft should be tomorrow with the final by next week. It will be reviewed at the December LCER Board meeting and presented by the auditor in February.
  - Checks Over \$10K
  - Budget Comparisons
- 03.** Lewis Center Foundation Financial Report
  - September 2019
- 04.** LCER Board Attendance Log
- 05.** LCER Board Give and Get

**10.0 Board/Staff Comments:**

- .01** Ask a question for clarification
- .02** Make a brief announcement or report on his or her own activities – Stacy Newman shared a magazine that San Bernardino County puts out to members. It featured pictures and an article of our students that were participants in a County program.
- .03** Future agenda items

**11.0 Adjournment**

Chairman Duberly Beck adjourned the meeting at 5:54 p.m.

**12.0 NASA Night**

Members of the LCER Board were invited to stay for NASA night at AVCI.

**Lewis Center for Educational Research  
Board Packet Agenda Items**

Date of meeting:

Title: Leadership Camp 2020 at Fawnskin, CA

Presentation: \_\_\_\_\_ Consent:  X  Action: \_\_\_\_\_ Discussion: \_\_\_\_\_ Information: \_\_\_\_\_

Background: Academy for Academic Excellence AFJROTC cadets go on a Leadership training in Fawnskin, CA. This is an optional extracurricular program that teaches cadets the aspects of citizenship and leadership in a highly structured and focused environment. The mission is to provide this development by preparing cadets for leadership positions in their units, schools and local communities. Cadets will earn Honors credit by completing camp.

Fiscal Implications (if any):

Impact on Mission, Vision or Goals (if any): Cadets will not be able to earn Honors credit during semester. AFJROTC is required to hold 5 extra-curricular activity each year per HQs.

Recommendation:

Submitted by: MSgt Padua



LEWIS CENTER FOR EDUCATIONAL RESEARCH  
Academy for Academic Excellence

FIELD TRIP REQUEST FORM

Date Submitted: NOV 22, 2019

RECEIVED

Office use only  
Date/Time submitted: NOV 22, 2019  
Initials: [Signature]  
Transportation Booked: [Signature]  
Initials:  
Calendared:  
Initials:

Requested by: MSGT PADUA  
Destination: FAWNSKIN, CA  
Date(s) of trip: MARCH 23-27, 2020  
School departure time: 0700  
Destination departure time: 1200  
Overnight/Out-of-State stay: YES NO  
Number of students: 90 adults: 4

Phone: 9518504715  
Grade Level: 9-12  
Destination arrival time: 0900  
School return time: 1330  
Water activities involved: YES NO  
Admission students: \_\_\_\_\_ adults: \_\_\_\_\_

Transportation

Bus requested? <sup>(circle one)</sup> YES NO  
Number of busses requested: 2  
Bus company name: EBMEYER  
Bus company contact name: \_\_\_\_\_  
\*\*\*Bus Passenger information: Number of students: 90 adults: 4

Private Vehicle Used?\* YES NO  
ASB/Club Sponsored? YES NO Name of Club: \_\_\_\_\_  
(paid by club)  
Proper Insurance Coverage? YES NO Other Transportation: \_\_\_\_\_

\*Must be on approved driver list, list names below or attach separate sheet with driver names:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Brief Description of Educational Benefit to be derived from this activity:  
THIS IS AN EXTRACURRICULAR PROGRAM THAT TEACHES CADETS THE ASPECTS OF CITIZENSHIP AND LEADERSHIP IN A HIGHLY STRUCTURED AND FOCUSED ENVIRONMENT.

I have followed the checklist prior to submitting this form: [Signature]  
Principal Signature: [Signature] Teacher Signature  
Funding Code: \_\_\_\_\_ Date: \_\_\_\_\_

BOARD APPROVAL REQUIRED FOR OVERNIGHT/OUT-OF-STATE STAYS and WATER ACTIVITIES  
A DETAILED ITINERARY MUST BE INCLUDED FOR EACH FIELD TRIP  
THREE MONTHS PRIOR BOARD APPROVAL FOR OUT OF THE COUNTRY TRIPS

**Lewis Center for Educational Research  
Board Agenda Item Cover Sheet**

Date of meeting: December 2, 2019

Title: 2018-19 Annual Audit

Presentation:  Consent:  Action:  Discussion:  Information:

**Background:**

To review and provide detailed information about the closing of the 2018/2019 Fiscal Year Annual Audit. This will allow the Board of Directors the opportunity to review and interpret organizational stability and growth with relationship to the Lewis Center for Educational Research and the oversight of Academy for Academic Excellence and Norton Science and Language Academy.

**Fiscal Implications (if any):**

N/A

**Impact on Mission, Vision or Goals (if any):**

**Recommendation:**

Submitted by: David Gruber, Director of Finance, LCER



**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC  
EXCELLENCE" FOUNDATION, INC.**

**Includes the Following Charter Schools:**

*Academy for Academic Excellence (Charter No. 0127); and  
Norton Science and Language Academy (Charter No. 0903)*

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**For the Fiscal Year Ended  
June 30, 2019**



**THE HIGH DESERT “PARTNERSHIP IN ACADEMIC EXCELLENCE” FOUNDATION, INC.**  
*For the Fiscal Year Ended June 30, 2019*  
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***Financial Section***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The High Desert "Partnership in Academic Excellence" Foundation, Inc.  
Apple Valley, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the High Desert "Partnership in Academic Excellence" Foundation, Inc. (a California nonprofit Organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows, and functional expenses for the fiscal 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2018-19 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 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 High Desert "Partnership in Academic Excellence" Foundation, Inc., as of June 30, 2019, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 24 to 29 and the schedule of expenditures of federal awards on page 30 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 23 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2019, on our consideration of the Foundation'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 Foundation's internal control over financial reporting and compliance.



Murrieta, California  
November 19, 2019

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Statement of Financial Position*  
*June 30, 2019*

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**ASSETS**

Current assets:

Cash and cash equivalents	\$	4,976,309
Accounts receivable		3,690,826
Prepaid expenses		84,717
Total current assets		<u>8,751,852</u>

Capital assets:

Non-depreciable assets		1,033,288
Depreciable assets		26,329,098
Accumulated depreciation		<u>(8,950,402)</u>

<b>Total Assets</b>	<b>\$</b>	<b><u>27,163,836</u></b>
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**LIABILITIES AND NET ASSETS**

**Liabilities**

Current liabilities:

Accounts payable	\$	1,093,870
Accrued payroll and benefits		7,368
Unearned revenues		61,012
Due to student groups		21,864
Total current liabilities		<u>1,184,114</u>

Long-term liabilities:

Portion due within one year		747,726
Portion due after one year		5,324,667
Total liabilities		<u>7,256,507</u>

**Net assets**

Without donor restrictions:

Designated		76,708
Undesignated		19,359,742
With donor restrictions		<u>470,879</u>
Total net assets		<u>19,907,329</u>

<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b><u>27,163,836</u></b>
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**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Statement of Activities*  
*For the Fiscal Year Ended June 30, 2019*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, gains, and other support</b>			
Federal revenues	\$ 1,198,917	\$ -	\$ 1,198,917
LCFF revenues	20,078,513	-	20,078,513
State Special Education	876,379	-	876,379
Lottery	381,508	145,638	527,146
STRS on behalf payment	800,460	-	800,460
PERS on behalf payment	228,440	-	228,440
Other state revenues	652,814	309,228	962,042
Contributions	133,452	-	133,452
Student activities	8,106	-	8,106
Class fees	107,291	-	107,291
Food services	90,390	-	90,390
Other local revenues	458,714	26,060	484,774
Interest earned	54,462	231	54,693
Net assets released from restrictions	624,413	(624,413)	-
<b>Total revenues, gains, and other support</b>	<b>25,693,859</b>	<b>(143,256)</b>	<b>25,550,603</b>
<b>Expenses</b>			
Program Services:			
Education	15,633,476	-	15,633,476
Supporting Services:			
Management and general	7,171,175	-	7,171,175
<b>Total Expenses</b>	<b>22,804,651</b>	<b>-</b>	<b>22,804,651</b>
Change in net assets from operations	2,889,208	(143,256)	2,745,952
Repayment of state award (Note 8)	(263,093)	-	(263,093)
Unrealized gain (loss) on interest rate swap	(245,154)	-	(245,154)
Change in net assets	2,380,961	(143,256)	2,237,705
<b>Net Assets</b>			
Beginning of year	16,814,903	614,135	17,429,038
Adjustment for restatement (Note 9)	240,586	-	240,586
Adjusted net assets, beginning of year	17,055,489	614,135	17,669,624
End of year	\$ 19,436,450	\$ 470,879	\$ 19,907,329

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Statement of Cash Flows*  
*For the Fiscal Year Ended June 30, 2019*

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 2,237,705
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:	
Depreciation	748,327
Amortization	31,789
Unrealized loss on interest rate swap	245,154
(Increase) decrease in operating assets:	
Accounts receivable	(550,148)
Prepaid expenses	(4,150)
Increase (decrease) in operating liabilities:	
Accounts payable	785,234
Accrued payroll and benefits	(710,807)
Unearned revenues	7,863
Due to student groups	<u>(9,155)</u>
Net cash provided (used) by operating activities	<u>2,781,812</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of equipment, construction costs and building improvements	<u>(383,606)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Acquisition of capital leases	154,396
Payments on outstanding financing arrangements	<u>(807,669)</u>
Net cash provided (used) by financing activities	<u>(653,273)</u>
Net increase (decrease) in cash	1,744,933
<b>Cash and cash equivalents:</b>	
Beginning of year	<u>3,231,376</u>
End of year	<u>\$ 4,976,309</u>
<b>SUPPLEMENTAL DISCLOSURE</b>	
Interest paid	<u>\$ 379,545</u>



**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Statement of Functional Expenses*  
*For the Fiscal Year Ended June 30, 2019*

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	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Education</u>	<u>Management And General</u>	<u>Total Expenditures</u>
Certificated salaries	\$ 8,467,597	\$ 943,781	\$ 9,411,378
Classified salaries	1,373,056	1,774,354	3,147,410
Benefits	3,824,807	1,323,445	5,148,252
Total Salaries and Benefits	<u>13,665,460</u>	<u>4,041,580</u>	<u>17,707,040</u>
Books & supplies	1,425,366	-	1,425,366
Services, other operating expenses	531,311	1,914,833	2,446,144
Noncapitalized equipment	11,339	55,101	66,440
Debt service	-	379,545	379,545
Depreciation	-	748,327	748,327
Amortization	-	31,789	31,789
Totals	<u>\$ 15,633,476</u>	<u>\$ 7,171,175</u>	<u>\$ 22,804,651</u>

# THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.

## Notes to Financial Statements

June 30, 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Nature of Activities

The High Desert "Partnership in Academic Excellence" Foundation, Inc. (the "Foundation"), a nonprofit organization, was organized in the State of California. The Foundation was formed as an Internal Revenue Code (IRC) Section 501(c)(3) non-profit public benefit corporation. The Foundation operates two charter schools pursuant to California Education Code 47600. The Foundation for Academic Excellence (AAE) operates under a charter with Apple Valley Unified School District in Apple Valley, California. The other school, Norton Science and Language Academy, operates under a charter with San Bernardino County Board of Education in San Bernardino, California. The Foundation provides classroom-based instruction and receives most of its revenue from federal and state grants.

