Board of Directors Meeting

The Classical Academy, Inc.
Coastal Academy Charter School, Inc.

THE CLASSICAL ACADEMIES

The Classical Academy
Classical Academy Middle School
Classical Academy High School
Classical Academy Online
Classical Academy Vista
Coastal Academy
Coastal Academy High School

Tuesday, February 12, 2019
3:30 pm

Coastal Academy
4096 Calle Platino
Oceanside, California 92056

Board of Directors Meeting

The Classical Academy, Inc. and Coastal Academy Charter School, Inc.

Tuesday, February 12, 2019 at 3:30 pm
Coastal Academy
4096 Calle Platino, Oceanside, CA 92056

BOARD AGENDA

*** Unless otherwise noted, all agenda items apply to both corporations, The Classical Academy, Inc. and Coastal Academy Charter School, Inc.*

#	Agenda Item	Presenter	Action Item
1	Open Public Meeting with Pledge of Allegiance	Mark Reardon, Board President	
2	Review and Approval of Past Minutes A. Meeting of December 11, 2018 B. Meeting of December 19, 2018	Mark Reardon	Yes
3	Correspondence: Written / Oral – 2 minutes	Mark Reardon	
4	Student Voice: Update on Activities	Kenna Chase, CAO Student	
5	Treasurer's Report A. Financial Update B. Approve Audited Financial Statements for FY 2017-2018	Chris Thibodeau, Director of Finance	Yes
	New Business		
6	Summit Learning High School Update	Principals, Dr. Stacey Perez & Samantha Bartrom	
7	Approve English Learner Reclassification Criteria	Jalyn Hall, Director of Instructional Leaders	Yes
8	Enrollment Update	Jalyn Hall	
9	Operation's Update: Solar Installations	Russell Grant, Director of Operations	
10	New Employee Orientation Course	Russell Grant	
11	Adjournment of Public Meeting o Next Meeting: May 21, 2019 at Classical Academy High School	Mark Reardon	
	Executive Session (Closed Meeting) – 5:30 pm		
12	Property Update A. Classical Academy Online B. Coastal High School	Mark Kalpakgian / Russell Grant / Chris Thibodeau	
13	Legal Update — (Claim No. 18-04837)	Mark Kalpakgian	

THE CLASSICAL ACADEMY

BOARD OF DIRECTORS			
Date	December 11, 2018	Call to Order	3:30 pm
Board Members Present:	Mark Reardon, Patricia Huerta, Paul Donovan, Mark Donar		
Board Members Absent:	None		
Employees Present:	Cameron Curry, Sandra Reeve, Mark Kalpakgian, Jalyn Hall, Sejal Majithia, Jennifer Morrow, Kenna Molina, David Meyer, Judy Segina, Dr. Stacey Perez		
Note taker:	Sonia Ryan		

Agenda for December 11, 2018

Review and Approval of Past Minutes for September 11, 2018

Motion	Moved	Second	Vote	Passed	Denied
Motion to approve past meeting minutes as presented.	Mark D.	Patty	4-0	✓	

Correspondence

Written: None Presented

Oral: Cub Scout Pack 659 – *Build a Better World Cub Scout Adventure*. A group of scouts had several questions about how The Classical Academy choses teachers and principals, funding, how we assist students who need extra help with reading and writing, and the plans for the school's future.

Student Voice

Update from Joelle Logan, ASB President at Coastal High School (CHS) - Joelle gave an update on sports, clubs, activities, events, community service, and school spirit at CHS.

Treasurer's Report

Sandra Reeve, Director of Finance, provided a Financial update for The Classical Academy, Inc. (K-8), Classical Academy Middle School, Classical Academy Vista, Classical Academy High School, and Classical Academy Online, for FY 2018-19 Budget and Year to Date through 1st term 10/31/2018.

Motion	Moved	Second	Vote	Passed	Denied
Motion to accept Financial Report as presented.	Patty	Paul	4-0	✓	

Sandra Reeve provided a Resolution to Establish a Charter Enterprise Fund at SDCOE. Establishing an account with the Country Treasury allows Vista United to transfer property tax payments on a monthly basis to TCA Vista.

Motion	Moved	Second	Vote	Passed	Denied
Motion to approve Resolution to establish Charter Enterprise Fund at SDCOE.	Mark R.	Paul	4-0	✓	

THE CLASSICAL ACADEMY

Sandra Reeve provided a Resolution to remove herself as signer on all Pacific Western Bank Accounts, effective 1/16/19 or sooner.

Motion	Moved	Second	Vote	Passed	Denied
Resolution to remove Sandra Reeve as signer on the Pacific Western Bank Accounts, effective 1/16/19 or sooner	Mark D.	Mark R.	4-0	✓	

Cameron Curry, Executive Director, requested a review and approval of an updated Check Writing Authority Policy.

Motion	Moved	Second	Vote	Passed	Denied
Motion to review and approve updated Check Writing Authority Policy.	Patty	Mark D.	4-0	✓	

New Business

- **The Classical Academy, Inc. (K-8, Middle School, Classical Academy Vista, Classical Academy High School, and Classical Academy Online)**

A. Sejal Majithia, Compliance, Risk & Legal Affairs Manager, presented and requested approval of the Independent Study Review policy.

Motion	Moved	Second	Vote	Passed	Denied
Motion to review and approve Independent Study Board Policies.	Mark D.	Paul	4-0	✓	

B. Jalyn Hall, Director of Instructional Leaders, presented Enrollment Priority Policy and Procedure for Newly Enrolled Students and requested approval.

Motion	Moved	Second	Vote	Passed	Denied
Motion to review and approve Enrollment Priority Policy and Procedure for Newly Enrolled Students.	Paul	Mark D.	4-0	✓	

C. Jalyn presented Student Preference List Policy and Procedure for Currently Enrolled Students.

Motion	Moved	Second	Vote	Passed	Denied
Motion to review and approve Enrollment Priority Policy and Procedure for Currently Enrolled Students.	Patty	Paul	4-0	✓	

D. Jalyn presented *Local Indicators for the California School Dashboard – Information and discussion only.

E. Assessment and Data Presentation by David Meyer, Director of Curriculum, Assessment, and Data and Judy Segina, Assessment Coordinator – Information and discussion only.

F. Jennifer Morrow, Classical Academy Middle School Principal and Kenna Molina, Classical Academy Principal, provided a Quality Assurance Program packet for Review – Information and discussion only.

G. The Employee Benefits Survey Review was presented by Melissa Morey, Director of Human Resources - Information and discussion only.

THE CLASSICAL ACADEMY

H. The Top Workplaces Survey Results was presented by Mark Kalpakgian, Director of Strategic Partnerships – Information and discussion only.

I. Mark Kalpakgian presented the 2018 Strategic Initiatives for Board review and approval.

Motion	Moved	Second	Vote	Passed	Denied
Motion to review and approve the 2018 Strategic Initiatives.	Mark R.	Mark D.	4-0	✓	

J. Dr. Stacey Perez, Classical Academy Online Principal, presented the *Local Control Accountability Plan (LCAP) Update – Information only.

K. Parent Paul Donovan, provided a debrief on the *8th Grade Class Trip through Virginia, Pennsylvania, Washington, DC, and New York – Information only.

*= This symbol indicated items to be discussed that do not have a report as part of the packet.

Old Business

- **The Classical Academy, Inc. (K-8, Middle School, Classical Academy Vista, Classical Academy High School, and Classical Academy Online)**

A. Enrollment Update

Cameron presented a detailed analysis of enrollment as of December 1, 2018, showing the following: The Classical Academy (K-8) minus 16; Middle School – up seven; Classical Academy Vista minus 18, up one at Classical Academy Online, and minus 14 at Classical Academy High School.

Adjournment

Meeting Adjourned at 6:36 pm.

Next Meeting is scheduled for Tuesday, February 12, 2018, at 3:30 pm, at Coastal Academy, 4096 Calle Platino, in Oceanside.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected Secretary of The Classical Academy, a California nonprofit public benefit corporation; that these minutes, consisting of three (3) pages are the minutes of the meeting of the Board of Directors held on December 11, 2018.

_____
Secretary

COASTAL ACADEMY

BOARD OF DIRECTORS			
Date	December 11, 2018	Call to Order	6:36 pm
Board Members Present:	Mark Reardon, Patricia Huerta, Paul Donovan, Mark Donar, Cameron Curry		
Board Members Absent:	None		
Employees Present:	Sandra Reeve, Mark Kalpakgian, Jalyn Hall, Sejal Majithia, Jennifer Morrow, Kenna Molina, David Meyer, Judy Segina, Dr. Stacey Perez		
Note taker:	Sonia Ryan		

Agenda for December 11, 2018

Review and Approval of Past Minutes for September 11, 2018

Motion	Moved	Second	Vote	Passed	Denied
Motion to approve past meeting minutes as presented.	Cameron	Patty	5-0	✓	

Correspondence

Written: None Presented

Oral: Cub Scout Pack 659 – *Build a Better World Cub Scout Adventure*. A group of scouts had several questions about how The Classical Academy choses teachers and principals, funding, how we assist students who need extra help with reading and writing, and the plans for the school's future.

Student Voice

Update from Joelle Logan, ASB President at Coastal High School (CHS) - Joelle gave an update on sports, clubs, activities, events, community service, and school spirit at CHS.

Treasurer's Report

Sandra Reeve, Director of Finance, provided a Financial Update, for Coastal Academy (K-12), FY 2018-19 Budget and Year to Date through 1st term 10/31/2018.

Motion	Moved	Second	Vote	Passed	Denied
Motion to approve Financial Report as presented.	Cameron	Mark R.	5-0	✓	

Sandra Reeve provided a Resolution to remove herself as signer on all Pacific Western Bank Accounts, effective 1/16/19 or sooner.

Motion	Moved	Second	Vote	Passed	Denied
Resolution to remove Sandra Reeve as signer on the Pacific Western Bank Accounts, effective 1/16/19 or sooner	Cameron	Paul	5-0	✓	

Cameron Curry, Executive Director, requested a review and approval of an updated Check Writing Authority Policy.

COASTAL ACADEMY

Motion	Moved	Second	Vote	Passed	Denied
Motion to review and approve updated Check Writing Authority Policy.	Mark D.	Paul	5-0	✓	

New Business

- **Coastal Academy, Inc. (K-12)**

A. Sejal Majithia, Compliance, Risk & Legal Affairs Manager, presented and requested approval of the Independent Study Review policy.

Motion	Moved	Second	Vote	Passed	Denied
Motion to review and approve Independent Study Board Policies.	Paul	Mark R.	5-0	✓	

B. Jalyn Hall, Director of Instructional Leaders, presented Enrollment Priority Policy and Procedure for Newly Enrolled Students.

Motion	Moved	Second	Vote	Passed	Denied
Motion to review and approve Enrollment Priority Policy and Procedure for Newly Enrolled Students.	Patty	Paul	5-0	✓	

C. Jalyn presented Student Preference List Policy and Procedure for Currently Enrolled Students.

Motion	Moved	Second	Vote	Passed	Denied
Motion to review and approve Enrollment Priority Policy and Procedure for Currently Enrolled Students.	Patty	Paul	5-0	✓	

D. Jalyn requested approval for specific credentialed personnel to teach outside of their area of credentialing (Coastal only).

Motion	Moved	Second	Vote	Passed	Denied
Motion to approve specific credentialed personnel to teach outside of their area of credentialing (Coastal only)	Patty	Paul	5-0	✓	

E. Jalyn presented *Local Indicators for the California School Dashboard – Information and discussion only.

F. Assessment and Data Presentation by David Meyer, Director of Curriculum, Assessment, and Data and Judy Segina, Assessment Coordinator – Information and discussion only.

G. Jennifer Morrow, Classical Academy Middle School Principal and Kenna Molina, Classical Academy Principal, provided a Quality Assurance Program packet for Review – Information and discussion only.

H. Employee Benefits Survey Review by Melissa Morey, Director of Human Resources – Information and discussion only.

COASTAL ACADEMY

I. Top Workplaces Survey Results Presentation by Mark Kalpakgian, Director of Strategic Partnerships – Information and discussion only.

J. Mark Kalpakgian presented the 2018 Strategic Initiatives for Board review and approval.

Motion	Moved	Second	Vote	Passed	Denied
Motion to review and approve Strategic Initiatives.	Cameron	Patty	5-0	✓	

K. Dr. Stacey Perez, Classical Academy Online Principal, presented the *Local Control Accountability Plan (LCAP) Update – Presentation only.