#### B. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, donor-restricted net assets are reclassified to net assets without donor restrictions.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. As of June 30, 2019, the Foundation determined that there were no uncollectible accounts.

#### C. Basis of Presentation and Accounting

The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018 and addresses general-purpose external financial statements appropriate for not-for-profit organizations.

Under the provisions of the ASC 958-205, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met either by the actions of the not-for-profit organization to satisfy a particular purpose restriction, or by the passage of time. Some donor restrictions are perpetual (or permanent) in nature, whereby the donor has stipulated the funds be maintained in perpetuity, whereby the corpus of the donation must remain unspent.

At June 30, 2019, the Foundation had net assets without donor restrictions of \$19,436,450, and net assets with donor restrictions of \$470,879.

## THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.

### Notes to Financial Statements

June 30, 2019

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### D. New Accounting Pronouncement

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which makes several changes to the current reporting model for Not-for-Profit entities (NFPs). The standard is effective for fiscal years beginning after December 15, 2017. The ASU has been applied retrospectively to all periods presented. A summary of the most significant changes includes:

1. *Net Asset Categories*

As opposed to three classes of net assets, the new reporting standard presents two classes of net assets: those with donor-imposed restrictions and those without. Details of restrictions on use of resources will be presented in the notes. Any board designation of net assets must also be disclosed.

2. *Liquidity and Availability of Resources*

Not-for-profit organizations must provide information about the liquidity of assets or maturity of liabilities, including the effects of restrictions and internal appropriations, by:

- a. Ordering assets according to nearness of conversion to cash and liabilities according to nearness of use of cash due to maturity.
- b. Classifying assets and liabilities as current and noncurrent.
- c. Disclosing any additional information regarding liquidity or maturity of assets and liabilities.

Also, qualitative and quantitative information about the management of liquid resources to meet cash needs for general expenditures within one year of the date of the statement of financial position must be disclosed.

3. *Expense Reporting*

According to ASU 2016-14, all not-for-profit organizations must now disclose information as to the nature and function of expenses. Natural classifications must be disclosed separately from functional classifications.

4. *Statement of Cash Flows*

Prior to the implementation of ASU 2016-14, if the direct method of presenting the statement of cash flows was used, there was a requirement to also disclose the indirect method. That requirement no longer exists. There are no other changes as to the classification of cash flows by operating, investing and financing categories.

5. *Investment Return*

Gross investment revenues (dividends, interest, gains/losses) must now be reported net of related expenses (internal and external) on the face of the Statement of Activities.

# THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.

## Notes to Financial Statements

June 30, 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Revenue Recognition

The Organization has also adopted FASB ASC 958-605. The "Contributions Received" subsections of that standard provides guidance for contributions of cash and other assets received, including promises to give. Contributions, including sponsorships, are recognized as revenue at the earlier of the period promised or earned and received. Contributions received with the presence of donor-imposed restrictions are reported in the Statement of Activities in the column 'with donor restrictions,' subject to time, purpose or other conditionality. Once restrictions have been satisfied, amounts are reclassified to 'without donor restrictions.' If donor-imposed restrictions are satisfied within the same accounting period as revenue is earned, the Organization's policy is to present the amounts as without donor restrictions. Grants are recognized during the period the contract is entered and related services have been performed. Program fees and events revenues are recognized upon completion of services performed.

#### F. Donated Materials and Supplies

Donated materials and supplies are recorded as contributions at their estimated fair market value at the date of donation if a value can be reasonably determined. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

#### G. Contributed Services

During the year ended June 30, 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

#### H. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenues and expenses during the reporting period. Significant estimates include the lives used for depreciation of property and equipment and allocation of costs between the various programs and expense categories. Actual results could differ from those estimates.

#### I. Income Taxes

The Foundation is a non-profit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Foundation files information returns in the U.S. federal jurisdiction, and the state of California. The statute of limitations for federal and California state tax purposes is generally three and four years, respectively.

#### J. Cash and Cash Equivalents

The Foundation considers certificates of deposit with a maturity date of 90 days or longer to be investments. At year-end and throughout the year, the Foundation's cash balances were deposited in three financial institutions. As of June 30, 2019, the Foundation did not hold any cash as investments.

**THE HIGH DESERT “PARTNERSHIP IN ACADEMIC EXCELLENCE” FOUNDATION, INC.**

*Notes to Financial Statements*

*June 30, 2019*

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. Custodial Credit Risk**

The Organization maintains its cash at three financial institutions. Cash balances are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At various times during the year, the amount on deposit with a single financial institution may exceed federal depository insurance limits and be exposed to custodial credit risk. At June 30, 2019, the Organization had cash in the amount of \$4,302,150, which was exposed to this risk.

The Bank also holds \$351,656 in trust that is not subject to this credit risk.

**L. Accounts Receivable**

Accounts receivable consists mainly of grants and contract payments from other public agencies. No allowance for uncollectable amounts has been estimated as creditworthiness of payors and industry experience provide evidence to support amounts as fully collectible.

**M. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**N. Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Items that, as a whole, create an asset with a combined cost exceeding \$5,000 have also been capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	Estimated Useful Life in Years
Furniture, Equipment and Leasehold Improvements	3-25
Buildings	10-39

Depreciation expense for 2018-19 was \$748,327.

**O. Unearned Revenues**

Unearned revenues represent payments received in advance for services that have not yet been performed or from cost-reimbursement grants for which expenses have not yet been incurred.

**THE HIGH DESERT “PARTNERSHIP IN ACADEMIC EXCELLENCE” FOUNDATION, INC.**

*Notes to Financial Statements*

*June 30, 2019*

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**P. Fair Value Measurements**

In accordance with fair value measurements, the Foundation categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Foundation has the ability to access the holding and quoted prices as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect the Foundation's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

**Q. Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function, as shown in the Statement of Functional Expenses. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Grants	Time and effort
Salaries and benefits	Time and effort
Occupancy / rent	Facilities square footage
Insurance	Policy type and nature of coverage
Utilities	Facilities square footage
Supplies	Time and effort
Depreciation	Facilities square footage
Amortization	Time and effort

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**

*Notes to Financial Statements*

*June 30, 2019*

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**NOTE 2 – CASH AND CASH EQUIVALENTS**

In conjunction with the Foundation's prior year financing agreement with the California Municipal Finance Authority (Note 5.A.), Union Bank has been engaged to hold funds in trust relating to repayment of bond obligation debt and interest. The accounts involved are listed below as Restricted for Debt Service Held by Trustee. All of the funds in the accounts are invested in Blackrock Liquidity Fund T Fund Dollar MMKT Shares. Each share is valued at \$1 and there is no gain or loss on the transactions. Per the Tetra financing agreement (Note 5.C.), funds also held in Prime Alliance Bank are restricted as escrow funds as shown below:

<b>Demand Deposits in Bank:</b>	
Union Bank	\$ 4,343,626
Desert Community Bank	230,922
Total Cash in Banks	<u>4,574,548</u>
<b>Restricted for Debt Service Held by Trustee:</b>	
Union Bank Corporate Trust Department	351,656
Prime Alliance Bank	50,105
	<u>401,761</u>
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 4,976,309</u></u>

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2019, consisted of the following:

<b>Federal Government:</b>	
Special Education	\$ 251,781
School lunch and breakfast program	143,945
Title I	92,289
Title II	98,576
NASA Juno	56,243
Title III	17,300
<b>State Government:</b>	
LCFF	2,327,496
Special Education	97,328
Mandated costs	196,713
Lottery	242,738
School lunch and breakfast program	161,499
<b>Local:</b>	
Other	4,918
Total	<u><u>\$ 3,690,826</u></u>

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Notes to Financial Statements*  
*June 30, 2019*

**NOTE 4 - CAPITAL ASSETS AND DEPRECIATION**

A schedule of changes in capital assets for the year ended June 30, 2019, is shown below:

	Balance, July 1, 2018	Additions	Retirements	Balance, June 30, 2019
Capital assets not being depreciated:				
Land	\$ 798,729	\$ -	\$ -	\$ 798,729
Construction in progress	177,520	139,716	82,677	234,559
Total capital assets not being depreciated	<u>976,249</u>	<u>139,716</u>	<u>82,677</u>	<u>1,033,288</u>
Capital assets being depreciated:				
Buildings & improvements	19,298,068	-	-	19,298,068
Furniture & equipment	1,980,150	228,404	-	2,208,554
Leasehold improvements	4,724,313	98,163	-	4,822,476
Total capital assets being depreciated	<u>26,002,531</u>	<u>326,567</u>	<u>-</u>	<u>26,329,098</u>
Accumulated depreciation for:				
Buildings & improvements	(5,244,930)	(499,906)	-	(5,744,836)
Furniture & equipment	(1,459,784)	(72,752)	-	(1,532,536)
Leasehold improvements	(1,497,361)	(175,669)	-	(1,673,030)
Total accumulated depreciation	<u>(8,202,075)</u>	<u>(748,327)</u>	<u>-</u>	<u>(8,950,402)</u>
Total capital assets being depreciated, net	<u>17,800,456</u>	<u>(421,760)</u>	<u>-</u>	<u>17,378,696</u>
Total capital assets, net	<u>\$ 18,776,705</u>	<u>\$ (282,044)</u>	<u>\$ 82,677</u>	<u>\$ 18,411,984</u>

**NOTE 5 - LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2019, is shown below:

	Balance, July 1, 2018	Additions	Deductions	Balance, June 30, 2019	Amount Due Within One Year
Bonds payable					
Principal repayments	\$ 4,995,000	-	\$ 130,000	\$ 4,865,000	\$ 135,000
Unamortized debt issuance costs	(394,269)	-	(31,789)	(362,480)	(15,760)
Total bonds payable	<u>4,600,731</u>	<u>-</u>	<u>98,211</u>	<u>4,502,520</u>	<u>119,240</u>
Capital leases	82,708	154,397	94,919	142,186	89,154
Voluntary retirement program	117,154	-	117,154	-	-
Interest rate swap	340,862	245,154	-	586,016	-
Other post employment benefits	22,500	-	16,000	6,500	6,500
Lease purchase - Tetra Financial Group	1,284,767	-	449,596	835,171	532,832
Total Long-Term Liabilities	<u>\$ 6,448,722</u>	<u>\$ 399,551</u>	<u>\$ 775,880</u>	<u>\$ 6,072,393</u>	<u>\$ 747,726</u>

**A. Bonds**

On September 19, 2012, the Foundation entered into an agreement with the California Municipal Finance Authority, whereby the Authority issued partially tax-exempt bonds in the total amount of \$5,640,000, and the Foundation borrowed the same amount from the Authority. Payments on the obligation of the Foundation are in the same amount and have the same due dates as the bonds issued by the Authority. Total debt issuance costs were \$501,523 and are amortized over the repayment period. Annual amortization is presented as amortization expense on the Statement of Functional Expense. Unamortized debt issuance costs are presented in the above schedule as a direct reduction of the liability per FASB ASC 2015-03. Amortization cost for the year ending June 30, 2019, was \$31,789.



## THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.

### Notes to Financial Statements

June 30, 2019

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#### NOTE 5 - LONG-TERM LIABILITIES (continued)

##### A. Bonds (continued)

The Foundation has pledged real estate it owns in Apple Valley, California as well as other consideration. The security is enhanced by a letter of credit issued by Union Bank which guarantees payment of the Authority loan in case of default by the Foundation. The Foundation pays a 1.8% fee to the bank. The letter of credit is due to expire September 19, 2019, at which time management expects the bank to extend the letter of credit or to loan funds to the Foundation under a new mortgage obligation.

Following is a schedule of future principal and interest payments due under the agreement:

Fiscal Year	Principal	Interest	Total
2019-20	\$ 135,000	\$ 95,709	\$ 230,709
2020-21	140,000	92,528	232,528
2021-22	150,000	89,682	239,682
2022-23	155,000	86,565	241,565
2023-24	160,000	83,504	243,504
2024-29	890,000	363,636	1,253,636
2029-34	1,070,000	262,350	1,332,350
2034-39	1,280,000	140,499	1,420,499
2039-42	885,000	16,642	901,642
Total	\$ 4,865,000	\$ 1,231,115	\$ 6,096,115

##### B. Capital Leases

The Foundation has entered into various agreements with Apple Inc. for MacBooks. The leases were entered into in fourteen phases and call for payments to be made over a three-year period. Imputed interest on the leases is between 4.5% - 5.2% per annum. Phases 1 through 13 have been paid in full as of June 30, 2019. The final Phase 14 balance was paid in full during 2018-19.

The Foundation entered into various lease agreements with Apple, Inc. for iPads:

Phase I: The Foundation entered into a lease agreement in May 2017 to finance the purchase of iPad equipment to be used for instructional programs. The total cost of purchase was \$107,370, which is the amount represented in capital assets. Amortization expense is included in depreciation expense for the period.

The monthly lease payments commenced July 1, 2017 in the amount of \$3,223 for 36 months. The balance due at June 30, 2019, was \$37,732.

Phase II: The Foundation entered into a lease agreement in June 2018, to finance the purchase of iPad equipment to be used for instructional programs. The annual lease payments commenced August 2018 in the amount of \$54,788 for each of 3 years. The total cost of purchase was \$154,397, which is the amount represented in capital assets. Amortization expense is included in depreciation expense for the period. The balance due at June 30, 2019 was \$104,454.

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**

*Notes to Financial Statements*

*June 30, 2019*

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**NOTE 5 - LONG-TERM LIABILITIES (continued)**

**B. Capital Leases (continued)**

The following is a schedule of payments, less amounts representing imputed interest, due under the agreements:

<u>Fiscal Year</u>	<u>iPad Phase I Payment Amount</u>	<u>iPad Phase II Payment Amount</u>	<u>Total Amount</u>
2019-20	\$ 38,034	\$ 54,787	\$ 92,821
2020-21	-	54,787	54,787
Total	38,034	109,574	147,608
Less amounts representing imputed interest	(302)	(5,120)	(5,422)
Net present value liability due at June 30, 2019	<u>\$ 37,732</u>	<u>\$ 104,454</u>	<u>\$ 142,186</u>

**C. Sale Leaseback Arrangement**

The Foundation entered into an agreement with Tetra Financial Group in January 2015, wherein it sold certain assets of the organization for a nominal price to Tetra which has become partial security for advances from Tetra to complete capital expenditures on Foundation property at 17500 Mana Road, Apple Valley, California. Additional pledged collateral includes a security deposit of \$49,500. The construction included expansion of parking and student drop-off/pickup areas, acquisition and installation of modular classrooms, and other on and offsite improvements. The construction was for the purpose of consolidating the Foundation for Academic Excellence facilities into one campus. Advances from Tetra are included in long-term liabilities less the portion due to Tetra within one year which is included. The outstanding balance as of June 30, 2019, was \$835,171. The following is a schedule of future payments according to the agreement:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Interest</u>	<u>Total</u>
2019-20	\$ 532,832	\$ 102,374	\$ 635,206
2020-21	302,339	15,264	317,603
Total	<u>\$ 835,171</u>	<u>\$ 117,638</u>	<u>\$ 952,809</u>

**D. Line of Credit**

The Foundation entered into an agreement with Union Bank for a note which represents a line of credit. The maximum amount of funds available under the line of credit is \$1,000,000. As of June 30, 2019, there is no outstanding balance.

**E. Voluntary Retirement Program**

The Foundation approved a voluntary retirement program during the 2013-14 fiscal year for eligible employees. Eight employees who met the eligibility requirements elected early retirement. The agreement requires the Foundation to make five payments over the course of five years through annual installments to the retirees that participated in the plan. The agreement is noninterest bearing. The obligation was paid in full as of June 30, 2019.

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**

*Notes to Financial Statements*

*June 30, 2019*

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**NOTE 5 - LONG-TERM LIABILITIES (continued)**

**F. Interest Rate Swap Agreement - Hedging Instrument**

On October 23, 2013, the Foundation entered into an interest rate swap hedging agreement with Union Bank. The interest rate swap agreement is intended to allow the Foundation to minimize the risk of future interest rate fluctuations related to the bonds described above. As the variable interest rate on the bonds decreases, the interest rate swap liability increases. The agreement expires October 1, 2033 and has a fixed interest rate of 3.24%. The fair value of the interest rate swap agreement is the estimated amount the swap issuer would receive or pay to terminate the agreement at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counter party. In particular, the fair value of the interest rate swap agreement is based on observable inputs that reflect quoted prices by the swap counter party, representing a Level 1 input. If the market became inactive or unobservable, a transfer in level of fair value hierarchy may occur.

The change in the liability under the interest rate swap agreement is recorded as an unrealized gain (loss) within the statement of activities with an offsetting increase (decrease) to the swap liability account. The fair value of the interest rate swap agreement, which is measured on a recurring basis, for the year ended June 30, 2019 was \$586,016.

**G. OPEB Payout to Prior Employee**

On May 6, 2016, the Foundation and a former employee entered into a final and binding settlement of all claims and potential claims, if any, with respect to their employment relationship. The Foundation offered a severance package at termination of employment to be paid over a three-year period. The outstanding balance as of June 30, 2019, was \$6,500.

The following is a schedule of future payments under the program:

<u>Fiscal Year</u>	<u>Amount</u>
2019-20	\$ 6,500

**NOTE 6 - NET ASSET CLASSIFICATIONS**

Net assets with donor restrictions consisted of the following at June 30, 2019:

<b>Net assets subject to expenditure for specified purpose:</b>	
Low-Performing Student Block Grant	\$ 302,332
Classified School Employee Professional Development	6,896
Restricted for capital campaigns	62,725
Restricted for Davis Aeronautics	1,020
Restricted for scholarships	22,378
Total	<u>395,351</u>
<b>Subject to spending policy and appropriation:</b>	
HIDAS Endowment	64,528
Davis Aeronautics	11,000
Total	<u>75,528</u>
Total net assets with donor restrictions	<u>\$ 470,879</u>

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Notes to Financial Statements*  
*June 30, 2019*

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**NOTE 6 – NET ASSET CLASSIFICATIONS (continued)**

Net assets with internal board designations consisted of the following at June 30, 2019:

<b>Designated by the board for:</b>	
Capital campaigns	\$ 49,001
Scholarships	27,707
	<hr/>
Total net assets with internal designations	\$ 76,708
	<hr/>

**NOTE 7 – EMPLOYEE RETIREMENT PLANS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The Foundation is a participant in the plans and its contributions do not exceed 5% of total plan-level contributions.

The details of each plan are as follows:

**A. California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The Foundation 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.

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, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/actuarial-financial-and-investor-information>.

**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% 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 HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**

*Notes to Financial Statements*

*June 30, 2019*

**NOTE 7 – EMPLOYEE RETIREMENT PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Benefits Provided (continued)**

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

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	<b>STRP Defined Benefit Program</b>	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	December 31, 2012	January 1, 2013
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 Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.28%	16.28%
Required State Contribution Rate	9.828%	9.828%

**Contributions**

Required member District 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% of applicable member earnings phased over a seven year period. The contribution rates for each program for the year ended June 30, 2019, are presented above and the Foundation's total contributions were \$1,267,750.

The Foundation's contributions to CalSTRS and required employer contribution rate for the last three fiscal years were as follows:

	Contribution	Required Contribution Rate
2018-19	\$ 1,267,750	16.28%
2017-18	\$ 1,315,861	14.43%
2016-17	\$ 1,024,601	12.58%

**On-Behalf Payments**

The Foundation was the recipient of on-behalf payments made by the State of California to STRS for the benefit of covered employees' retirement savings. These payments consist of state General Fund contributions of \$800,459 to STRS. This estimate was based on 9.828% of covered payroll expenses for the 2016-17 year.

# THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.

Notes to Financial Statements

June 30, 2019

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## NOTE 7 - EMPLOYEE RETIREMENT PLANS (continued)

### B. California Public Employees Retirement System (CalPERS)

#### Plan Description

Qualified employees are eligible to participate in the School Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

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, 2017 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-services/gasb>.

#### Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1%-2.5%	1.0%-2.5%
Required Employee Contribution Rate	7.00%	6.50%
Required Employer Contribution Rate	18.062%	18.062%

#### Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**

*Notes to Financial Statements*

*June 30, 2019*

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**NOTE 7 - EMPLOYEE RETIREMENT PLANS (continued)**

**B. California Public Employees Retirement System (CalPERS) (continued)**

**Contributions (continued)**

The Foundation is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total Foundation contributions were \$624,094.

The Foundation's contributions to CalPERS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Required Contribution Rate</u>
2018-19	\$ 624,094	18.062%
2017-18	\$ 523,612	15.531%
2016-17	\$ 511,083	13.05%

**On-Behalf Contributions**

The State of California normally makes no contributions to CalPERS on behalf of the Foundation. However, for the 2018-19 fiscal year, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated contributions of \$904,000,000. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the financial statements. The total amount recognized by the Foundation, per each charter, for its proportionate share of the State's on-behalf contributions is as follows:

Academy for Academic Excellence	\$ 157,838
Norton Science and Language Academy	<u>70,602</u>
Total	<u>\$ 228,440</u>

**C. Alternative Retirement Program (APL)**

**Plan Description**

The Alternative Retirement Program is a non-qualified Internal Revenue Code Section 457 plan. The plan covers part-time, seasonal and temporary employees and employees not covered by another retirement system, pursuant to the requirements of Internal Revenue Code Section 3121(b)(7)(f). The benefit provisions and contribution requirements of the plan members and the Foundation are established and may be amended by the Board of Trustees.

**Funding Policy**

The APL retirement is funded solely by employee contributions. The plan is administered by Midamerica Administrative Solutions, Inc. The allowable percentage of employee contributions is limited to 7.5% of their salary.

## THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.

Notes to Financial Statements

June 30, 2019

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### NOTE 8 – COMMITMENTS AND CONTINGENCIES

#### A. State and Federal Allowances, Awards, and Grants

The Foundation has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Due to the pending closure and relocation of the Norton Science and Language Academy school site, the Foundation has been required by the California Energy Commission to remit payment of remaining Proposition 39 Clean Energy Act funds due to inability to implement the proposed project. The amount is estimated to be repaid in 2019-20 and has been accrued at \$263,093.

#### B. Litigation

The Foundation is involved in certain legal matters that arose out of the normal course of business. The Foundation has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2019.

As of June 30, 2019, the Foundation resolved all matters pertaining to the open litigation related to the Norton Science and Language Academy and the agreement to develop a new Head Start Facility located on the desired site of the new Norton campus.

At this time, the Foundation has begun the pre-development work to begin the CEQA process, including submitting city permits and initial architectural planning of the site. Until the completion of CEQA, and bond financing issuance to confirm the ability to develop a new campus for operation there is limited liability to provide assurance of the new construction.

#### B. Purchase Commitments

The Foundation maintains an open contract purchase commitment for \$49,783 for architectural and initial project planning services for the expansion and relocation of its Norton campus.

### NOTE 9 – RESTATEMENT

Beginning net assets have been restated by \$240,586 on a combined basis due to errors in reported payroll liabilities from prior years.

### NOTE 10 – INTRACOMPANY LOANS

The Foundation's Academy for Academic Excellence paid \$716,989 in debt service payments on behalf of the Lewis Center during 2018-19. This represents intracompany loans for short-term financing purposes and is presented in the Statement of Financial Position – Combined Charter Schools. The amounts are eliminated in the Foundation-wide Statement of Financial Position.

### NOTE 11 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2019, have been evaluated through November 19, 2019, the date at which the Foundation's audited financial statements were available to be issued.

The Lewis Center for Educational Research is scheduled to refinance its current long-term debt during the 2019-20 Fiscal Year. The goal for the refinance is to consolidate all current debt consisting of the TETRA lease-purchase and 2012 Series Bonds financed with Union Bank. This debt consists of the construction and development costs of the Academy for Academic Excellence.



**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**

*Notes to Financial Statements*

*June 30, 2019*

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**NOTE 11 – SUBSEQUENT EVENTS (continued)**

Through this refinance, the Lewis Center for Educational Research is creating a separate limited liability company (LLC) to include all current refinanced debt as well as new issuances totaling \$3 million. The total bond debt outstanding, after the refinance and acquisition of new debt, will reach an estimated \$10 million with a term of 38 years. The newly acquired debt, combined with lowered debt service payments on the existing debt, will provide the financing to build a multi-purpose space for lunch service and a stage for performances and awards.

In addition to the refinance of the current cross-collateralized debt, the development of a new campus for the Norton Science and Language Academy is also creating the necessity to have new bonds issued for the campus. This project will allow Norton to grow the educational program to a TK-12 campus consisting of approximately 85,000 square feet of teaching/office space. A TK-12 program is currently described in the Norton Charter with its authorizer. The projected total costs for this project will be approximately \$40 million. As such, new bond debt with a term of 38 years and will be issued in the name of another separate LLC specific to this campus and is estimated to be issued during the 2019-20 fiscal year.

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*Supplementary Information*

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## THE HIGH DESERT “PARTNERSHIP IN ACADEMIC EXCELLENCE” FOUNDATION, INC.

### *Organizational Structure*

*June 30, 2019*

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The High Desert “Partnership in Academic Excellence” Foundation, Inc. (the “Foundation”) is a California nonprofit public benefit corporation under Internal Revenue Code Section 501(c)(3), whose purpose is to promote and support the educational needs of the students, teachers, and community members. The promotion and support is accomplished through several areas, including providing tours of the center for students and sponsoring various educational programs. Beginning in July 1997, the Foundation also became the umbrella organization for the Foundation for Academic Excellence (Charter No. 0127). The Foundation is a charter school sponsored by Apple Valley Unified School District.

On September 21, 2006, the San Bernardino County Superintendent of Schools approved a second charter school to be operated by the Foundation, known as the Norton Science and Language Academy (Charter No. 0903). This school began instruction August 25, 2008. The Norton school began with classes in kindergarten through second grade. One grade level was added each subsequent school year until 8th grade was included. As of June 30, 2019, the School included grades K-8. Enrollment is frozen at grades K-8 until resources to expand become available. Once resources become available, the School will consider grades 9-12 alternatives.

#### **BOARD OF DIRECTORS**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Duberly Beck	Chairman of the Board	December, 2019
Sharon Page	Vice Chairman	December, 2021
Marcia Vargas	Secretary	December, 2019
James Morris	Treasurer	December, 2020
Patricia Caldwell	Member	December, 2021
Jessica Rodriguez	Member	December, 2022
Omari Onyango	Member	December, 2021
David Rib	Member	December, 2021
Rick Wolf	Member, AVUSD Appointee	Not Applicable

#### **ADMINISTRATORS**

Lisa Lamb,  
*President/CEO*

David Gruber,  
*Director of Finance*

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Statement of Financial Position – Combined Charter Schools*  
*June 30, 2019*

	Academy for Academic Excellence	Norton Science and Language Academy	Lewis Center For Educational Research	Total
<b>ASSETS</b>				
Cash	\$ 1,175,224	\$ 2,505,955	\$ 1,295,130	\$ 4,976,309
Accounts receivable	2,226,383	1,403,282	61,161	3,690,826
Prepaid expenses	-	-	84,717	84,717
Intracompany receivables (Note 10)	716,989	-	-	716,989
Capital assets:				
Non-depreciable assets	-	139,716	893,572	1,033,288
Depreciable assets	99,928	114,076	26,115,094	26,329,098
Accumulated depreciation	(14,153)	(15,844)	(8,920,405)	(8,950,402)
<b>Total Assets</b>	<b>\$ 4,204,371</b>	<b>\$ 4,147,185</b>	<b>\$ 19,529,269</b>	<b>\$ 27,880,825</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable	\$ 268,610	\$ 701,013	\$ 124,247	\$ 1,093,870
Accrued payroll and benefits	4,591	1,066	1,711	7,368
Unearned revenues	52,658	8,354	-	61,012
Due to student groups	-	-	21,864	21,864
Intracompany payables (Note 10)	-	-	716,989	716,989
Long term liabilities:				
Portion due within one year	25,711	25,711	696,304	747,726
Portion due after one year	26,516	26,516	5,271,635	5,324,667
<b>Total liabilities</b>	<b>378,086</b>	<b>762,660</b>	<b>6,832,750</b>	<b>7,973,496</b>
<b>Net assets</b>				
Without donor restrictions	3,493,851	3,345,006	12,597,593	19,436,450
With donor restrictions	332,434	39,519	98,926	470,879
<b>Total net assets</b>	<b>3,826,285</b>	<b>3,384,525</b>	<b>12,696,519</b>	<b>19,907,329</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,204,371</b>	<b>\$ 4,147,185</b>	<b>\$ 19,529,269</b>	<b>\$ 27,880,825</b>

**THE HIGH DESERT “PARTNERSHIP IN ACADEMIC EXCELLENCE” FOUNDATION, INC.**  
*Statement of Activities – Combined Charter Schools*  
*For the Fiscal Year Ended June 30, 2019*