L. Parent Paul Donovan, provided an *8th Grade Class Trip Debrief – Presentation only.

*= This symbol indicated items to be discussed that do not have a report as part of the packet.

Old Business

- **Coastal Academy, Inc. (K-12)**

A. Enrollment Update

Cameron presented a detailed analysis of enrollment at Coastal Academy (K-8) and Coastal Academy High, which reveals decreases of 30 students at Coastal K-8 and 27 at Coastal High as of December 1, 2018.

Adjournment

Meeting Adjourned at 6:48 pm.

Next Meeting is scheduled for Tuesday, February 12, 2018, at 3:30 pm, at Coastal Academy, 4096 Calle Platino, in Oceanside.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected Secretary of The Classical Academy, a California nonprofit public benefit corporation; that these minutes, consisting of three (3) pages are the minutes of the meeting of the Board of Directors held on December 11, 2018.

_____
Secretary

THE CLASSICAL ACADEMIES

- ESCONDIDO | VISTA | OCEANSIDE | ONLINE -

Board Report

Governing Member Terms

Background:

The Classical Academy, Inc. has bylaws that state the term of service for Board members serving the organization. As defined, the terms of each office are 4 years, and up to 3 terms in office.

Report:

Upon annual review, The Classical Academy, Inc., has two members that are set to expire between scheduled Board meetings and will need to be re-appointed immediately with a vote from current members. With the re-appointment of Patty Huerta and Mark Reardon, they will be entering their third and final term in office, with an expiration of January of 2023.

Current Board Terms:

- Patty Huerta — January 2019
- Mark Reardon — January 2019
- Paul Donovan — June 30, 2019
- Mark Donar — July 1, 2021
- Member at Large — Open Position to be appointed at May 2019 meeting

Action Required by the Board:

It is the recommendation that current Board members vote to re-approve the term of service for Patty Huerta and Mark Reardon to another 4-year term and keep their current positions of Treasurer and President. At the September 2019 Board meeting a discussion on Board positions will be discussed and assigned for the 2019/2020 school year.

CM Curry

Cameron Curry
Executive Director

December 13, 2018

THE CLASSICAL ACADEMIES

- ESCONDIDO | VISTA | OCEANSIDE | ONLINE -

Board Minutes for December 19, 2018

The Classical Academy, Inc.

Members Present: Mark Reardon, Patty Huerta, Paul Donavon, and Mark Donar

Team Present: Cameron Curry

The Board convened to discuss the re-appointment of Board members Patty Huerta and Mark Reardon.

Motion to re-appoint Patty Huerta -	Mark Donar Mark Reardon 2nd Patty Huerta Abstain Motion Passes
Motion to re-appoint Mark Reardon	Paul Donovan Patty Huerta 2nd Mark Reardon Abstain Motion Passes

Meeting adjourned 10:10 am.

THE CLASSICAL ACADEMIES

- ESCONDIDO | VISTA | OCEANSIDE | ONLINE -

Board Minutes for December 19, 2018

Coastal Academy Charter School, Inc.

Members Present: Mark Reardon, Patty Huerta, Paul Donavon, Mark Donar, and Cameron Curry

Team Present: None

The Board convened to discuss the re-appointment of Board members Patty Huerta and Mark Reardon.

Motion to re-appoint Patty Huerta -
Mark Donar
Mark Reardon 2nd
Patty Huerta Abstain
Motion Passes

Motion to re-appoint Mark Reardon
Paul Donovan
Patty Huerta 2nd
Mark Reardon Abstain
Motion Passes

Meeting adjourned 10:15 am.

The Classical Academy
FYE 2018-19 2nd Interim & YTD Through 12/31/18

ENROLLMENT		1316 Approved Budget - 1st Interim Total		1322 2nd Interim Total	Actuals Total	YTD (12/31/18) $ Over (Under) Budget	% of Budget
Revenue	*SACS Obj#*						
LCFF State Aid	8011	$ 5,467,367		$ 5,249,975	$ 2,643,584.00	$ (2,606,391.00)	-49.65%
EPA Prop 30	8012	$ 1,685,665		$ 1,685,594	$ 973,480.00	$ (712,114.00)	-42.25%
In-Lieu Property Tax	8096	$ 3,132,439		$ 3,398,338	$ 1,487,102.07	$ (1,911,235.93)	-56.24%
Special Education - Federal	8181	$ 169,125		$ 169,125	$ -	$ (169,125.00)	-100.00%
Mandated Cost Block Grant	8550	$ 21,758		$ 21,758	$ 21,799.00	$ 41.00	0.19%
Lottery	8560	$ 258,968		$ 258,968	$ 10,260.50	$ (248,707.50)	-96.04%
Interest Income	8660	$ 40,000		$ 40,000	$ 21,493.62	$ (18,506.38)	-46.27%
General SPED to MH2	8990	$ 9,900		$ 9,240	$ -	$ (9,240.00)	-100.00%
Discretionary Grant	8550-01	$ 244,283		$ 244,283	$ -	$ (244,282.87)	-100.00%
Special Ed Low Incidence Income	8590-93	$ 1,500		$ 1,500	$ -	$ (1,500.00)	-100.00%
Special Education - State	8590-00	$ 716,941		$ 721,802	$ 304,598.00	$ (417,204.00)	-57.80%
One-Time Grant-MTSS Grant	8590-16	$ 25,000		$ 25,000	$ 25,000.00	$ -	0.00%
Low Performing Student Grant	8590-17	$ -		$ 276,643	$ 138,322.00	$ (138,321.00)	-50.00%
Other State Income	8590-xx	$ -		$ 6,122	$ 65.00	$ (6,057.00)	-98.94%
Other Local Income	8699-8799	$ 226,426		$ 260,426	$ 121,930.82	$ (138,495.18)	-53.18%
Rental Income - Bond Fund	8979	$ 2,156,300		$ 2,195,900	$ 1,154,631.08	$ (1,041,268.92)	-47.42%
	Total	**$ 14,155,672**	**OK**	**$ 14,564,674**	**$ 6,902,266.09**	**$ (7,662,407.78)**	-52.61%
Salaries							
Certificated Salaries	1100	$ 2,952,832		$ 3,019,665	$ 1,267,610.87	$ (1,752,053.63)	-58.02%
Certificated Pupil Support	1200	$ 380,782		$ 343,600	$ 139,659.79	$ (203,940.21)	-59.35%
Certificated Admin	1300	$ 514,020		$ 524,020	$ 249,390.00	$ (274,630.00)	-52.41%
Certificated Other	1900	$ 440,795		$ 458,955	$ 178,569.42	$ (280,385.58)	-61.09%
	Total	**$ 4,288,429**	**OK**	**$ 4,346,240**	**$ 1,835,230.08**	**$ (2,511,009.42)**	-57.77%
Classified Instr'l Aides	2100	$ 507,787		$ 547,787	$ 240,370.53	$ (307,416.33)	-56.12%
Classified Support	2200	$ 337,256		$ 337,256	$ 148,586.37	$ (188,669.84)	-55.94%
Classified Admin	2300	$ 144,655		$ 384,532	$ 199,679.04	$ (184,852.87)	-48.07%
Classified Clerical	2400	$ 850,457		$ 772,007	$ 333,851.66	$ (438,154.91)	-56.76%
Classified Instr'l Salaries	2900	$ 178,290		$ 125,500	$ 57,750.00	$ (67,750.00)	-53.98%
	Total	**$ 2,018,445**	**OK**	**$ 2,167,082**	**$ 980,237.60**	**$ (1,186,843.95)**	-54.77%
Employee Benefits							
STRS	3101	$ 667,652		$ 697,599	$ 282,776.44	$ (414,822.56)	-59.46%
PERS	3202	$ 318,066		$ 369,332	$ 171,859.11	$ (197,472.89)	-53.47%
Medicare & OASIS	3301/02	$ 216,593		$ 228,802	$ 107,277.10	$ (121,524.90)	-53.11%
Heath Welfare	3401/02	$ 834,374		$ 862,522	$ 385,582.46	$ (476,939.36)	-55.30%
UI	3501/02	$ 3,154		$ 3,257	$ 3,146.06	$ (110.94)	-3.41%
Workers Comp	3601/02	$ 70,838		$ 73,000	$ 38,955.68	$ (34,044.32)	-46.64%
	Total	**$ 2,110,677**	**OK**	**$ 2,234,512**	**$ 989,596.85**	**$ (1,244,914.97)**	-55.71%
Book and Supplies							
Textbooks/Core Curricula	4100	$ 38,737		$ 10,737	$ 5,139.67	$ (5,597.33)	-52.13%
Books Other Than Textbooks	4200	$ 114,200		$ 144,200	$ 112,757.68	$ (31,442.32)	-21.80%
Materials & Supplies	4300	$ 191,353		$ 194,353	$ 113,038.15	$ (81,314.85)	-41.84%
Non-Cap Equipment	4400	$ 21,780		$ 21,780	$ 8,491.65	$ (13,288.35)	-61.01%
	Total	**$ 366,070**	**OK**	**$ 371,070**	**$ 239,427.15**	**$ (131,642.85)**	-35.48%
Service & Other Op. Exp							
Travel and Conferences	5200	$ 48,607		$ 52,107	$ 32,049.08	$ (20,057.92)	-38.49%
Dues and Membership	5300	$ 26,480		$ 26,480	$ 8,700.24	$ (17,779.76)	-67.14%
Insurance	5400	$ 52,603		$ 49,911	$ 49,911.00	$ -	0.00%
Operations Housekeeping	5500	$ 214,881		$ 242,881	$ 134,570.40	$ (108,310.60)	-44.59%
Rentals, Leases, Repairs	5600	$ 917,553		$ 949,553	$ 433,952.55	$ (515,600.03)	-54.30%
Oversight Fee	5850	$ 103,452		$ 103,935	$ -	$ (103,935.00)	-100.00%
Operating Expenses	5800	$ 881,455		$ 931,352	$ 643,715.06	$ (287,636.94)	-30.88%
Communications	5900	$ 107,888		$ 107,888	$ 51,695.31	$ (56,192.69)	-52.08%
	Total	**$ 2,352,919**	**OK**	**$ 2,464,107**	**$ 1,354,593.64**	**$ (1,109,512.94)**	-45.03%
Capital Outlay							
Depreciation Expense	6900	$ 751,977		$ 760,634	$ 377,069.12	$ (383,564.88)	-50.43%
	Total	**$ 751,977**	**OK**	**$ 760,634**	**$ 377,069.12**	**$ (383,564.88)**	-50.43%
Other Outgo							
Bond Interest Expense	7699-01	$ 2,192,820		$ 2,192,820	$ 794,531.84	$ (1,398,288.16)	-63.77%
	Total	**$ 2,192,820**	**OK**	**$ 2,192,820**	**$ 794,531.84**	**$ (1,398,288.16)**	-63.77%
Revenues		**$ 14,155,672**		**$ 14,564,674**	**$ 6,902,266.09**	**$ (7,662,407.78)**	
Expenditures		**$ 14,081,336**		**$ 14,536,463**	**$ 6,570,686.28**	**$ (7,965,777.17)**	
3% Reserves		**$ 384,777**		**$ 436,940**	**$ 207,068.00**	**$ (229,872.00)**	
Undesignated		**$ (310,441)**		**$ (408,730)**	**$ 124,511.81**	**$ 533,241.39**	
Prior Year Reserves		**$ 3,223,398**		**3,807,111**	**$ 3,807,111.44**		
Est Year-End Reserves		**$ 3,297,734**		**$ 3,835,321**	**$ 4,138,691.25**		
Change in Net Position		$ 74,336		$ 28,210	$ 331,579.81		

Classical Academy High School
FY 2018-19 1st Interim & YTD Through 2nd Interim (12/31/18)

ENROLLMENT		1203		1203			
		1st Interim		2nd Interim	Actuals	YTD (12/31/18) $ Over (Under)	
Revenue	***SACS Obj#***	**Total**		**Total**	**Total**	**Budget**	
LCFF State Aid	8011	$ 4,620,253		$ 4,620,253	$ 2,167,320.00	$ (2,452,933.00)	-53.09%
EPA Prop 30	8012	$ 1,830,042		$ 1,830,042	$ 1,028,155.00	$ (801,887.00)	-43.82%
In-Lieu Property Tax	8096	$ 4,431,549		$ 4,431,549	$ 2,242,852.99	$ (2,188,696.01)	-49.39%
Special Education - Federal	8181	$ 149,375		$ 149,375	$ -	$ (149,375.00)	-100.00%
Department of Rehabilitation	8290-20	$ 58,600		$ 77,416	$ -	$ (77,416.00)	-100.00%
Mandated Cost Block Grant	8550	$ 53,353		$ 53,353	$ 53,447.00	$ 94.00	0.18%
Lottery	8560	$ 229,246		$ 229,246	$ 9,694.66	$ (219,551.34)	-95.77%
Interest Income	8660	$ 8,000		$ 8,000	$ 15,279.61	$ 7,279.61	91.00%
Discretionary Grant	8550-01	$ 216,247		$ 216,247	$ -	$ (216,247.23)	-100.00%
Special Ed Low Incidence Income	8590-93	$ 2,300		$ 2,300	$ -	$ (2,300.00)	-100.00%
Special Education - State	8590-00	$ 660,740		$ 706,820	$ 269,646.00	$ (437,174.00)	-61.85%
Low Performing Student BG	8590-19	$ -		$ 65,210	$ 32,605.00	$ (32,605.00)	-50.00%
Other State Income	8590-xx	$ -		$ 7,589	$ 35.00	$ (7,554.00)	-99.54%
Other Local Income	8699-8799	$ 252,575		$ 252,575	$ 159,866.33	$ (92,708.67)	-36.71%
	Total	**$ 12,512,280**	**OK**	**$ 12,649,975**	**$ 5,978,901.59**	**$ (6,671,073.64)**	-52.74%
Salaries							
Certificated Salaries	1100	$ 3,676,426		$ 3,680,813	$ 1,530,297.68	$ (2,150,514.82)	-58.43%
Certificated Pupil Support	1200	$ 404,560		$ 404,560	$ 168,358.40	$ (236,201.60)	-58.38%
Certificated Admin	1300	$ 303,800		$ 303,800	$ 186,508.72	$ (117,291.28)	-38.61%
Certificated Other	1900	$ 99,130		$ 99,130	$ 10,109.70	$ (89,020.30)	-89.80%
	Total	**$ 4,483,916**	**OK**	**$ 4,488,303**	**$ 1,895,274.50**	**$ (2,593,028.00)**	-57.77%
Classified Instr'l Aides	2100	$ 787,417		$ 784,820	$ 341,152.70	$ (443,667.48)	-56.53%
Classified Support	2200	$ 371,064		$ 371,064	$ 175,916.72	$ (195,147.57)	-52.59%
Classified Admin	2300	$ 58,230		$ 58,230	$ 28,665.00	$ (29,565.00)	-50.77%
Classified Clerical	2400	$ 452,923		$ 452,923	$ 228,534.37	$ (224,388.32)	-49.54%
	Total	**$ 1,669,634**	**OK**	**$ 1,667,037**	**$ 774,268.79**	**$ (892,768.36)**	-53.55%
Employee Benefits							
STRS	3101	$ 672,838		$ 673,552	$ 273,899.48	$ (399,652.52)	-59.34%
PERS	3202	$ 318,276		$ 317,807	$ 146,111.31	$ (171,695.69)	-54.03%
Medicare & OASIS	3301/02	$ 191,990		$ 191,855	$ 96,341.32	$ (95,513.68)	-49.78%
Heath Welfare	3401/02	$ 802,589		$ 793,398	$ 418,566.80	$ (374,830.76)	-47.24%
UI	3501/02	$ 3,077		$ 3,078	$ -	$ (3,078.00)	-100.00%
Workers Comp	3601/02	$ 68,526		$ 68,549	$ 36,667.86	$ (31,881.14)	-46.51%
	Total	**$ 2,057,296**	**OK**	**$ 2,048,239**	**$ 971,586.77**	**$ (1,076,651.79)**	-52.56%
Book and Supplies							
Textbooks/Core Curricula	4100	$ 5,000		$ 5,000	$ -	$ (5,000.00)	-100.00%
Books Other Than Textbooks	4200	$ 41,000		$ 53,000	$ 50,890.84	$ (2,109.16)	-3.98%
Materials & Supplies	4300	$ 291,394		$ 302,394	$ 160,572.62	$ (141,821.38)	-46.90%
Non-Cap Equipment	4400	$ 34,000		$ 44,500	$ 32,204.80	$ (12,295.20)	-27.63%
		$ -		$ -	$ -	$ -	0.00%
	Total	**$ 371,394**	**OK**	**$ 404,894**	**$ 243,668.26**	**$ (161,225.74)**	-39.82%
Service & Other Op. Exp							
Travel and Conferences	5200	$ 53,236		$ 54,236	$ 27,517.07	$ (26,718.93)	-49.26%
Dues and Membership	5300	$ 27,261		$ 26,261	$ 17,276.74	$ (8,984.26)	-34.21%
Insurance	5400	$ 64,296		$ 64,296	$ 64,296.00	$ -	0.00%
Operations Housekeeping	5500	$ 378,810		$ 382,810	$ 203,699.18	$ (179,110.82)	-46.79%
Rentals, Leases, Repairs	5600	$ 862,426		$ 802,426	$ 278,000.37	$ (524,425.63)	-65.36%
Operating Expenses	5800	$ 2,219,100		$ 2,283,287	$ 1,076,647.28	$ (1,206,639.72)	-52.85%
Communications	5900	$ 113,685		$ 113,685	$ 46,578.22	$ (67,106.78)	-59.03%
	Total	**$ 3,718,814**	**OK**	**$ 3,727,001**	**$ 1,714,014.86**	**$ (2,012,986.14)**	-54.01%
Capital Outlay							
Depreciation Expense	6900	$ 110,000		$ 90,000	$ 38,951.86	$ (51,048.14)	-56.72%
	Total	**$ 110,000**	**OK**	**$ 90,000**	**$ 38,951.86**	**$ (51,048.14)**	-56.72%
Revenues		**$ 12,512,280**		**$ 12,649,975**	**$ 5,978,901.59**	**$ (6,671,073.64)**	
Expenditures		**$ 12,411,053**		**$ 12,425,473**	**$ 5,637,765.04**	**$ (6,787,708.17)**	
3% Reserves		**$ 375,368**		**$ 379,499**	**$ 179,367.00**	**$ (200,132.00)**	
Undesignated		**$ (274,141)**		**$ (154,997)**	**$ 161,769.55**	**$ 316,766.53**	
Prior Year Reserves		**$ 1,740,784**		**1,740,784**	**$ 1,740,784.78**	**$ 1,740,784.78**	
Est Year-End Reserves		**$ 1,842,011**		**$ 1,965,286**	**$ 2,081,921.33**	**$ 1,857,419.31**	
Change in Net Assets		**$ 101,227**		**$ 224,502**	**$ 341,136.55**		

Coastal Academy
FY 2018-19 1st Interim & YTD Through 2nd Interim (12/31/18)

ENROLLMENT		1510		1510			
		1st Interim Total		2nd Interim Total	Actuals Total	YTD (12/31/18) $ Over (Under) Budget	
Revenue	*SACS Obj#*						
LCFF State Aid	8011	$ 8,051,682		$ 7,902,853	$ 3,571,296.00	$ (4,331,557.00)	-54.81%
EPA Prop 30	8012	$ 295,960		$ 295,960	$ 1,397,193.00	$ 1,101,233.00	372.09%
In-Lieu Property Tax	8096	$ 4,302,483		$ 4,451,312	$ 2,832,041.24	$ (1,619,270.76)	-36.38%
Special Education - Federal	8181	$ 239,250		$ 239,250	$ -	$ (239,250.00)	-100.00%
Mandated Cost Block Grant	8550	$ 36,845		$ 36,897	$ 36,875.00	$ (22.00)	-0.06%
Lottery	8560	$ 372,097		$ 389,343	$ 13,580.07	$ (375,762.93)	-96.51%
Interest Income	8660	$ 70,000		$ 70,000	$ 61,783.51	$ (8,216.49)	-11.74%
General SPED to MH3	8990	$ -		$ 3,184	$ -	$ (3,184.00)	-100.00%
General SPED to MH2	8990	$ -		$ 27,060	$ -	$ (27,060.00)	-100.00%
Discretionary Grant	8550-01	$ 350,999		$ 350,999	$ -	$ (350,999.49)	-100.00%
Special Ed Low Incidence Income	8590-93	$ 4,600		$ 9,861	$ -	$ (9,861.00)	-100.00%
Special Education - State	8590-00	$ 897,677		$ 897,352	$ 437,732.00	$ (459,620.00)	-51.22%
Low Performing Students Grant	8590-19	$ -		$ 310,236	$ 155,118.00	$ (155,118.00)	-50.00%
Other State Income	8590-xx	$ -		$ 10,233	$ 85.00	$ (10,148.00)	-99.17%
SpEd MH II & III	8590-92	$ -		$ (33,000)	$ -	$ 33,000.00	-100.00%
Other Local Income	8699-8799	$ (23,522)		$ (23,522)	$ 98,993.87	$ 122,515.87	-520.86%
	Total	**$ 14,598,071**	**OK**	**$ 14,938,018**	**$ 8,604,697.69**	**$ (6,333,320.80)**	-42.40%
Salaries							
Certificated Salaries	1100	$ 3,925,246		$ 3,922,404	$ 1,618,432.25	$ (2,303,971.25)	-58.74%
Certificated Pupil Support	1200	$ 112,780		$ 112,780	$ 239,334.11	$ 126,554.11	112.21%
Certificated Admin	1300	$ 919,921		$ 919,921	$ 245,799.96	$ (674,121.04)	-73.28%
Certificated Other	1900	$ 426,809		$ 499,809	$ 230,137.25	$ (269,671.75)	-53.95%
	Total	**$ 5,384,756**	**OK**	**$ 5,454,914**	**$ 2,333,703.57**	**$ (3,121,209.93)**	-57.22%
Classified Instr'l Aides	2100	$ 541,538.40		$ 560,442	$ 302,579.75	$ (257,862.65)	-46.01%
Classified Support	2200	$ 344,514.34		$ 393,934	$ 187,523.99	$ (206,410.35)	-52.40%
Classified Admin	2300	$ 596,200.00		$ 542,280	$ 265,740.00	$ (276,540.00)	-51.00%
Classified Clerical	2400	$ 1,083,672.37		$ 1,083,672	$ 492,513.81	$ (591,158.56)	-54.55%
Classified Instr'l Salaries	2900	$ -		$ -	$ -	$ -	0.00%
	Total	**$ 2,565,925.11**	**OK**	**$ 2,580,329**	**$ 1,248,357.55**	**$ (1,331,971.56)**	-51.62%
Employee Benefits							
STRS	3101	$ 868,498		$ 871,672	$ 360,310.34	$ (511,361.66)	-58.66%
PERS	3202	$ 440,543		$ 443,145	$ 221,160.14	$ (221,984.86)	-50.09%
Medicare & OASIS	3301/02	$ 274,372		$ 276,492	$ 127,668.95	$ (148,823.05)	-53.83%
Heath Welfare	3401/02	$ 843,970		$ 1,043,006	$ 473,204.43	$ (569,801.37)	-54.63%
UI	3501/02	$ 3,975		$ 4,017	$ 1,168.69	$ (2,848.31)	-70.91%
Workers Comp	3601/02	$ 87,144		$ 88,071	$ 38,881.09	$ (49,189.91)	-55.85%
	Total	**$ 2,518,502**	**OK**	**$ 2,726,403**	**$ 1,222,393.64**	**$ (1,504,009.16)**	-55.16%
Book and Supplies							
Textbooks/Core Curricula	4100	$ 85,800		$ 80,800	$ 79,820.74	$ (979.26)	-1.21%
Books Other Than Textbooks	4200	$ 124,500		$ 125,500	$ 125,333.78	$ (166.22)	-0.13%
Materials & Supplies	4300	$ 354,471		$ 301,871	$ 212,833.71	$ (89,037.29)	-29.50%
Non-Cap Equipment	4400	$ 244,600		$ 237,600	$ 228,332.05	$ (9,267.95)	-3.90%
	Total	**$ 809,371**	**OK**	**$ 745,771**	**$ 646,320.28**	**$ (99,450.72)**	-13.34%
Service & Other Op. Exp							
Subagreements for NPS	5100	$ 16,294		$ 16,294	$ 16,293.79	$ (0.21)	0.00%
Travel and Conferences	5200	$ 59,220		$ 79,220	$ 53,815.54	$ (25,404.46)	-32.07%
Dues and Membership	5300	$ 29,500		$ 29,500	$ 14,346.24	$ (15,153.76)	-51.37%
Insurance	5400	$ 79,471		$ 79,471	$ 79,471.00	$ -	0.00%
Operations Housekeeping	5500	$ 264,613		$ 244,613	$ 129,725.25	$ (114,887.75)	-46.97%
Rentals, Leases, Repairs	5600	$ 953,780		$ 965,780	$ 527,027.53	$ (438,752.26)	-45.43%
Direct Support - SPED	5750	$ -		$ -	$ -	$ -	0.00%
District Oversight Fee	5850	$ 95,698		$ 95,698	$ -	$ (95,698.00)	-100.00%
Operating Expenses	5800	$ 1,008,365		$ 1,013,149	$ 693,427.82	$ (319,721.18)	-31.56%
Communications	5900	$ 106,620		$ 106,920	$ 59,914.53	$ (47,005.47)	-43.96%
	Total	**$ 2,613,561**	**OK**	**$ 2,630,645**	**$ 1,574,021.70**	**$ (1,056,623.09)**	-40.17%
Capital Outlay							
Depreciation Expense	6900	$ 323,443		$ 338,443	$ 166,414.53	$ (172,028.47)	-50.83%
	Total	**$ 323,443**	**OK**	**$ 338,443**	**$ 166,414.53**	**$ (172,028.47)**	-50.83%
Other Outgo							
Indirect Support SPED	7350	$ -		$ -	$ -	$ -	0.00%
Bond Interest Expense	7699-01	$ 665,750		$ 665,750	$ 166,638.52	$ (499,111.48)	-74.97%
	Total	**$ 665,750**	**OK**	**$ 665,750**	**$ 166,638.52**	**$ (499,111.48)**	-74.97%
Revenues		**$ 14,598,071**		**$ 14,938,018**	**$ 8,604,697.69**	**$ (6,333,320.80)**	
Expenditures		**$ 14,881,307**		**$ 15,142,254**	**$ 7,357,849.79**	**$ (7,784,404.41)**	
3% Reserves		**$ 437,942**		**$ 448,141**	**$ 258,140.93**	**$ (189,999.62)**	
Undesignated		**$ (721,178)**		**$ (652,377)**	**$ 988,706.97**	**$ 1,641,083.23**	
Prior Year Reserves		**$ 7,331,241**		**7,331,241**	**$ 7,331,240.72**	**$ 7,331,240.72**	
Est Year-End Reserves		**$ 7,048,005**		**$ 7,127,005**	**$ 8,578,088.62**	**$ 8,782,324.33**	
Profit (Loss)		**$ (283,236)**		**$ (204,236)**	**$ 1,246,847.90**	**$ 1,451,083.61**	