	Academy for Academic Excellence	Norton Science and Language Academy	Lewis Center For Educational Research	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Federal revenues	\$ 420,317	\$ 722,357	\$ 56,243	\$ 1,198,917
LCFF revenues	12,531,030	7,547,483	-	20,078,513
State special education	619,534	256,845	-	876,379
Lottery	341,912	185,234	-	527,146
STRS on behalf payment	527,156	273,304	-	800,460
PERS on behalf payment	157,838	70,602	-	228,440
Other state revenues	542,602	419,440	-	962,042
Contributions	38,109	9,635	85,708	133,452
Student activities	8,045	61	-	8,106
Class fees	4,365	102,926	-	107,291
Food services	75,807	14,583	-	90,390
Other local revenues	174,418	132,880	177,476	484,774
Interest earned	-	-	54,693	54,693
Transfers in/(out)	(1,350,833)	(1,101,163)	2,451,996	-
<b>Total Revenues, Gains, and Other Support</b>	<b>14,090,300</b>	<b>8,634,187</b>	<b>2,826,116</b>	<b>25,550,603</b>
<b>EXPENSES</b>				
Certificated salaries	5,699,819	3,234,819	476,740	9,411,378
Classified salaries	1,188,432	823,638	1,135,340	3,147,410
Benefits	2,881,303	1,628,282	638,667	5,148,252
Books and supplies	755,131	554,600	115,635	1,425,366
Noncapitalized equipment	25,778	29,090	11,572	66,440
Services, other operating expenses	964,923	935,068	546,153	2,446,144
Debt service	300,426	2,423	76,696	379,545
Depreciation	14,153	15,844	718,330	748,327
Amortization	-	-	31,789	31,789
<b>Total Expenses</b>	<b>11,829,965</b>	<b>7,223,764</b>	<b>3,750,922</b>	<b>22,804,651</b>
Change in net assets from operations	2,260,335	1,410,423	(924,806)	2,745,952
Repayment of state award (Note 8)	-	(263,093)	-	(263,093)
Unrealized gain/(loss) on interest rate swap	-	-	(245,154)	(245,154)
Change in net assets	2,260,335	1,147,330	(1,169,960)	2,237,705
<b>Net Assets</b>				
Beginning of year	1,348,410	2,102,935	13,977,693	17,429,038
Adjustment for restatement (Note 9)	217,540	134,260	(111,214)	240,586
Adjusted net assets, beginning of year	1,565,950	2,237,195	13,866,479	17,669,624
End of year	\$ 3,826,285	\$ 3,384,525	\$ 12,696,519	\$ 19,907,329

**THE HIGH DESERT “PARTNERSHIP IN ACADEMIC EXCELLENCE” FOUNDATION, INC.**  
*Statement of Cash Flows – Combined Charter Schools*  
*For the Fiscal Year Ended June 30, 2019*

	Academy for Academic Excellence	Norton Science and Language Academy	Lewis Center For Educational Research	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Increase (decrease) in net assets	\$ 2,260,335	\$ 1,147,330	\$ (1,169,960)	\$ 2,237,705
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:				
Depreciation	14,153	15,844	718,330	748,327
Amortization	-	-	31,789	31,789
Unrealized loss on interest rate swap	-	-	245,154	245,154
(Increase) decrease in operating assets:				
Accounts receivable	(530,175)	39,186	(59,159)	(550,148)
Prepaid expenses	-	-	(4,150)	(4,150)
Intercompany receivables	(716,989)	-	-	(716,989)
Increase (decrease) in operating liabilities:				
Accounts payable	98,018	585,033	102,183	785,234
Accrued payroll and benefits	(336,094)	(214,165)	(160,548)	(710,807)
Unearned revenues	52,658	8,354	(53,149)	7,863
Due to student groups	-	-	(9,155)	(9,155)
Intercompany payables	-	-	716,989	716,989
Net cash provided (used) by operating activities	<u>841,906</u>	<u>1,581,582</u>	<u>358,324</u>	<u>2,781,812</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of equipment, construction costs and building improvements	(99,928)	(253,792)	(29,886)	(383,606)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Acquisition of capital leases	77,198	77,198	-	154,396
Payments on outstanding loans and leases	(24,971)	(24,971)	(757,727)	(807,669)
Net cash provided (used) by financing activities	<u>52,227</u>	<u>52,227</u>	<u>(757,727)</u>	<u>(653,273)</u>
Increase (decrease) in cash	794,205	1,380,017	(429,289)	1,744,933
<b>Cash and cash equivalents:</b>				
Beginning of year	381,019	1,125,938	1,724,419	3,231,376
End of year	<u>\$ 1,175,224</u>	<u>\$ 2,505,955</u>	<u>\$ 1,295,130</u>	<u>\$ 4,976,309</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>				
Interest paid	<u>\$ 300,426</u>	<u>\$ 2,423</u>	<u>\$ 76,696</u>	<u>\$ 379,545</u>

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**

*Schedule of Average Daily Attendance*

*For the Fiscal Year Ended June 30, 2019*

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**ACADEMY FOR ACADEMIC EXCELLENCE**

	<b>Second Period Report</b>	<b>Annual Report</b>
	<u>Certificate No.</u>	<u>Certificate No.</u>
	12D8379C	CA1C6B51
<b>Regular ADA:</b>		
Transitional Kindergarten through Third	417.57	417.28
Fourth through Sixth	336.45	335.42
Seventh through Eighth	239.92	240.02
Ninth through Twelfth	395.12	391.17
Total Regular ADA	<u>1,389.06</u>	<u>1,383.89</u>

**NORTON SCIENCE AND LANGUAGE ACADEMY**

	<b>Second Period Report</b>	<b>Annual Report</b>
	<u>Certificate No.</u>	<u>Certificate No.</u>
	917CFF3B	591A6A09
<b>Regular ADA:</b>		
Transitional Kindergarten through Third	422.24	423.42
Fourth through Sixth	218.95	218.66
Seventh through Eighth	108.69	108.50
Total Regular ADA	<u>749.88</u>	<u>750.58</u>

Note: All ADA for both schools is generated through classroom-based instruction.

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

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Schedule of Instructional Time*  
*For the Fiscal Year Ended June 30, 2019*

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**ACADEMY FOR ACADEMIC EXCELLENCE**

<u>Grade Level</u>	<u>Required</u>	<u>2018-19 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	65,340	180	Complied
Grade 1	50,400	56,730	180	Complied
Grade 2	50,400	56,010	180	Complied
Grade 3	50,400	54,960	180	Complied
Grade 4	54,000	54,960	180	Complied
Grade 5	54,000	56,340	180	Complied
Grade 6	54,000	65,782	180	Complied
Grade 7	54,000	65,782	180	Complied
Grade 8	54,000	65,782	180	Complied
Grade 9	64,800	65,782	180	Complied
Grade 10	64,800	65,782	180	Complied
Grade 11	64,800	65,782	180	Complied
Grade 12	64,800	65,782	180	Complied

**NORTON SCIENCE AND LANGUAGE ACADEMY**

<u>Grade Level</u>	<u>Required</u>	<u>2018-19 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	47,970	180	Complied
Grade 1	50,400	54,720	180	Complied
Grade 2	50,400	54,720	180	Complied
Grade 3	50,400	54,720	180	Complied
Grade 4	54,000	54,720	180	Complied
Grade 5	54,000	54,720	180	Complied
Grade 6	54,000	58,050	180	Complied
Grade 7	54,000	58,050	180	Complied
Grade 8	54,000	58,050	180	Complied

This schedule presents information on the amount of instructional time offered by the Schools and whether the Schools complied with the provisions of Education Code Sections 47612 and 47612.5.



**THE HIGH DESERT “PARTNERSHIP IN ACADEMIC EXCELLENCE” FOUNDATION, INC.**  
*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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This schedule provides the information necessary to reconcile the net assets reported on the Unaudited Actual financial report to the audited financial statements.

	Academy for Academic Excellence	Norton Science and Language Academy	Lewis Center for Educational Research	Total
June 30, 2019, annual financial and budget report net assets	\$ 2,895,877	\$ 3,156,670	\$ 13,384,349	\$ 19,436,896
Adjustments and reclassifications:				
Increase (decrease) in total net assets:				
Accounts receivable	127,890	68,823	56,243	252,956
Accounts payable	-	-	-	-
Accrued payroll and benefits	209,289	-	(272,968)	(63,679)
Long-term liabilities	24,971	24,971	-	49,942
Capital assets	22,730	148,214	15,486	186,430
Unearned revenue	(157,308)	-	210,457	53,149
Depreciation	(14,153)	(14,153)	-	(28,306)
Amortization	-	-	(31,789)	(31,789)
Intracompany transactions	716,989	-	(665,259)	51,730
Net adjustments and reclassifications	<u>930,408</u>	<u>227,855</u>	<u>(687,830)</u>	<u>470,433</u>
June 30, 2019, audited financial statement net assets	<u>\$ 3,826,285</u>	<u>\$ 3,384,525</u>	<u>\$ 12,696,519</u>	<u>\$ 19,907,329</u>

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2019*

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	LCER Expenditures	AAE Expenditures	NSLA Expenditures	Total Cluster Expenditures	Total Federal Expenditures
<b>Federal Programs:</b>							
U.S. Department of Agriculture:							
Passed through California Dept. of Education (CDE):							
Child Nutrition Cluster:							
School Breakfast Program - Especially Needy	10.553	13526	\$ -	\$ 23,330	\$ 40,480	\$ 63,810	
National School Lunch Program	10.555	13391	-	165,868	287,797	453,665	
Total Child Nutrition Cluster							\$ 517,475
Total U.S. Department of Agriculture				189,198	328,277		517,475
National Aeronautics and Space Administration (NASA):							
Passed through Southwest Research Institute:							
NASA Juno Project	43.001	N/A	56,243	-	-	-	56,243
Total NASA			56,243	-	-	-	56,243
U.S. Department of Education:							
Passed through California Dept. of Education (CDE):							
Every Student Succeeds Act (ESSA):							
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	-	27,080	228,896		255,976
Title II, Part A, Supporting Effective Instruction Local	84.367	14341	-	47,531	51,045		98,576
Title III, English Learner Student Program	84.365	14346	-	1,566	17,300		18,866
Passed through the Desert Mountain SELPA:							
Individuals with Disabilities Education Act (IDEA):							
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	-	154,942	96,839		251,781
Total U.S. Department of Education			-	231,119	394,080		625,199
Total Expenditures of Federal Awards			\$ 56,243	\$ 420,317	\$ 722,357		\$ 1,198,917
<b>Subrecipients</b>							
Of the Federal expenditures presented in the schedule, the Charter provided no Federal awards to subrecipients.							

**Notes to Schedule:**

The schedule of expenditures of Federal awards includes the Federal grant activity of the Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The Foundation did not elect to use the ten percent de minimis cost rate.