cdt 2/6/18

Classical Academy Vista
FY 2018-19 2nd Inerim & YTD at 12/31/18

ENROLLMENT		508	509			
	SACS Obj#	1st Interim Total	2nd Interim Total		Actuals Total	YTD (12/31/18) $ Over (Under) Budget	% of Budget
Revenue							
LCFF State Aid	8011	$ 2,319,068	$ 2,276,245		$ -	$ (2,276,245.00)	-100.00%
EPA Prop 30	8012	$ 96,520	$ 96,520		$ -	$ (96,520.00)	-100.00%
In-Lieu Property Tax	8096	$ 1,430,886	$ 1,480,476		$ 621,799.82	$ (858,676.18)	-58.00%
Mandated Cost Block Grant	8550	$ 8,440	$ 8,440		$ -	$ (8,440.00)	-100.00%
Lottery	8560	$ 100,447	$ 100,447		$ -	$ (100,447.00)	-100.00%
Interest Income	8660	$ 5,700	$ 5,700		$ -	$ (5,700.00)	-100.00%
Discretionary Grant	8550-01	$ 94,752	$ 94,752		$ -	$ (94,751.91)	-100.00%
Special Education - State	8590-00	$ 296,807	$ 285,433		$ -	$ (285,433.00)	-100.00%
MTSS Grant	8590-17	$ -	$ 25,000		$ -	$ (25,000.00)	-100.00%
SpEd Low Incidence Income	8590-93	$ -	$ 3,000		$ 25,000.00	$ 22,000.00	733.33%
SpEd MH II	8990	$ 7,800	$ 6,600		$ -	$ (6,600.00)	-100.00%
Other Local Income	8699-8799	$ 70,000	$ 70,000		$ 39,421.13	$ (30,578.87)	-43.68%
	Total	**$ 4,430,420**	**$ 4,452,613**	**OK**	**$ 686,220.95**	**$ (3,766,391.96)**	-84.59%
Salaries							
Certificated Salaries	1100	$ 1,560,839	$ 1,523,203		$ 594,670.23	$ (928,532.90)	-60.96%
Certificated Pupil Support	1200	$ 186,100	$ 138,779		$ 38,282.49	$ (100,496.51)	-72.41%
Certificated Admin	1300	$ 99,800	$ 74,800		$ 48,999.96	$ (25,800.04)	-34.49%
Certificated Other	1900	$ 148,350	$ 163,183		$ 59,080.81	$ (104,102.19)	-63.79%
	Total	**$ 1,995,089**	**$ 1,899,965**	**OK**	**$ 741,033.49**	**$ (1,158,931.64)**	-61.00%
Classified Instr'l Aides	2100	$ 259,118	$ 271,260		$ 113,902.21	$ (157,357.79)	-58.01%
Classified Support	2200	$ 94,958	$ 94,958		$ 43,858.93	$ (51,099.07)	-53.81%
Classified Admin	2300	$ -	$ 12,000		$ -	$ (12,000.00)	-100.00%
Classified Clerical	2400	$ 104,510	$ 104,510		$ 52,747.76	$ (51,762.24)	-49.53%
	Total	**$ 458,586**	**$ 482,728**	**OK**	**$ 210,508.90**	**$ (236,750.92)**	-49.04%
Employee Benefits							
STRS	3101	$ 311,124	$ 304,343		$ 118,176.66	$ (186,166.34)	-61.17%
PERS	3202	$ 92,344	$ 83,830		$ 35,468.18	$ (48,361.82)	-57.69%
Medicare & OASIS	3301/02	$ 64,011	$ 64,479		$ 25,937.09	$ (38,541.91)	-59.77%
Health Welfare	3401/02	$ 302,001	$ 339,916		$ 128,341.27	$ (211,574.73)	-62.24%
UI	3501/02	$ 1,226	$ 1,192		$ -	$ (1,192.00)	-100.00%
Workers Comp	3601/02	$ 26,880	$ 26,100		$ 10,311.08	$ (15,788.92)	-60.49%
	Total	**$ 797,586**	**$ 819,860**	**OK**	**$ 318,234.28**	**$ (501,625.72)**	-61.18%
Book and Supplies							
Textbooks/Core Curricula	4100	$ 86,672	$ 86,672		$ 77,241.56	$ (9,430.44)	-10.88%
Books Other Than Textbooks	4200	$ 17,000	$ 14,000		$ 3,971.97	$ (10,028.03)	-71.63%
Materials & Supplies	4300	$ 59,218	$ 67,168		$ 33,157.60	$ (34,010.40)	-50.63%
Non-Cap Equipment	4400	$ 41,040	$ 41,040		$ 36,826.77	$ (4,213.23)	-10.27%
	Total	**$ 203,930**	**$ 208,880**	**OK**	**$ 151,197.90**	**$ (57,682.10)**	-27.61%
Service & Other Op. Exp							
Travel and Conferences	5200	$ 13,500	$ 13,500		$ 7,683.38	$ (5,816.62)	-43.09%
Dues and Membership	5300	$ 5,000	$ 5,000		$ 984.90	$ (4,015.10)	-80.30%
Operations Housekeeping	5500	$ 78,076	$ 107,076		$ 43,371.24	$ (63,704.76)	-59.49%
Rentals, Leases, Repairs	5600	$ 508,920	$ 486,920		$ 231,154.37	$ (255,765.97)	-52.53%
Direct Oversight	5750	$ 50,000	$ 25,000		$ -	$ (25,000.00)	-100.00%
Oversight Fee	5850	$ 38,465	$ 38,532		$ -	$ (38,532.00)	-100.00%
Operating Expenses	5800	$ 136,358	$ 131,740		$ 99,780.68	$ (31,959.32)	-24.26%
Communications	5900	$ 31,798	$ 31,699		$ 14,216.80	$ (17,482.20)	-55.15%
	Total	**$ 862,117**	**$ 839,467**	**OK**	**$ 397,191.37**	**$ (442,275.97)**	-52.69%
Other Outgo							
TBD	7xxx		$ 4,618		$ -	$ (4,618.00)	-100.00%
	Total		**$ 4,618**	**OK**	**$ -**	**$ (4,618.00)**	-100.00%
Revenues		**$ 4,430,420**	**$ 4,452,613**		**$ 686,220.95**	**$ (3,766,391.96)**	
Expenditures		**$ 4,317,308**	**$ 4,255,518**		**$ 1,818,165.94**	**$ (2,401,884.35)**	
3% Reserves		**$ 132,913**	**$ 133,578**		**$ 20,587.00**	**$ (112,992.00)**	
Undesignated		**$ (19,802)**	**$ 63,516**		**$ (1,152,531.99)**	**$ (1,251,515.62)**	
Prior Year Reserves		$ -	$ -		$ -		
Est Year-End Reserves		**$ 113,111**	**$ 197,094**				
Change in Net Position		**$ 113,111**	**$ 197,094**				

The Classical Academy, Inc.
Balance Sheet
As of 12/31/2018

		Current Period
ASSETS		
Current Assets		
Checking/Savings		
Cash in County Treasury	9110	1,638,098.59
Cash TCA-PWB-Pacific Western Bank	9121	1,586,827.96
Cash LLC-PWB-Pacific Western Bank	9122	55,870.00
Cash in BanksPetty Cash	9131	2,500.00
Total Checking/Savings		3,283,296.55
Accounts Receivable		
Accrued Receivables	9202	89,031.10
Due From Coastal	9311	9,231.32
Due From CAHS	9312	798,863.27
Revenue Fund-Bond	9342-01	542,612.93
Bond Payments Reserve	9343-01	1,984,885.98
Capital Maintnence Fund	9345-01	294,078.55
Total Accounts Receivable		3,718,703.15
Other Current Assets		
Prepaid Expenditures	9330	31,976.76
Security Deposit (Rent)	9332	39,733.33
Total Other Current Assets		71,710.09
Total Current Assets		7,073,709.79
Fixed Assets		
Land-New Facilities (Bond-Penn)	9410-01	2,496,000.00
Land Improv (TCA Bear Valley)	9420	55,310.14
Land Improv (Bond-Penn)	9420-01	26,690.00
Land Improv (TCAMS 144-146 Woodward)	9420-02	7,900.00
Building (TCAMS 146 Woodward)	9430	474,171.50
Building Improv (TCAMS 144-146 Woodward)	9431	52,920.15
Building (TCAMS 144 Woodward)	9432	583,819.67
Bldg Improv (TCA Bear Valley)	9434	986,194.81
Leasehold Improv (TCAMS Washington)	9434-01	132,054.57
Accum Deprec Bldg (TCA & TCAMS)	9435	(306,963.54)
Bldg Improv (Vista)	9437	68,806.21
Books & Equipment (TCA & TCAMS)	9440	174,172.11
Furniture and Fixtures (TCA & TCAMS)	9441	38,788.01
Library Books (TCA & TCAMS)	9442	22,280.16
Textbooks (TCA & TCAMS)	9443	259,878.01
Accum Deprec Equip (TCA & TCAMS)	9445	(369,580.01)
Accum Deprec F&F (TCA & TCAMS)	9446	(37,859.50)
Accum Deprec Improv (TCA & TCAMS)	9447	(364,322.26)
Accum Deprec (Washington)	9447-01	(34,063.98)
Accum Deprec Improv (Vista)	9449	(36,611.00)
Building-New Facilities (Bond-Penn)	9451-01	18,321,728.85
Accum Deprec Improv (Bond-Penn)	9459	(7,180.50)
Accum Deprec New Facilities (Bond-Penn)	9460	(1,781,421.50)
Total Fixed Assets		20,762,711.90
Total ASSETS		27,836,421.69
LIABILITIES		
Current Liabilities		
Accounts Payable		
Accounts Payables	9500	33,752.20
Accrued Payables	9502	97,420.94