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***Other Independent Auditors' Reports***

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
The High Desert "Partnership in Academic Excellence" Foundation, Inc.  
Apple Valley, 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 High Desert "Partnership in Academic Excellence" Foundation, Inc. as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated November 19, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The High Desert "Partnership in Academic Excellence" Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the The High Desert "Partnership in Academic Excellence" Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the The High Desert "Partnership in Academic Excellence" Foundation, Inc.'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 Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The High Desert "Partnership in Academic Excellence" Foundation, Inc.'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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California  
November 19, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
The High Desert "Partnership in Academic Excellence" Foundation, Inc.  
Apple Valley, California

**Report on Compliance for Each Major Federal Program**

We have audited High Desert "Partnership in Academic Excellence" Foundation, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of High Desert "Partnership in Academic Excellence" Foundation, Inc.'s major federal programs for the year ended June 30, 2019. High Desert "Partnership in Academic Excellence" Foundation, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of High Desert "Partnership in Academic Excellence" Foundation, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about High Desert "Partnership in Academic Excellence" Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of High Desert "Partnership in Academic Excellence" Foundation, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, High Desert "Partnership in Academic Excellence" Foundation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of The High Desert "Partnership in Academic Excellence" Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The High Desert "Partnership in Academic Excellence" Foundation, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Murrieta, California  
November 19, 2019



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors  
The High Desert "Partnership in Academic Excellence" Foundation, Inc.  
Apple Valley, California

### **Report on State Compliance**

We have audited High Desert "Partnership in Academic Excellence" Foundation, Inc.'s compliance with the types of compliance requirements described in the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the High Desert "Partnership in Academic Excellence" Foundation, Inc.'s state government programs as noted on the following page for the fiscal year ended June 30, 2019.

### **Management's Responsibility**

Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of High Desert "Partnership in Academic Excellence" Foundation, Inc.'s state programs based on our audit of the types of compliance requirements referred to on the following page. 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 *2018-19 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 types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about High Desert "Partnership in Academic Excellence" Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state program. However, our audit does not provide a legal determination of High Desert "Partnership in Academic Excellence" Foundation, Inc.'s compliance.



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

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

***Unmodified Opinion on Compliance with State Programs***

In our opinion, The High Desert "Partnership in Academic Excellence" Foundation, Inc. complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.



Murrieta, California  
November 19, 2019

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***Findings and Questioned Costs***

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**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Schedule of Audit Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2019*

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

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

***Federal Awards***

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516	<u>No</u>
Identification of major programs:	
CFDA Numbers	Name of Program/Cluster
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

***State Awards***

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Schedule of Audit Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2019*

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

***There were no financial statement findings in 2018-19.***

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**

*Schedule of Audit Findings and Questioned Costs*

*For the Fiscal Year Ended June 30, 2019*

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

*There were no federal award findings or recommendations in 2018-19.*

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**

*Schedule of Audit Findings and Questioned Costs*

*For the Fiscal Year Ended June 30, 2019*

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**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

*There were no state award findings or recommendations in 2018-19.*

**THE HIGH DESERT "PARTNERSHIP IN ACADEMIC EXCELLENCE" FOUNDATION, INC.**  
*Summary Schedule of Prior Audit Findings*  
*For the Fiscal Year Ended June 30, 2019*

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2018-001 Financial Closing Process	<p>The financial closing process is required to make any required adjustments, reclassifications, estimates, and other accruals in order to ensure that the financial statements are presented in accordance with Generally Accepted Accounting Principles (GAAP).</p> <p>The Foundation does not have a written and implemented policy and procedure for the financial closing process. Several required accruals for revenue and expense accounts were not recorded as adjustments based upon requirements of GAAP to record revenues and expenses as they are earned or incurred. Account balances were materially misstated, including accounts receivable and revenues as well as accounts payable and expenses. There were also unrecorded capital assets not reclassified from expenses.</p>	30000	We recommend that the Foundation adopt an official financial closing policy, along with written procedures to ensure a comprehensive close of all account balances is completed annually as the books and records are prepared for formal reporting and audit purposes.	Partially Implemented. See Management Letter.



To the Board of Directors  
and Management of the High Desert "Partnership in Academic Excellence" Foundation, Inc.

In planning and performing our audit of the financial statements of the High Desert "Partnership in Academic Excellence" Foundation, Inc., for the year ending June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 19, 2019, on the financial statements of High Desert "Partnership in Academic Excellence" Foundation, Inc.

#### FINANCIAL CLOSING PROCESS

**Observation:** The financial closing process is required to make any necessary adjustments, reclassifications, estimates, and other accruals in order to ensure that the financial statements are presented in accordance with Generally Accepted Accounting Principles (GAAP). The Foundation recently adopted and implemented a written policy and procedure for the financial closing process, including the use of a checklist. However, several account balances related to capital assets and payables were not properly closed, causing misstatements.

**Recommendation:** We recommend that the Foundation incorporate additional closing procedures, tailored to its unique circumstances, that include the closing of all account balances for each fund.

#### CAPITAL ASSETS

**Observation:** The Foundation has a detailed listing of all capital assets and associated accumulated depreciation by item. However, we noted that several unrecorded capital assets existed at the balance sheet date which were not added to the listing during the financial closing process. Also, the Foundation does not perform a regular physical inspection of assets to ensure they exist whether any losses due to impairment should be recorded. We also noted that the Foundation does not track costs associated with works in progress by project, which could result in misstatements of the account balance.

**Recommendation:** We recommend that the Foundation incorporate physical inspections of assets, at least bi-annually, to ensure the existence of all capital assets represented on the listing and the general ledger. Also, we recommend that all costs associated with work in progress, including construction, be tracked and that completed projects be removed and added to other fixed asset accounts when placed in use.



## JOURNAL ENTRIES

**Observation:** The Foundation's general ledger accounting system does not permit automatic, numerical sequencing of manual journal entries. Users will manually assign them, which has allowed for gaps in numbering to occur. Also, upon further review of certain manual journal transactions, we noted that several journal entries made by the accountant did not receive a secondary review and were posted to incorrect accounts.

**Recommendation:** We recommend that a procedure for manual journal entry numbering be developed to ensure that consecutive numerical sequencing is maintained. Also, all manual journal entries should receive a secondary review to be sure they are posted accurately and to the correct accounts.

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

We will review the status of these comments at our next audit engagement.

A handwritten signature in cursive script that reads "Nigro & Nigro, PC". The signature is written in dark ink and is positioned above the typed name and date.

Murrieta, California  
November 19, 2019

The Law Offices of  
**CALDWELL, KENNEDY  
& PORTER**

*A Professional Corporation*

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*Terry E. Caldwell  
Jeanne Kennedy  
Kevin Porter  
Marsha L. Smith  
Shelby T. Shelton*

October 28, 2019

To Whom it May Concern

*15476 West Sand Street  
Victorville, CA 92392  
(760) 245-1637  
(760) 245-1301 fax  
ckp@cklaw.net  
website cklaw.net*

Re: Board of Directors of the Lewis Center for Educational Research

Dear Board of Directors:

I respectfully request that I be considered for the Board of Directors of the Lewis Center for Educational Research for the term commencing in approximately December of 2019. Throughout my life I have valued and supported educational endeavors as well as giving back to my community. Specifically, I believe that my previous experience as a 21 year member of the Lewis Center for Educational Research Board of Directors from 1997 to 2018 will provide valuable historical knowledge and assist in the critical issues facing the Board in the next term including the build out of the Norton Campus.

Thank you for your consideration of my application.

Sincerely,



D. Kevin Porter, Esq.

# David Kevin Porter

## Admitted to bar, California, 1992

### Education:

- Victor Valley Junior College (A.S., 1980)
- San Diego State University (B.S., 1982)
- Citrus Belt Law School (J.D., 1992)

Previous Employment: Contel of California 1982-1992. Positions included Account Executive, Business and Residential Supervisor, and Mobile Products Product Manager.

### Professional Activities:

- High Desert Bar Association
- San Bernardino County and American Bar Associations

### Community Activities:

- Board of Directors, Greater Contel Employees Federal Credit Union 1987-90
- Loaned Executive, United Way 1986-87; Campaign Chairman, United Way 1987-88
- Apple Valley High School Assistant Varsity Basketball Coach 1982-87
- Chairman, Chamber of Commerce Legislative Action Committee (1994 – 1996)
- Victorville Youth Accountability Board (1993)
- Church of The Valley Personnel Committee (1993 – 1997)
- Board of Directors, Victorville Chamber of Commerce (1996 – 2000)
- President, Victorville Chamber of Commerce (1998-1999)
- Chairman, Victor Valley Leadership (1996-1997)
- Board of Directors, High Desert Bar Association (1996 – 2000)
- President, High Desert Bar Association (1999)
- Rotary (1982 – present)
- Board of Directors, Lewis Center For Educational Research (1997-2018)
- President, Lewis Center for Educational Research (2017-2018)
- Hesperia High School Assistant Varsity Basketball Coach (1998-2004)

**Personal:** Married to Susan; resides in Spring Valley Lake with Daughter, Madison

## Lewis Center for Educational Research Interested Board Member Information

Name: Torii Gray Email: taymorcheeks@gmail.com

Place of Employment: Starbucks Coffee Company

Occupation: District Manager

Address: 2150 Cordillera ave. Colton Ca. 92324 Phone: 760.219.0935

Cell Phone: 760.219.0935

Community Member       AAE Parent       NSLA Parent

Why are you interested in being a Lewis Center for Educational Research Board Member?

My exceedingly high interest in becoming a Lewis Center for Educational Research Board Member, supports my experience, skills and education. I am a district manager by profession and work directly with store managers, district managers directors and VP's. Some of the work I do includes: Building capability through effective coaching methods, building strategic plans and tactics to accomplish business goals and grow the business, inspire and create change. I am known and have been recognized, for a variety of skills and results achieved. I possess a variety of experiences and skills and I have a strong background in interpersonal communication, public speaking and human development. Additionally, I am the Program Lead for Starbucks Black Partner Network and was the founding Chair for the Inland Empire, Starbucks Women's Development Network. I am an active volunteer member with, the Redlands Boys and Girls Club and hold a bachelor's degree from Azusa Pacific University in Human Development. With my background and knowledge, I believe I would serve as an excellent adviser and Board Member to your organization.

The Lewis Center for Educational Research Board is looking for members with knowledge, skills and/or experience in the following areas. Please check any that are applicable to you.

Community Knowledge       Academic       Legal       Human Resources  
 Real Estate/Facilities       Finance       Fundraising       Political Experience

What other skills, talents or attributes do you have that would be beneficial to the Lewis Center Board?

- Co-Create with director, peers and team of store managers
- Develop Strategies to move business forward

- Leadership Development
- Develop strategies and projects to enhance partner and customer experience
- Establish plan, routines and communication strategies to support development and engagement
- Oversee delivery of manager, supervisor and barista programs and consults with the human resources team to support continually improving process, training and programs
- Consults with leadership at all levels, including VP's, Directors and cross functional business partners
- Impactful resource for best practices and field expertise
- Builds and facilitates in person workshops and training
- Takes the lead on Partner Network Programs
- Manages Profit and Loss Statement, Labor budget and year over year sales growth

Do you have any governing board experience? If yes, on what board(s)?

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N/A

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# **Torii Gray**

2150 Cordillera ave, Colton Ca. 92324  
909.676.1016

Dynamic, detail-oriented leader with multi-unit leadership experience. Proven, successful track record in growing business portfolio, innovating and executing strategies to achieve financial, operational, people and customer service goals. Successful track record in developing, influencing, and coaching teams to success, profitability and capability building. Exceptional Communication skills. Identified as Director Bench at Starbucks Coffee Company.

## **Starbucks**

*October 2010- Present*

*District Manager*

*District Manager Trainer*

Lead store operations in the Inland Empire through a team of Store Managers to create and maintain the Starbucks Experience for our customers and partners.

Key responsibilities include: Partner Development/Teambuilding, Recruitment/Retention, Succession Planning, Culture and Engagement, Customer Focus, Achieving Business Results, District Strategies and Leadership.

## **Bank of America**

June 2003-November 2008

*Banking Center Manager*

Lead banking operations in Inland Empire through a team of tellers, personal bankers, assistant manager and sales and service specialist.

Key responsibilities and passion include: Leadership, Employee Development, Employee Engagement, Customer Focus Experience, Achieving Business Targets, and Developing Market Strategies investment relationships, and savings and deposit goals.

## **Victoria Secrets**

September 2000 –June 2003

*Store Manager*

## Education

**Azusa Pacific University**

Azusa, CA

*BA in Human Development*

## Awards/Certifications

2013 District Manager of the Year- Customer

2015 District Manager of the year –Overall

2015-Current District Manager Trainer

2016 Costa Rica Origin Recipient

2017 Regional In Place Leadership Development Program

2018 Regional In Place Leadership Development Program

2019 District Manager of the Year-Business

*\*References Available Upon Requests*

**z Lewis Center for Educational Research  
STAFF REPORT**

Date: December 3, 2019  
 To: LCER Board of Directors  
 From: Lisa Lamb  
 Re: President/CEO Report

<b>Goal 1: Build the financial capacity of the LCER, including key provisions for sustainability.</b>	
1.1 <u>Objective:</u> Each school will maintain a reserve balance of no less than 4% of the total operating budget. Reserves will be defined as unencumbered cash balance_	We are continuing to build our cash reserves and searching for additional funding options for both schools. Currently we are meeting the 4% cash balance at both sites and anticipate to continue to support the goal as we strive to increase our financial stability going into the issuance of new Bond Debt for both campuses.
1.2 <u>Objective:</u> Support oversight and accountability of funds by LCER budget managers through monthly financial reports which include budget-to -actuals.	On the first Wednesday of the month, the Finance Office is continuing to provide each manager with their budgets and subsequent internal departments (ie Athletics, VPA, ROTC, etc.) with an up-to-date picture of the budget. On October 31st, we meet the end of the first reporting period to review the financial picture for the schools. With this process, we will be able to complete the 1st Interim Reporting for each school to our authorizers, update the revenue and projected expenditures for each school based on the necessary changes that have occurred or planned for change since the start of the new Fiscal Year.
1.3 <u>Objective:</u> Most restrictive dollars (i.e.: categorical funding, one-time monies, Special Education funding, grants, etc.) will be utilized first and according to funding requirements and as approved by School Site Council.	Administrative staff carefully monitor expenditures to ensure that categorical monies are utilized first and for the intended purposes.
1.4 <u>Objective:</u> The Foundation Board will raise funds to support the needs of LCER schools and programs.	The Foundation Board is actively planning the 3rd Annual Lewis Center Gala which will be held on May 15th at the Orange Show Fairgrounds in San Bernardino. The theme is Back to the Future and we have invited our special guests, who will be, our founder Rick Piercy, and Congressman Jerry Lewis (ret.).

**Goal 2: Develop and maintain facilities to meet the TK-12 needs at both campuses.**

2.1 Objective: Complete NSLA TK-12 and Head Start campus in Winter/Spring 2021.

Staff is working closely with Charter School Property Solutions, TSK Architects, Urban Futures and Kimley Horn to navigate all aspects of due diligence, bond financing, CEQA and pre-development, and coordination with the County and City. Weekly meetings are held with each team to ensure that this project remains on time and within budget.

The current timelines indicate a completion of March/April of 2021 for NSLA. Head Start should be completed earlier as it is a smaller scale project.

Staff is working on a school calendar to be communicated with staff, parents and stakeholders to reflect this one year adjustment. It is anticipated that we will compress the calendar to extend the summer break with school ending no later than May 15, 2020.

Construction Update meetings, to include presenting architectural renderings, are planned for all NSLA staff and parents in January.

We will be attending the San Bernardino Planning Commission meeting on December 10th.

2.2 Objective: Create a deferred maintenance schedule to properly identify and address the needs of aging equipment, building and infrastructure.

AAE

- Finalized our contract with Cintas they will be replacing all the soap and towel dispensers to be automatic
- Janitorial will transition to in-house on 12/1/2019
- Charles Wittenberg will be transferring from Norton to AAE on 12/9/2019
- Fertilizing all the grass for the winter
- Repairing doors in North Elementary: Calibrating door closures or replacing them as needed. Replacing hinges as needed.
- Building and replacing all the tables for Q-104
- Shampoo Carpets as needed
- Pressure washing campus

Norton

- Replacing the ADA partition stalls in boys elementary and middle school
- Repairing trip hazards around the campus
- Pressure Washing campus
- We finalized our contract with Cintas they will be replacing all the soap and towel dispensers to be automatic
- Hired a new Facility Tech: Emmanuel Perez start date 12-9-2019

LCER



	<ul style="list-style-type: none"> <li>Replacing the carpet in the M-Building</li> </ul>
<p>2.3 <u>Objective: Monitor technological systems to protect against external and internal security threats.</u></p>	<p>AAE Security System has been upgraded and a contract has been approved with the new vendor. Improvements consist of new motion detectors, key pads, remote access, and multiple user codes to help reduce false alarms and identify who is accessing campus and when. We will be moving over to this new system shortly.</p>
<p>2.4: <u>Utilize the refinancing of the AAE Bonds to address capital campaign needs (i.e. Multipurpose Room, secondary science labs, additional athletic and P.E. fields, special education, parking lot rehabilitation, etc.).</u></p>	<p>We are currently in the civil engineering phase of this project. A few unresolved issues from the consolidation have caused minor delays to the financing timeline. We are working closely with the Town to ensure accuracy.</p> <p>We have completed the due diligence packet for the bond refinancing.</p> <p>We are forming an AAE task force to guide the development of these facilities. This will provide various perspectives to ensure that the highest needs are met with these funds. TSK Architects will be guiding the task force through a development phase for the MPR.</p>
<p><b>Goal 3: Strengthen the academic programs at both schools resulting in increased student mastery while preparing every student for post-secondary success in the global society.</b></p>	
<p>3.1 <u>Objective: Both schools will demonstrate continued increases in student mastery in the area of Mathematics as reported on the California School Dashboard.</u></p>	<p>Smarter-Balanced Assessment comparative results were analyzed and shared with staff in October.</p> <p>AAE</p> <ul style="list-style-type: none"> <li>Overall 3% growth from prior year</li> <li>School outperformed both state and authorizing district</li> <li>Vast improvement across middle school with gains at all three grade levels</li> </ul> <p>NSLA</p> <ul style="list-style-type: none"> <li>4% growth overall from prior year</li> <li>Narrowed gap between the school, state, and county</li> <li>20% growth in 5th grade</li> </ul>
<p>3.2 <u>Objective: In order to decrease referrals for counseling and behavior incidents, both schools are implementing curricula at the elementary, middle and high school to support Social Emotional Learning (SEL). The collective outcomes of these</u></p>	<p>AAE</p> <ul style="list-style-type: none"> <li>AAE began implementation of Second Step SEL curriculum in grades K-8. Lessons are presented weekly by elementary and middle school homeroom teachers.</li> </ul> <p>NSLA</p> <ul style="list-style-type: none"> <li>NSLA continues to implement Sanford Harmony in some elementary classrooms. Sanford Harmony is a social emotional learning program for Pre-K-6 grade students designed to foster communication, connection, and community both in and outside</li> </ul>

<p><u>strategies are to: enhance the ability of students to self-regulate, strengthen relationships amongst students and staff, and empower teachers to support SEL needs in the classroom.</u></p>	<p>the classroom, and develop boys and girls into compassionate and caring adults.</p> <ul style="list-style-type: none"> <li>● In Middle School, we have the Habitudes curriculum and we integrate Mindfulness into the beginning of each lesson. Habitudes is a curriculum that is based on building leadership skills and Mindfulness is for building resilience and Neuroplasticity for our students. The lessons are delivered once per month in each Middle School Enrichment Classroom.</li> </ul>
<p><u>3.3 Objective: Both schools will develop a more robust STEAM strand that builds upon itself in grades TK-12.</u></p>	<p>LCER, AAE and NSLA administration have begun talks with Garner Holt Education Through Imagination in order to bring their programs and professional development to our staff and students. We have scheduled on site PD at both schools and are committed to extending this partnership.</p> <p>A team of LCER, AAE, and NSLA Staff will attend the Annual STEAM conference in Long Beach, California in December.</p> <p>Lisa Lamb will present two GAVRT talks with our NASA partners at the AGU Conference in December.</p> <p>LCER submitted a grant proposal to NOAA requesting \$500,000 over five years to support a newly developed “Mojave River Conservation and Recharge Project.” If approved, project partners will include Mojave Water Agency, Victor Valley College, Apple Valley USD, and NASA ScaN. The student led projects will utilize the Science on a Sphere and the Mojave Riverbed. This project will be administered through Lewis Center Local Programs and activities will be made available to both schools.</p>
<p><b>Goal 4: Recruit, develop and retain a highly qualified and diversified staff.</b></p>	
<p><u>4.1 Objective: Evaluate ongoing and new recruitment efforts to ensure that all positions are filled with highly-qualified and diversified staff.</u></p>	<p>Positions continue to be advertised through California’s leading educational job board, Edjoin.org.</p> <p>Emails are sent to potential applicants through Edjoin, specifically targeting candidates for specific positions.</p> <p>HR has increased its recruitment presence on the Lewis Center and both schools websites, along with community social media outlets.</p> <p>Classified positions are being advertised in the local newspapers and online job boards.</p> <p>Job postings are sent to local universities and employment agencies (such as EDD) with hopes to recruit highly qualified and diversified candidates.</p>
<p><u>4.2 Objective: Develop a</u></p>	<p>Personnel task force has been meeting regularly to develop the CEO</p>