The Classical Academy, Inc.
Balance Sheet
As of 12/31/2018

		Current Period
Accrued Vacation	9559	66,597.72
Total Accounts Payable		197,770.86
Other Current Liabilities		
Accrued STRS	9562	75,829.20
Accrued PERS	9563	109,041.18
Accrued W/C	9570	0.53
Garnishments	9573	1,377.66
Accrued-Flex Amer Fidelity	9581-02	2,663.47
Accrued-American Fidelity	9581-03	192.64
Accrued-Pre-Paid Legal	9581-04	174.36
Accrued-Unum Voluntary	9581-05	1,672.07
Accrued-Unum Supplemental	9581-09	4,969.06
Deferred Rent	9585	102,986.00
Accrued Sales/Use Tax	9599	383.64
Due To Coastal	9611	8,071.59
Due To CAHS	9612	788.00
Due To NCEF	9613	5,500.00
Security Deposits	9630	1,000.00
Total Other Current Liabilities		314,649.40
Total Current Liabilities		512,420.26
Long Term Liabilities		
Bond Payable 2017 A&B	9670-01	28,125,000.00
Bond Premium	9670-02	1,640,286.80
Bond Premium Amort	9670-03	(61,319.16)
Bond Cost of Issurance	9670-04	(6,339,433.62)
Bond COI Amort	9670-05	236,988.64
Bond Underwriters Discount	9670-06	(432,375.00)
Underwriters Discount Amortization	9670-07	16,163.52
Total Long Term Liabilities		23,185,311.18
Total LIABILITIES		23,697,731.44
EQUITY		
Beginning Net Assets		
Design. Economic Uncertainties	9770	352,421.00
CA Energy Reserves	9783	321,587.80
Facilities Reserves	9799	3,133,101.64
Total Beginning Net Assets		3,807,110.44
Net Income		
		331,579.81
Total Net Income		331,579.81
Total EQUITY		4,138,690.25
LIABILITIES & EQUITY		27,836,421.69

The Classical Academy, Inc.
Profit & Loss
From 7/1/2018 Through 12/31/2018

		Current Period	Current YTD
Revenue			
LCFF State Aid - Current Year	8011	2,643,584.00	2,643,584.00
Prop EPA Income	8012	973,480.00	973,480.00
In Lieu Property Tax Current	8096	1,487,102.07	1,487,102.07
Mandated Cost Reimbursment	8550	21,799.00	21,799.00
State Lottery P/Y Unrestricted Revenue	8561-03	3,907.07	3,907.07
State Lottery P/Y Restricted Revenue	8561-06	6,353.43	6,353.43
STAR Testing Reimbursement	8590-01	65.00	65.00
MTSS Grant	8590-17	25,000.00	25,000.00
Low Performing Student Block Grant	8590-19	138,322.00	138,322.00
Special Ed	8590-90	304,598.00	304,598.00
Leadership Income	8699-01	5,811.00	5,811.00
Yearbook Income	8699-04	5,110.00	5,110.00
Fundraising Events Income	8699-07	10,755.91	10,755.91
Fundraising Lunch Program	8699-08	1,033.20	1,033.20
Lost Book Recovery Income	8699-09	926.73	926.73
NSF Income	8699-10	(21,502.00)	(21,502.00)
Donations Income-Labs	8699-11	825.00	825.00
Donation Income	8699-12	315.00	315.00
Rebates	8699-18	1.54	1.54
Shirt Sales	8699-30	6,087.00	6,087.00
C'lectives	8699-31	3,353.00	3,353.00
Electives	8699-37	1,427.49	1,427.49
Musical Theatre Income	8699-50	24,622.60	24,622.60
Choir Income	8699-51	844.00	844.00
Jr Musical Theatre Income	8699-52	25,041.50	25,041.50
Sports Programs	8699-59	4,320.00	4,320.00
Class Trip Income 5th grade	8699-61	1,600.00	1,600.00
Class Trip Income 6th grade	8699-62	10,775.00	10,775.00
Class Trip Income 7th grade	8699-63	8,529.65	8,529.65
Field Trip Income Leadership	8699-65	4,150.00	4,150.00
Field Trip Income Biz Town	8699-67	4,095.00	4,095.00
Field Trip Income Legoland	8699-68	18,420.00	18,420.00
Field Trip Income General	8699-69	1,516.00	1,516.00
Staff Track	8699-72	1,417.00	1,417.00
Misc. Income	8699-99	2,456.20	2,456.20
Total Revenue		5,726,141.39	5,726,141.39
Expense			
Certificated Salaries 1000			
Teachers' Salaries	1100	1,244,171.09	1,244,171.09
Sub Teachers Salaries	1101	23,439.78	23,439.78
Pupil Services	1200	139,659.79	139,659.79
Certificated Administration	1300	249,390.00	249,390.00
Other Certificated Salaries	1900	92,622.84	92,622.84
Other Instr'l Supp C'lectives	1901	85,946.58	85,946.58
Total Certificated Salaries 1000		1,835,230.08	1,835,230.08
Classified Salaries 2000			
Instructional Aide	2100	238,023.03	238,023.03
Classified Sub Teacher	2111	2,347.50	2,347.50
Classified Support Salaries	2200	148,586.37	148,586.37
Classified Administration	2300	199,679.04	199,679.04
Clk, Tech, & Office Salaries	2400	333,851.66	333,851.66

The Classical Academy, Inc.
Profit & Loss
From 7/1/2018 Through 12/31/2018

		Current Period	Current YTD
Other Classified Salaries	2900	57,750.00	57,750.00
Total Classified Salaries 2000		980,237.60	980,237.60
Employee Benefits 3000			
STRS Certificated	3101	282,776.44	282,776.44
PERS Classified	3202	171,859.11	171,859.11
FICA/Medicare Certificated	3301	36,162.97	36,162.97
FICA/Medicare Classified	3302	71,114.13	71,114.13
H&W Benefits Certificated	3401	244,566.40	244,566.40
H&W Benefits Classified	3402	141,016.06	141,016.06
Unemployment Ins Certificated	3501	3,146.06	3,146.06
Workers Comp Certificated	3601	25,281.08	25,281.08
Workers Comp Classified	3602	13,674.60	13,674.60
Total Employee Benefits 3000		989,596.85	989,596.85
Books & Supplies 4000			
Approved Curricula Material Textbooks 4100			
English/LA-non-consumable	4100-36	3,039.67	3,039.67
English/LA-consumable	4100-37	2,100.00	2,100.00
Total Approved Curricula Material Textbooks 4100		5,139.67	5,139.67
Non-Approved Curricula Material 4200			
Math-non-consumable	4200-30	874.37	874.37
Math-consumable	4200-31	13,895.95	13,895.95
Science-non-consumable	4200-32	47.96	47.96
Science-consumable	4200-33	10,118.03	10,118.03
Social Science-non-consumable	4200-34	2,584.56	2,584.56
Social Science-consumable	4200-35	3,566.63	3,566.63
English/LA-non-consumable	4200-36	27,391.94	27,391.94
English/LA-consumable	4200-37	49,512.65	49,512.65
Non Approved Other Core	4200-38	3,909.29	3,909.29
Non Approved Electives	4200-39	856.30	856.30
Total Non-Approved Curricula Material 4200		112,757.68	112,757.68
Instr'l Material & Supplies 4300			
Instr'l Materials A/B Track	4300-01	7,659.83	7,659.83
Instr'l Materials C Track	4300-02	78.02	78.02
Instr'l Materials All	4300-03	8,695.02	8,695.02
Clectives supplies	4300-04	4,105.52	4,105.52
Art in Action supplies	4300-05	137.82	137.82
Lab Supplies	4300-06	3,347.92	3,347.92
Instr'l Mat. & Supp. Awrds/Rec	4300-07	327.97	327.97
Fundraising Mat. & Supplies	4300-10	3,473.77	3,473.77
Staff Track Supplies	4300-12	58.49	58.49
Office Material & Supplies	4301	13,749.16	13,749.16
Janitorial/Maint Supplies	4302	21,220.82	21,220.82
Security Supplies	4302-02	7,567.48	7,567.48
Field Trip Mat. & Supplies	4303	2,379.88	2,379.88
Music Mat. & Supplies	4305	1,492.15	1,492.15
Musical Theatre Supplies	4305-01	16,158.04	16,158.04
Jr. Musical Theatre Supplies	4305-03	1,022.87	1,022.87
Student Store	4306-01	3,385.98	3,385.98
Leadership Other Supplies	4306-02	747.05	747.05
Meals	4311	6,776.08	6,776.08
Parent Volunteer Supplies	4312	700.00	700.00
Robotics Supplies	4317	1,000.00	1,000.00

The Classical Academy, Inc.
Profit & Loss
From 7/1/2018 Through 12/31/2018

		Current Period	Current YTD
Building Improvement Supplies	4325	8,954.28	8,954.28
Total Instr'l Material & Supplies 4300		113,038.15	113,038.15
Total Books & Supplies 4000		230,935.50	230,935.50
NonCap F&E 4400			
Equipment Computers	4402	65.00	65.00
Equipment Other (IT)	4403	3,533.16	3,533.16
F&F Tables & Chairs	4404	398.01	398.01
F&F Other	4405	4,495.48	4,495.48
Total NonCap F&E 4400		8,491.65	8,491.65
Services & Other Operating Exp. 5000			
Dues & Subscriptions	5300	8,700.24	8,700.24
Insurance	5400	49,911.00	49,911.00
Total Services & Other Operating Exp. 5000		58,611.24	58,611.24
Travel Expenses 5200			
Travel & Conferences	5201	18,844.00	18,844.00
Auto Allowance	5203	12,525.00	12,525.00
Mileage	5210	680.08	680.08
Total Travel Expenses 5200		32,049.08	32,049.08
Operations & Housekeeping 5500			
Janitorial Services	5501	32,763.90	32,763.90
Trash Disposal	5502	8,032.51	8,032.51
Landscaping	5503	17,495.53	17,495.53
Utilities SDG&E	5504	43,903.03	43,903.03
Utilities Water	5505	11,491.07	11,491.07
Pest Control	5506	2,824.00	2,824.00
Facilities Maint Carpet	5508	7,622.00	7,622.00
Facilities Maint Pool	5509	2,236.00	2,236.00
Other Maintenance Housekeeping	5510	8,202.36	8,202.36
Total Operations & Housekeeping 5500		134,570.40	134,570.40
Rental, Leases & Repair 5600			
Rentals	5601	25,135.80	25,135.80
Building Repairs & Maint Agrmnt	5603	10,254.62	10,254.62
Copier Usage	5605-01	15,151.44	15,151.44
Copier Lease	5605-02	24,042.78	24,042.78
Building Lease	5606	353,852.76	353,852.76
Building Lease-CAMS	5606-02	1,082.53	1,082.53
Relocatable Leases	5610	4,432.62	4,432.62
Total Rental, Leases & Repair 5600		433,952.55	433,952.55
Consult, Serv & Operation Exp 5800			
Field Trip Expense 5808			
Class Trip 5th/Adventure Camp	5808-05	1,800.00	1,800.00
Class Trip 6th/Astro Camp	5808-06	2,280.00	2,280.00
Class Trip 7th/Catalina	5808-07	22,214.00	22,214.00
Class Trip 8th/DC-NY	5808-08	7,083.93	7,083.93
Field Trip Leadership	5808-09	8,964.00	8,964.00
Field Trip Biz Town	5808-67	4,052.56	4,052.56
Field Trip Legoland	5808-68	18,569.04	18,569.04
Field Trip Other	5808-99	638.20	638.20
Total Field Trip Expense 5808		65,601.73	65,601.73
Music Programs 5811			
Music Programs	5811	2,110.00	2,110.00
Musical Theatre	5811-01	27,684.36	27,684.36