<p><u>comprehensive succession plan for all key positions.</u></p>	<p>succession plan. Their progress is presented at the monthly board meetings.</p> <p>Each Director on the Executive Team is working on departmental succession plans with the goal to build capacity internally.</p>
<p><u>4.3 Objective: Invest in professional development for classified and certificated staff and board members.</u></p>	<p>Garner Holt Imagination Through Education group will be conducting professional development at both schools in December. We have moved the December All Staff meetings to January to accommodate this training.</p> <p>All employees are completing the new “Boundaries: Student Sexual Abuse Prevention” training as part of Ed Code 44050. This law requires all staff to be trained by January 1, 2020. The majority of staff has already completed their training.</p>
<p><u>4.4 Create a highly attractive environment for staff which increases and/or maintains staff retention rates LCER-wide.</u></p>	<p>The HR Department, in collaboration with the Executive Team, is currently revamping the Employee Recognition Program.</p> <p>The HR Department is working with the Executive Team to review employment practices, policies, salary and benefits for staff.</p> <p>Salary comparisons will be reviewed as part of the annual budget workshops beginning in January. Ideas for potential increases will be brought forward to the board as part of that process.</p>
<p><b>Goal 5: The Lewis Center for Educational Research will communicate and operate under a common vision, mission, goals and objectives.</b></p>	
<p><u>5.1 Objective: The Board of Directors and Executive Team will continue to participate in annual strategic planning. Progress toward goals will be reported monthly via the CEO Board Report.</u></p>	<p>The Annual Strategic Planning Meeting was held on August 9, 2019.</p> <p>A Vision Committee was established and met to codify the drafts of the revisions from the strategic planning session. That draft was presented and ratified by the Board on September 9, 2019.</p> <p>The Executive Team met to draft the objectives and tasks to support the revised goals. These were also presented on September 9, 2019.</p> <p>The Board approved the final draft of the Strategic Plan during regular session on October 14, 2019.</p> <p>The staff report template has been updated to reflect the current goals for the 2019-2020 School Year.</p>
<p><u>5.2 Objective: Board and Executive Team will actively communicate LCER’s mission to the stakeholders and</u></p>	<p>An increased effort has been made to send press releases to local media outlets to communicate our schools’ mission and programs.</p> <p>Staff will continue to update the school websites to include most up to</p>

<p><u>communities that we serve.</u></p>	<p>date information including , weekly events, staff information and policies.</p> <p>Dr. Barragan will begin attending San Bernardino Chamber of Commerce’s Leadership series in January.</p>
<p><u>5.3 Objective: Increase communication with stakeholders regarding progress toward mission, vision, and goals.</u></p>	<p>Staff receives invitations to attend monthly board meetings with the packet that contains the staff report.</p> <p>Both schools’ LCAPs reflect the Lewis Center Strategic Plan. Schoolwide systems set up for engagement around these plans include: Professional Learning Communities, Academic Leadership Teams, School Site Councils, and Parents and Pastries Open Forums. Each of these stakeholder groups meet at least monthly to discuss school- wide progress and improvement. Annual student, staff and parent surveys are also conducted to seek feedback and input.</p> <p>All Lewis Center websites and social media accounts are currently being reviewed by the LCER staff with the goal to improve the public’s ability to learn more about the Lewis Center’s mission, vision and goals.</p>

The High Desert Partnership in Academic Excellence Foundation, Inc.  
 Check/Voucher Register - Board Report - 10K  
 From 10/31/2019 Through 11/22/2019

<u>Effective D...</u>	<u>Check Nu...</u>	<u>Vendor Name</u>	<u>Check Amount</u>	<u>Transaction Description</u>
10/31/2019	426		382,336.54	Group: Payroll; Pay Date: 10/31/2019
11/4/2019	43504	CharterSAFE	26,010.00	Insurance premium pymt for October
11/4/2019	43507	SBCSS	73,785.79	NSAA STRS contributions for October
11/4/2019		SBCSS	132,302.90	LCER/AAE - STRS contributions for October
11/4/2019	43510	SBCSS	21,732.29	NSAA PERS contributions for October
11/4/2019		SBCSS	58,473.83	LCER/AAE - PERS contributions for October
11/14/2019	43573	Preferred Meal System...	11,235.36	NSLA Cafeteria Food 11/4/19
11/14/2019	43576	Renaissance Learning,...	15,462.00	PO#20-0017-IT-S Accelerated Reader 360 Subscription
11/14/2019	43583	SBCSS	13,649.61	Reimbursement for Costs of sub Teachers 7/1/19-10/10/19 NSLA
11/15/2019	428		391,438.45	Group: Payroll; Pay Date: 11/15/2019
11/18/2019	43606	SISC	188,219.80	Health Coverage for November 2019
Report Total			1,314,646.57	

**LEWIS CENTER FOUNDATION**  
**COMBINED BALANCE SHEET AND INCOME STATEMENT**  
October 1 - October 31, 2019

**CHECKING (LEWIS CENTER FOUNDATION)**

<b>Beginning Balance</b>			<b>\$28,136.16</b>
<b>Revenue</b>			
	2019 Victor Valley Regional Open Golf Tournament Sponsorships, Raffle Tickets	\$22,088.50	
	Online Donations - NSLA Capital Campaign	\$200.00	
	Transfer from Savings - Scholarships	\$280.00	
	<i>Total</i>	\$22,568.50	
<b>Expenditures</b>			
	VVRO Golf Tournament Expenses	\$11,977.00	
	Engraved Bricks - Sponsor Recognition	\$806.74	
	Snapology - Educational Activity Grant	\$280.00	
	Additional Cash Fee	\$1.25	
	<i>Total</i>	\$13,064.99	
<b>Ending Balance</b>		<i>Total</i>	<b>\$37,639.67</b>

**SAVINGS (LEWIS CENTER FOUNDATION)**

<b>Beginning Balance</b>			
	Restricted Funds - AAE Capital Campaign		\$97,578.39
	Restricted Funds- NSLA Capital Campaign		\$33,265.60
	Restricted Funds - Davis Endowment		\$12,023.38
	Restricted Funds - HiDAS Endowment		\$63,785.92
	Restricted Funds - Scholarships		\$28,826.40
	Unrestricted Funds		\$52,880.38
			\$288,360.08
<b>Revenue</b>			
	AAE Staff Scholarship	\$15.00	
	Snapology Facility Rental	\$225.00	
	Interest	\$24.47	
	<i>Total</i>	\$264.47	
<b>Expenditures</b>			
	Transfer to Checking - Scholarships	\$280.00	
	<i>Total</i>	\$280.00	
<b>Ending Balance</b>			
	Restricted Funds - AAE Capital Campaign		\$97,587.20
	Restricted Funds - NSLA Capital Campaign		\$33,267.56
	Restricted Funds - Davis Endowment		\$12,024.36
	Restricted Funds - HiDAS Endowment		\$63,791.80
	Restricted Funds - Scholarships		\$28,564.34
	Unrestricted Funds		\$53,109.30
		<i>Total</i>	<b>\$288,344.55</b>
<b>Total Checking and Savings</b>			<b>\$325,984.22</b>

**LCER Board Meetings  
Attendance Log 2019**

	<b>February Regular</b>	<b>March Regular</b>	<b>April Regular</b>	<b>May Regular</b>	<b>June Regular</b>	<b>August Regular</b>	<b>Sept. Regular</b>	<b>Oct Regular</b>	<b>Nov Regular</b>	<b>Dec Regular</b>	<b>TOTAL REGULAR</b>

Duberly Beck	Present	Present	Present	Present	Present	Present	Present	Present	Present		100%
Sharon Page	Present	Present	Present	Present	Present	Present	Present	Present	Present		100%
Jessica Rodriguez			Present	Present	Present	Present	Present	Present	Present		100%
Rick Wolf	Present	Present	Present	Present	Present	Present	Present	Present	Present		100%
Jim Morris	Present	Present	Present	Present	Present	Present	Absent	Present	Absent		78%
Omari Onyango	Present	Absent	Present	Present	Present	Absent	Present	Present	Present		78%
David Rib	Absent	Present	Present	Present	Present	Absent	Present	Present	Present		78%
Pat Caldwell	Present	Present	Absent	Present	Present	Absent	Absent	Present	Present		67%
Marcia Vargas	Present	Present	Present	Absent	Absent	Present	Absent	Present	Present		67%

	<b>Jan. 24 Special</b>	<b>Feb. 25 Special</b>	<b>June 6 Special</b>	<b>June 18 Special</b>	<b>August 9 Special</b>		<b>TOTAL SPECIAL</b>
Duberly Beck	Present	Present	Present	Present	Present		100%
Sharon Page	Present	Present	Present	Present	Present		100%
Jessica Rodriguez			Present	Present	Present		100%
Pat Caldwell	Absent	Present	Present	Present	Present		80%
Marcia Vargas	Present	Present	Absent	Absent	Present		60%
Rick Wolf	Present	Present	Absent	Absent	Present		60%
Omari Onyango	Absent	Present	Present	Absent	Absent		40%
David Rib	Present	Absent	Absent	Present	Absent		40%
Jim Morris	Absent	Absent	Present	Absent	Present		40%

**LCER Board Give and Get**  
**Current Fiscal Year 2019 /2020**

<b>Member</b>	<b>Give</b>	<b>Get</b>	<b>In-kind</b>	<b>Total</b>
Duberly Beck	\$ 500			\$ 500
Pat Caldwell		\$ 1,000		\$ 1,000
James Morris				\$ -
Omari Onyango	\$ 1,200			\$ 1,200
Sharon Page	\$ 150			\$ 150
Jessica Rodriguez	\$ 150			\$ 150
David Rib		\$ 1,500		\$ 1,500
Marcia Vargas	\$ 1,413			\$ 1,413
Rick Wolf				\$ -
<b>Total</b>	<b>\$ 3,413</b>	<b>\$ 2,500</b>	<b>\$ -</b>	<b>\$ 5,913</b>