The Classical Academy, Inc.
Profit & Loss
From 7/1/2018 Through 12/31/2018

		Current Period	Current YTD
Jr Musical Theatre	5811-03	1,350.00	1,350.00
Total Music Programs 5811		31,144.36	31,144.36
Consult, Serv & Other Operation 5800			
Track C Electives	5801	5,021.65	5,021.65
Volleyball-Services	5806-20	180.00	180.00
Fundraising Expense	5809	770.77	770.77
Awards & Recognition	5810	607.26	607.26
Accounting Services	5825	700.00	700.00
Advertising/Community Marketing	5826	2,755.01	2,755.01
Audit	5827	6,330.00	6,330.00
Bank Service Fees	5828	261.43	261.43
Board Allowance	5832	875.00	875.00
Consultants IT	5835	833.36	833.36
Consultants Other	5837	279,556.98	279,556.98
Consultants-Special Ed	5837-01	11,783.75	11,783.75
Staff Development	5842	28,345.28	28,345.28
Edu Consultants 'Clectives	5843	420.00	420.00
Contracted Services Other	5849	3,607.50	3,607.50
Contracted Services-Maintenance	5849-02	47,462.30	47,462.30
Fingerprinting/FBI DOJ	5851	4,222.00	4,222.00
Late Fees & Finance Charges	5852	409.48	409.48
Legal Expense	5853	18,069.84	18,069.84
Payroll Services	5855	75.00	75.00
Printing & Reproduction	5856	13,918.83	13,918.83
Property Tax Assessment	5857	161.00	161.00
SDCOE SIS Expense	5860	14,552.56	14,552.56
Security System/Services	5862	6,372.73	6,372.73
Security Other Services	5862-01	6,240.38	6,240.38
Licensing & Permits - Other	5862-02	4.00	4.00
Computer Software	5863	11,115.59	11,115.59
Licenses & Perm	5864	6,210.00	6,210.00
NWEA testing & license	5864-01	13,025.00	13,025.00
Licensing & Permits Other	5864-02	6,234.33	6,234.33
Edgenuity License	5864-03	5,500.00	5,500.00
Brain Pop	5864-05	2,395.00	2,395.00
Discovery Ed	5864-06	9,633.25	9,633.25
Reading PLUS/Lexia	5864-08	10,375.00	10,375.00
Schoology	5864-09	10,773.00	10,773.00
Turn it in/i-Paradigms	5864-11	2,460.00	2,460.00
Bottled Water	5865	394.50	394.50
NP Abila Service	5873	8,474.79	8,474.79
Shred-It Services	5875	842.40	842.40
SpEd Due Process	5886	6,000.00	6,000.00
Facility Lease-LLC	5897	455,836.09	455,836.09
Total Consult, Serv & Other Operation 5800		1,002,805.06	1,002,805.06
Total Consult, Serv & Operation Exp 5800		1,099,551.15	1,099,551.15
Communications 5900			
Postage & Delivery	5901	386.41	386.41
Telephone Expense	5902	14,605.96	14,605.96
Cell Phone Expense	5903	16,778.13	16,778.13
Internet Web Services	5904	19,924.81	19,924.81
Total Communications 5900		51,695.31	51,695.31

The Classical Academy, Inc.
Profit & Loss
From 7/1/2018 Through 12/31/2018

		Current Period	Current YTD
Capital Outlay 6000			
Depreciation Expense	6900	280,685.08	280,685.08
Amortization Expense	6910	96,384.04	96,384.04
Total Capital Outlay 6000		377,069.12	377,069.12
Total Expense		6,231,990.53	6,231,990.53
Other Local Revenue 8600			
Interest Income	8660	21,493.62	21,493.62
Total Other Local Revenue 8600		21,493.62	21,493.62
Net Ordinary Income		(484,355.52)	(484,355.52)
Other Financing Uses 7600			
Bond Interest Expense	7699-01	674,675.00	674,675.00
LLC Interest Expense	7699-04	(337,337.50)	(337,337.50)
LLC Accounting Services	7699-05	160.00	160.00
LLC Taxes and Fees	7699-07	30.00	30.00
LLC Misc Expenses	7699-10	1,168.25	1,168.25
Total Other Financing Uses 7600		338,695.75	338,695.75
Other Financing Sources 8900			
LLC Interest Income	8979-01	22,540.82	22,540.82
LLC Rental Income from TCA	8979-02	553,370.92	553,370.92
LLC Rental Income CAHS	8979-03	578,719.34	578,719.34
Total Other Financing Sources 8900		1,154,631.08	1,154,631.08
Net Income (Loss)		331,579.81	331,579.81

Classical Academy High School, Inc.
Balance Sheet
As of 12/31/2018

		Current Period
ASSETS		
Current Assets		
Checking/Savngs		
Cash in County Treasury	9110	1,110,016.10
Cash CAHS-PWB-Pacific Western Bank	9121	1,192,952.39
Petty Cash	9131	1,200.00
Total Checking/Savngs		2,304,168.49
Accounts Receivable		
Accrued Receivables	9202	91,431.82
Total Accounts Receivable		91,431.82
Other Current Assets		
Prepaid Expenditures	9330	14,221.21
Security Deposit (Rent)	9332	88,014.55
Total Other Current Assets		102,235.76
Total Current Assets		2,497,836.07
Fixed Assets		
Building Improvements-CAHS Only	9434	321,254.55
Leashold Improvement-Other Sites	9436	228,334.06
Accum Depreciation - LH	9437	(61,698.38)
Equipment	9440	563,413.88
Furniture and Fixtures	9441	6,612.99
Textbooks	9443	5,387.23
Vehicle	9444	54,375.73
Accum Depreciation - Equip	9445	(532,919.96)
Accum Depreciation - F&F	9446	(6,612.99)
LHI Allowance - 130 Woodward	9455	47,615.63
Total Fixed Assets		625,762.74
Other Assets		
Due From TCA	9312	788.00
Total Other Assets		788.00
Total ASSETS		3,124,386.81
LIABILITIES		
Current Liabilities		
Accounts Payable		
Accounts Payables	9500	33,033.00
Accrued Vacation	9559	48,394.66
Deferred Rent	9585	159,284.00
Sales Use/Tax	9599	76.65
Total Accounts Payable		240,788.31
Due to Accounts		
Due To Coastal	9611	1,253.90
Due To TCA	9612	798,863.27
Due To NCEF	9613	500.00
Due to ASB	9614	60.00
Security Deposits	9630	1,000.00
Total Due to Accounts		801,677.17
Total Current Liabilities		1,042,465.48
Total LIABILITIES		1,042,465.48
EQUITY		

Classical Academy High School, Inc.
Balance Sheet
As of 12/31/2018

		Current Period
Beginning Net Assets		
Desig. Economic Uncertainties	9770	388,913.00
CA Energy Reserves	9783	43,011.71
College Readiness	9787	44,613.42
Facilities Reserves	9799	1,264,246.65
Total Beginning Net Assets		1,740,784.78
Net Income		
		341,136.55
Total Net Income		341,136.55
Total EQUITY		2,081,921.33
LIABILITIES & EQUITY		3,124,386.81

Classical Academy High School, Inc.

Profit & Loss

From 7/1/2018 Through 12/31/2018

		Current Period	Current YTD
Revenue			
LCFF State Aid - Current Year	8011	2,167,320.00	2,167,320.00
Prop 30 EPA	8012	1,028,155.00	1,028,155.00
In-Lieu Property Tax	8096	2,242,852.99	2,242,852.99
Mandated Cost Reimbursment	8550	53,447.00	53,447.00
State Lottery P/Y Unrestricted Revenue	8561-03	3,691.60	3,691.60
State Lottery P/Y Restricted Revenue	8561-06	6,003.06	6,003.06
STAR Testing Reimbursement	8590-01	35.00	35.00
Low Performing Student Block Grant	8590-19	32,605.00	32,605.00
Special Ed	8590-90	269,646.00	269,646.00
Leadership Income	8699-01	1,182.00	1,182.00
Leadership - Student Store	8699-02	611.00	611.00
Fundraising Events Income	8699-07	5.00	5.00
Lost Book Recovery Income	8699-09	691.60	691.60
Donation Income	8699-12	350.00	350.00
Rental Income	8699-13	41,900.00	41,900.00
CAO-Senior Trip	8699-16	2,950.00	2,950.00
CAO-General Event Income	8699-17	203.00	203.00
CAO-Homecoming	8699-21	2,412.00	2,412.00
Rebates	8699-22	0.15	0.15
CAHS-Shirts	8699-30	6,897.00	6,897.00
Photography Income	8699-31	1,600.00	1,600.00
Academic League	8699-46	900.00	900.00
Dance-General	8699-48	1,253.00	1,253.00
Music-General	8699-49	1,736.00	1,736.00
Music/Drama Income	8699-50	1,839.00	1,839.00
Choir Income	8699-51	10,463.00	10,463.00
Athletics- Dance Team	8699-53	9,235.35	9,235.35
Athletics- Football	8699-54	22,066.00	22,066.00
Athletics- Track & Field	8699-56	350.00	350.00
Athletics- Cheer	8699-59	12,991.67	12,991.67
Athletics- Basketball-Boys	8699-63	58.31	58.31
Media Income	8699-64	6,325.00	6,325.00
Art Income	8699-65	1,725.00	1,725.00
Athletics- Dance Troupe	8699-67	25,108.81	25,108.81
Athletics- Waterpolo-Boys	8699-72	1,569.00	1,569.00
Athletics-Store	8699-77	205.00	205.00
Athletics-Waterpolo-Girls	8699-79	2,137.50	2,137.50
Athletics-Volleyball-Girls	8699-80	947.60	947.60
Athletics-Soccer-Girls	8699-82	15.47	15.47
Band Income	8699-88	500.00	500.00
Woodshop Income	8699-89	1,085.00	1,085.00
A/P Exams	8699-92	(45.00)	(45.00)
Testing Fees	8699-96	250.00	250.00
Misc. Income	8699-99	348.87	348.87
Total Revenue		5,963,621.98	5,963,621.98
Expense			
Certificated Salaries 1000			
Teachers' Salaries	1100	1,520,697.44	1,520,697.44
Sub-Teachers Salaries	1101	9,600.24	9,600.24
Pupil Services	1200	168,358.40	168,358.40
Certificated Administration	1300	149,499.96	149,499.96

Classical Academy High School, Inc.
Profit & Loss
From 7/1/2018 Through 12/31/2018

		Current Period	Current YTD
Other Certificated Salaries	1900	46,536.29	46,536.29
Other Instr'l Supp C'lectives	1901	582.17	582.17
Total Certificated Salaries 1000		1,895,274.50	1,895,274.50
Classified Salaries 2000			
Instructional Aide	2100	338,865.20	338,865.20
Classified Sub Teachers	2111	2,287.50	2,287.50
Classified Support Salaries	2200	175,916.72	175,916.72
Classified Administration	2300	28,665.00	28,665.00
Clk, Tech, & Office Salaries	2400	228,534.37	228,534.37
Total Classified Salaries 2000		774,268.79	774,268.79
Employee Benefits 3000			
STRS - Certificated	3101	273,899.48	273,899.48
PERS - Classified	3202	146,111.31	146,111.31
FICA/Medicare - Certificated	3301	39,672.47	39,672.47
FICA/Medicare - Classified	3302	56,668.85	56,668.85
H&W Benefits-Certificated	3401	297,450.90	297,450.90
H&W Benefits - Classified	3402	121,115.90	121,115.90
Workers Comp - Certificated	3601	26,046.70	26,046.70
Workers Comp - Classified	3602	10,621.16	10,621.16
Total Employee Benefits 3000		971,586.77	971,586.77
Books & Supplies 4000			
Non-Approved Curricula Material 4200			
Math-non-consumable	4200-30	1,711.47	1,711.47
Math-consumable	4200-31	2,705.99	2,705.99
Science-non-consumable	4200-32	10,263.28	10,263.28
Science-consumable	4200-33	53.54	53.54
Social Science-non-consumable	4200-34	25,599.41	25,599.41
Social Studies-consumable	4200-35	276.63	276.63
English/LA non-consumable	4200-36	4,252.95	4,252.95
English/LA consumable	4200-37	240.51	240.51
Non Approved Other Core	4200-38	1,987.64	1,987.64
Non Approved Electives	4200-39	3,799.42	3,799.42
Total Non-Approved Curricula Material 4200		50,890.84	50,890.84
Inst'l Material & Supplies 4300			
Instr'l Mat & Sup- General	4300-01	15,295.92	15,295.92
C'lectives	4300-04	373.55	373.55
Global Art Supplies	4300-05	1,769.26	1,769.26
Instr'l Mat. & Supplies - Labs	4300-06	2,324.95	2,324.95
Instr'l Mat. & Supp.- Awrds/Rec	4300-07	654.58	654.58
Academic League Supplies	4300-20	766.64	766.64
Office Material & Supplies	4301	9,286.72	9,286.72
Janitorial & Maint Supplies	4302	18,410.33	18,410.33
Security Supplies	4302-02	1,356.36	1,356.36
Music Mat. & Supplies	4305	10,740.62	10,740.62
Music Mat. & Supplies - Music/Drama Supplies	4305-01	2,096.44	2,096.44
Music Mat. & Supplies - Choir Supplies	4305-02	1,585.40	1,585.40
Leadership- Student Store	4306-01	3,767.24	3,767.24
Football	4307-01	15,081.86	15,081.86
Volleyball	4307-02	409.29	409.29
Cross Country	4307-04	1,222.24	1,222.24
Soccer	4307-05	2,608.78	2,608.78
Cheer	4307-06	17,152.32	17,152.32

		Current Period	Current YTD
General Athletics	4307-07	5,883.98	5,883.98
Dance Team	4307-08	18,658.76	18,658.76
Tennis	4307-12	2,212.12	2,212.12
Baseball	4307-15	618.36	618.36
Dance Troupe	4307-16	3,023.19	3,023.19
Softball	4307-17	1,788.22	1,788.22
Water Polo	4307-18	4,996.64	4,996.64
Flag Team	4307-22	9.16	9.16
Meals	4311	6,478.62	6,478.62
CAO-Homecoming Supplies	4316	1,230.10	1,230.10
Robotics	4317	359.31	359.31
Fuel	4320	3,143.48	3,143.48
Building Improvement Supplies	4325	7,268.18	7,268.18
Total Inst'l Material & Supplies 4300		160,572.62	160,572.62
Total Books & Supplies 4000		211,463.46	211,463.46
NonCap F&E 4400			
NonCap F&E - Equipment - Computers	4402	5,281.99	5,281.99
NonCap F&E - Equipment - Other (IT)	4403	3,928.89	3,928.89
NonCap F&E - F&E Tables & Chairs	4404	12,842.27	12,842.27
NonCap F&E - Other	4405	10,151.65	10,151.65
Total NonCap F&E 4400		32,204.80	32,204.80
Services & Other Operating Exp 5000			
Dues & Subscriptions	5300	17,276.74	17,276.74
Insurance	5400	64,296.00	64,296.00
Total Services & Other Operating Exp 5000		81,572.74	81,572.74
Travel Expenses 5200			
Travel & Conferences	5201	21,759.18	21,759.18
Auto Allowance	5203	5,500.00	5,500.00
Mileage	5210	257.89	257.89
Total Travel Expenses 5200		27,517.07	27,517.07
Operations & Housekeeping 5500			
Janitorial Services	5501	62,878.32	62,878.32
Trash Disposal	5502	7,316.61	7,316.61
Landscaping	5503	18,057.76	18,057.76
Utilities - SDG&E	5504	100,739.97	100,739.97
Utilities - Water	5505	13,381.52	13,381.52
Pest Control	5506	1,325.00	1,325.00
Total Operations & Housekeeping 5500		203,699.18	203,699.18
Rental, Leases & Housekeeping 5600			
Rentals	5601	10,351.29	10,351.29
Building Repairs & Maint Agrmnt	5603	7,113.00	7,113.00
Copier-Usage	5605-01	16,370.87	16,370.87
Copier Lease	5605-02	10,027.61	10,027.61
Elevator Maintenance Agreement	5605-04	2,586.44	2,586.44
Building Lease	5606	186,018.67	186,018.67
Bldg Lease-Common Area Maintenace	5606-02	29,608.40	29,608.40
Building Improvement	5607	7,141.32	7,141.32
Other Equipment Repairs	5608	560.70	560.70
Other Maint Repairs	5609	8,222.07	8,222.07
Total Rental, Leases & Housekeeping 5600		278,000.37	278,000.37
Consult. Serv. & Operation Exp 5800			
Field Trip Expense 5808			

		Current Period	Current YTD
Field Trip Expense-Leadership	5808-09	1,826.00	1,826.00
Total Field Trip Expense 5808		1,826.00	1,826.00
Music Programs 5811			
Music/Drama	5811-01	2,060.00	2,060.00
Choir	5811-02	6,528.28	6,528.28
Total Music Programs 5811		8,588.28	8,588.28
Consult. Serv. & Operation 5800			
Track C Electives	5801	100.00	100.00
Awards & Recognition	5810	914.72	914.72
CAO-Homecoming Services	5816	595.00	595.00
Robotics	5817	5,000.00	5,000.00
CAO-Prom Services	5818	2,400.00	2,400.00
Yearbook	5819	11,311.54	11,311.54
Academic League Services	5820	350.00	350.00
CAO-General Event Services	5821	350.00	350.00
Accounting Services	5825	595.00	595.00
Advertising/Community Marketing	5826	2,429.99	2,429.99
Audit	5827	7,330.00	7,330.00
Bank Service Fees	5828	904.33	904.33
Consultants - IT	5835	833.32	833.32
Consultants - Other	5837	5,363.76	5,363.76
Consultants-Special Education	5837-01	65,467.30	65,467.30
Staff Development	5842	9,358.34	9,358.34
Contracted Services - Other	5849	22,486.99	22,486.99
Contracted Services-Maintenance	5849-02	35,610.00	35,610.00
Fingerprinting/FBI-DOJ	5851	1,639.00	1,639.00
Legal Expense	5853	8,951.18	8,951.18
Printing & Reproduction	5856	17,572.65	17,572.65
Property Tax Assessment	5857	481.46	481.46
SDCOE - SIS Expense	5860	14,458.70	14,458.70
Security Systems/Services	5862	7,449.46	7,449.46
Security Other Services	5862-01	12,324.75	12,324.75
Computer Software	5863	10,694.49	10,694.49
NWEA Testing & License	5864-01	4,145.00	4,145.00
Licensing & Permits - Other	5864-02	12,665.73	12,665.73
Discovery Ed	5864-06	3,150.00	3,150.00
Reading PLUS/Lexia	5864-08	5,750.00	5,750.00
Schoology	5864-09	9,801.00	9,801.00
Turn it in/i-Paradigms	5864-11	4,401.50	4,401.50
Bottled Water	5865	8.42	8.42
Athletics	5870	75.00	75.00
Football	5870-01	28,122.10	28,122.10
Volleyball	5870-02	12,701.43	12,701.43
Cross Country	5870-04	1,904.08	1,904.08
Soccer	5870-05	8,132.00	8,132.00
Cheer	5870-06	14,546.85	14,546.85
General Athletics	5870-07	40,597.89	40,597.89
Dance Team	5870-08	20,429.19	20,429.19
Swim	5870-11	1,000.00	1,000.00
Tennis	5870-12	1,185.00	1,185.00
Basketball	5870-13	7,153.00	7,153.00
Surf	5870-14	2,250.00	2,250.00

Classical Academy High School, Inc.
Profit & Loss
From 7/1/2018 Through 12/31/2018

		Current Period	Current YTD
Baseball	5870-15	1,275.00	1,275.00
Water Polo	5870-18	19,558.96	19,558.96
Athletics- Flag Team	5870-22	1,971.59	1,971.59
Beach Volleyball Services	5870-23	561.50	561.50
NP Abila Service	5873	6,570.98	6,570.98
Shred-It Services	5875	917.21	917.21
Bond Cost	5879	1,000.00	1,000.00
Facility Lease LLC	5897	611,306.88	611,306.88
Miscellaneous Expenses	5899	80.71	80.71
Total Consult. Serv. & Operation 5800		1,066,233.00	1,066,233.00
Total Consult. Serv. & Operation Exp 5800		1,076,647.28	1,076,647.28
Communications 5900			
Postage & Delivery	5901	920.82	920.82
Telephone Expense	5902	21,280.29	21,280.29
Cell Phone Expense	5903	10,619.96	10,619.96
Internet - Web Services	5904	13,757.15	13,757.15
Total Communications 5900		46,578.22	46,578.22
Capital Outlay 6000			
Depreciation Expense	6900	38,951.86	38,951.86
Total Capital Outlay 6000		38,951.86	38,951.86
Total Expense		5,637,765.04	5,637,765.04
Other Local Revenue 8600			
Interest Income	8660	15,279.61	15,279.61
Total Other Local Revenue 8600		15,279.61	15,279.61
Net Ordinary Income		341,136.55	341,136.55
Net Income(Loss)		341,136.55	341,136.55

ClassicalAcademy_Vista

Balance Sheet - Unposted Transactions Included In Report

As of 12/31/2018

		Current Year
ASSETS		
Current Assets		
Checking/Savings		
PWB-Pacific Western Bank	9121	652,924.44
Total Checking/Savings		652,924.44
Accounts Receivable		
Due From Coastal	9319	7,091.67
Total Accounts Receivable		7,091.67
Other Current Assets		
Prepaid Expenditures	9330	10,188.79
Total Other Current Assets		10,188.79
Total Current Assets		670,204.90
Total ASSETS		670,204.90
LIABILITIES		
Current Liabilites		
Accounts Payable		
Accounts Payables	9500	10,976.70
Sales Use/Tax	9599	(6.77)
Total Accounts Payable		10,969.93
Other Current Liabilities		
Due To TCA	9611	8,992.86
Due to Coastal	9619	1,782,187.10
Total Other Current Liabilities		1,791,179.96
Total Current Liabilites		1,802,149.89
Total LIABILITIES		1,802,149.89
EQUITY		
Net Income		
		(1,131,944.99)
Total Net Income		(1,131,944.99)
Total EQUITY		(1,131,944.99)
LIABILITIES & EQUITY		670,204.90

ClassicalAcademy_Vista

Profit & Loss - Unposted Transactions Included In Report

From 7/1/2018 Through 12/31/2018

		Current Period Actual	Current Year Actual
Revenue			
LCFF State Aid-Current Year	8011	0.00	0.00
In-Lieu Property Tax	8096	621,799.82	621,799.82
MTSS Grant	8590-17	25,000.00	25,000.00
A.S.B. Income	8699-01	1,451.92	1,451.92
Musical Theater Income	8699-03	3,660.00	3,660.00
Fundraising Events Income	8699-07	128.25	128.25
Fundraising-Lunch Program	8699-08	556.00	556.00
Lost Book Recovery Income	8699-09	555.94	555.94
Donation Income	8699-12	296.00	296.00
Lunch Program	8699-14	47.00	47.00
Surf Club Income	8699-17	1,945.00	1,945.00
Volunteer Hours	8699-19	0.00	0.00
Sports-All	8699-22	410.00	410.00
Book Fairs	8699-31	1,370.02	1,370.02
Clective Income	8699-36	20.00	20.00
Field Trip Income- 5th grade	8699-61	1,400.00	1,400.00
Field Trip Income- 6th grade	8699-62	3,300.00	3,300.00
Field Trip Income- 7th grade	8699-63	4,261.00	4,261.00
Field Trip Income- Leadership	8699-65	0.00	0.00
Field Trip Income- Lego League	8699-66	6,804.00	6,804.00
Field Trip Income- Biz Town	8699-67	2,090.00	2,090.00
Field Trip Income- General	8699-69	10,371.00	10,371.00
Misc. Income	8699-99	755.00	755.00
Total Revenue		686,220.95	686,220.95
Expense			
Certificated Salaries 1000			
Certificated Salaries - Teachers' Salaries	1100	590,333.61	590,333.61
Certificated Salaries - Sub-Teachers Salaries	1101	4,336.62	4,336.62
Certificated Salaries - Pupil Support	1200	38,282.49	38,282.49
Certificated Salaries - Certificated Administration	1300	48,999.96	48,999.96
Certificated Salaries - Other Certificated Salaries	1900	45,903.31	45,903.31
Certificated Salaries - Instr'l Sup C-Elec	1901	13,177.50	13,177.50
Total Certificated Salaries 1000		741,033.49	741,033.49
Classified Salaries 2000			
Classified Salaries - Instructional Aide	2100	112,115.03	112,115.03
Classified Salaries - Sub Teachers	2111	1,787.18	1,787.18
Classified Salaries - Classified Support Salaries	2200	43,858.93	43,858.93
Classified Salaries - Clk, Tech, & Office Salaries	2400	52,747.76	52,747.76
Total Classified Salaries 2000		210,508.90	210,508.90
Employee Benefits 3000			
STRS - Certificated	3101	118,176.66	118,176.66
PERS - Classified	3202	35,468.18	35,468.18
FICA/Medicare - Certificated	3301	11,203.70	11,203.70
FICA/Medicare - Classified	3302	14,733.39	14,733.39
H&W Benefits-Certificated	3401	91,743.07	91,743.07
H&W Benefits - Classified	3402	36,598.20	36,598.20

		Current Period Actual	Current Year Actual
Workers Comp - Certificated	3601	8,044.51	8,044.51
Workers Comp - Classified	3602	2,266.57	2,266.57
Total Employee Benefits 3000		318,234.28	318,234.28
Books & Supplies 4000			
Approved Curricula Material Textbooks 4100			
Math non-consumable	4100-30	3,432.34	3,432.34
Math consumable	4100-31	12,860.33	12,860.33
Social Studies non-consumable	4100-34	5,332.93	5,332.93
Social Studies consumable	4100-35	24,004.78	24,004.78
English/LA non-consumable	4100-36	24,822.82	24,822.82
English/LA consumable	4100-37	6,788.36	6,788.36
Total Approved Curricula Material Textbooks 4100		77,241.56	77,241.56
Non-Approved Curricula Material 4200			
Math non-consumable	4200-30	168.92	168.92
Math consumable	4200-31	370.13	370.13
Science non-consumable	4200-32	0.00	0.00
Science consumable	4200-33	216.36	216.36
Social Science non-consumable	4200-34	349.66	349.66
Social Studies consumable	4200-35	111.06	111.06
English/LA non-consumable	4200-36	1,339.21	1,339.21
English/LA consumable	4200-37	1,416.63	1,416.63
Total Non-Approved Curricula Material 4200		3,971.97	3,971.97
Instr'l Material & Supplies 4300			
Instr'l Mat & Supplies- General	4300-01	6,350.42	6,350.42
Clectives supplies	4300-04	59.07	59.07
Instr'l Mat. & Supplies - Labs	4300-06	3,310.16	3,310.16
Instr'l Mat. & Supp.- Awrds/Rec	4300-07	503.40	503.40
Office Material & Supplies	4301	4,062.40	4,062.40
Janitorial & Maint Supplies	4302	6,132.38	6,132.38
Security Supplies	4302-02	295.57	295.57
Fundraising Mat. & Supplies	4304	1,370.02	1,370.02
Musical Theater Mat. & Supplies	4305	391.02	391.02
A.S.B. Supplies	4306-02	395.88	395.88
Meals	4311	2,016.32	2,016.32
Building Improvement Supplies	4325	8,270.96	8,270.96
Total Instr'l Material & Supplies 4300		33,157.60	33,157.60
Total Books & Supplies 4000		114,371.13	114,371.13
NonCap F&E 4400			
Equipment - Computers	4402	5,484.94	5,484.94
Equipment - Other (IT)	4403	9,591.30	9,591.30
F&E Tables & Chairs	4404	19,647.55	19,647.55
F&E Other	4405	2,102.98	2,102.98
Total NonCap F&E 4400		36,826.77	36,826.77
Services & Other Operating Exp. 5000			
Dues & Subscriptions	5300	984.90	984.90
Total Services & Other Operating Exp. 5000		984.90	984.90
Travel Expenses 5200			
Travel & Conferences	5201	5,584.52	5,584.52
Auto Allowance	5203	1,900.00	1,900.00
Mileage	5210	198.86	198.86

		Current Period Actual	Current Year Actual
Total Travel Expenses 5200		7,683.38	7,683.38
Operations & Housekeeping 5500			
Janitorial Services	5501	15,660.00	15,660.00
Utilities - SDG&E	5504	25,537.74	25,537.74
Utilities - Water	5505	1,778.50	1,778.50
Other Maint-Housekeeping	5510	395.00	395.00
Total Operations & Housekeeping 5500		43,371.24	43,371.24
Rental, Leases & Housekeeping 5600			
Rentals	5601	1,800.00	1,800.00
Building Repairs	5603	939.91	939.91
Copier Usage	5605-01	1,744.23	1,744.23
Copier Lease	5605-02	4,376.61	4,376.61
Building Lease	5606	220,115.60	220,115.60
Building Improvement	5607	898.02	898.02
Other Equipment Repairs	5608	1,280.00	1,280.00
Total Rental, Leases & Housekeeping 5600		231,154.37	231,154.37
Consult. Serv. & Operation Exp 5800			
Field Trip Expense 5808			
Field Trip Expense	5808	1,988.00	1,988.00
Class Trip-4th/Sacramento	5808-04	0.00	0.00
Class Trip-5th/Adventure Camp	5808-05	522.00	522.00
Class Trip-6th/Astro Camp	5808-06	974.40	974.40
Class Trip-7th/Catalina	5808-07	9,018.00	9,018.00
Field Trip-Leadership	5808-09	0.00	0.00
Field Trip- Other	5808-99	14,259.40	14,259.40
Total Field Trip Expense 5808		26,761.80	26,761.80
Consult. Serv. & Operation 5800			
Track C Electives	5801	255.25	255.25
ASB-Surf Club	5806-03	2,250.00	2,250.00
Awards & Recognition	5810	45.64	45.64
Musical Theater Expense	5811	550.00	550.00
Lunch Program Services	5813	320.14	320.14
Bank Service Fees	5828	(1.00)	(1.00)
Consultants - IT	5835	0.00	0.00
Consultants-Special Ed	5837-01	0.00	0.00
Staff Development	5842	9,137.00	9,137.00
Contracted Services - Other	5849	3,401.53	3,401.53
Contracted Services-Maintenance	5849-02	528.00	528.00
Legal Expense	5853	2,949.00	2,949.00
Printing & Reproduction	5856	1,428.32	1,428.32
SDCOE - SIS Expense	5860	7,927.65	7,927.65
Security System/Service	5862	135.00	135.00
Security Other Services	5862-01	710.98	710.98
Computer Software	5863	0.00	0.00
NWEA Testing & License	5864-01	7,162.50	7,162.50
Licenses & Permits - Other	5864-02	17,443.50	17,443.50
Brain Pop	5864-05	995.00	995.00
Discovery Ed	5864-06	7,460.00	7,460.00
Reading PLUS/Lexia	5864-08	3,500.00	3,500.00
Schoology	5864-09	4,268.70	4,268.70
Turn it in/i-Paradigms	5864-11	1,099.39	1,099.39

ClassicalAcademy_Vista
Profit & Loss - Unposted Transactions Included In Report
From 7/1/2018 Through 12/31/2018

		Current Period Actual	Current Year Actual
NP Abila Service	5873	1,215.36	1,215.36
Shred-It Services	5875	236.92	236.92
Total Consult. Serv. & Operation 5800		73,018.88	73,018.88
Total Consult. Serv. & Operation Exp 5800		99,780.68	99,780.68
Communications 5900			
Postage & Delivery	5901	44.21	44.21
Telephone Expense	5902	192.59	192.59
Cell Phone Expense	5903	3,480.00	3,480.00
Internet - Web Services	5904	10,500.00	10,500.00
Total Communications 5900		14,216.80	14,216.80
Total Expense		1,818,165.94	1,818,165.94
Net Ordinary Income		(1,131,944.99)	(1,131,944.99)
Net Income (Loss)		(1,131,944.99)	(1,131,944.99)

ClassicalAcademy_Vista

Profit & Loss - Unposted Transactions Included In Report

From 7/1/2018 Through 12/31/2018

		Current Period Actual	Current Year Actual
Revenue			
LCFF State Aid-Current Year	8011	0.00	0.00
In-Lieu Property Tax	8096	621,799.82	621,799.82
MTSS Grant	8590-17	25,000.00	25,000.00
A.S.B. Income	8699-01	1,451.92	1,451.92
Musical Theater Income	8699-03	3,660.00	3,660.00
Fundraising Events Income	8699-07	128.25	128.25
Fundraising-Lunch Program	8699-08	556.00	556.00
Lost Book Recovery Income	8699-09	555.94	555.94
Donation Income	8699-12	296.00	296.00
Lunch Program	8699-14	47.00	47.00
Surf Club Income	8699-17	1,945.00	1,945.00
Volunteer Hours	8699-19	0.00	0.00
Sports-All	8699-22	410.00	410.00
Book Fairs	8699-31	1,370.02	1,370.02
Clective Income	8699-36	20.00	20.00
Field Trip Income- 5th grade	8699-61	1,400.00	1,400.00
Field Trip Income- 6th grade	8699-62	3,300.00	3,300.00
Field Trip Income- 7th grade	8699-63	4,261.00	4,261.00
Field Trip Income- Leadership	8699-65	0.00	0.00
Field Trip Income- Lego League	8699-66	6,804.00	6,804.00
Field Trip Income- Biz Town	8699-67	2,090.00	2,090.00
Field Trip Income- General	8699-69	10,371.00	10,371.00
Misc. Income	8699-99	755.00	755.00
Total Revenue		686,220.95	686,220.95
Expense			
Certificated Salaries 1000			
Certificated Salaries - Teachers' Salaries	1100	590,333.61	590,333.61
Certificated Salaries - Sub-Teachers Salaries	1101	4,336.62	4,336.62
Certificated Salaries - Pupil Support	1200	38,282.49	38,282.49
Certificated Salaries - Certificated Administration	1300	48,999.96	48,999.96
Certificated Salaries - Other Certificated Salaries	1900	45,903.31	45,903.31
Certificated Salaries - Instr'l Sup C-Elec	1901	13,177.50	13,177.50
Total Certificated Salaries 1000		741,033.49	741,033.49
Classified Salaries 2000			
Classified Salaries - Instructional Aide	2100	112,115.03	112,115.03
Classified Salaries - Sub Teachers	2111	1,787.18	1,787.18
Classified Salaries - Classified Support Salaries	2200	43,858.93	43,858.93
Classified Salaries - Clk, Tech, & Office Salaries	2400	52,747.76	52,747.76
Total Classified Salaries 2000		210,508.90	210,508.90
Employee Benefits 3000			
STRS - Certificated	3101	118,176.66	118,176.66
PERS - Classified	3202	35,468.18	35,468.18
FICA/Medicare - Certificated	3301	11,203.70	11,203.70
FICA/Medicare - Classified	3302	14,733.39	14,733.39
H&W Benefits-Certificated	3401	91,743.07	91,743.07
H&W Benefits - Classified	3402	36,598.20	36,598.20

		Current Period Actual	Current Year Actual
Workers Comp - Certificated	3601	8,044.51	8,044.51
Workers Comp - Classified	3602	2,266.57	2,266.57
Total Employee Benefits 3000		318,234.28	318,234.28
Books & Supplies 4000			
Approved Curricula Material Textbooks 4100			
Math non-consumable	4100-30	3,432.34	3,432.34
Math consumable	4100-31	12,860.33	12,860.33
Social Studies non-consumable	4100-34	5,332.93	5,332.93
Social Studies consumable	4100-35	24,004.78	24,004.78
English/LA non-consumable	4100-36	24,822.82	24,822.82
English/LA consumable	4100-37	6,788.36	6,788.36
Total Approved Curricula Material Textbooks 4100		77,241.56	77,241.56
Non-Approved Curricula Material 4200			
Math non-consumable	4200-30	168.92	168.92
Math consumable	4200-31	370.13	370.13
Science non-consumable	4200-32	0.00	0.00
Science consumable	4200-33	216.36	216.36
Social Science non-consumable	4200-34	349.66	349.66
Social Studies consumable	4200-35	111.06	111.06
English/LA non-consumable	4200-36	1,339.21	1,339.21
English/LA consumable	4200-37	1,416.63	1,416.63
Total Non-Approved Curricula Material 4200		3,971.97	3,971.97
Instr'l Material & Supplies 4300			
Instr'l Mat & Supplies- General	4300-01	6,350.42	6,350.42
C'lectives supplies	4300-04	59.07	59.07
Instr'l Mat. & Supplies - Labs	4300-06	3,310.16	3,310.16
Instr'l Mat. & Supp.- Awrds/Rec	4300-07	503.40	503.40
Office Material & Supplies	4301	4,062.40	4,062.40
Janitorial & Maint Supplies	4302	6,132.38	6,132.38
Security Supplies	4302-02	295.57	295.57
Fundraising Mat. & Supplies	4304	1,370.02	1,370.02
Musical Theater Mat. & Supplies	4305	391.02	391.02
A.S.B. Supplies	4306-02	395.88	395.88
Meals	4311	2,016.32	2,016.32
Building Improvement Supplies	4325	8,270.96	8,270.96
Total Instr'l Material & Supplies 4300		33,157.60	33,157.60
Total Books & Supplies 4000		114,371.13	114,371.13
NonCap F&E 4400			
Equipment - Computers	4402	5,484.94	5,484.94
Equipment - Other (IT)	4403	9,591.30	9,591.30
F&E Tables & Chairs	4404	19,647.55	19,647.55
F&E Other	4405	2,102.98	2,102.98
Total NonCap F&E 4400		36,826.77	36,826.77
Services & Other Operating Exp. 5000			
Dues & Subscriptions	5300	984.90	984.90
Total Services & Other Operating Exp. 5000		984.90	984.90
Travel Expenses 5200			
Travel & Conferences	5201	5,584.52	5,584.52
Auto Allowance	5203	1,900.00	1,900.00
Mileage	5210	198.86	198.86

		Current Period Actual	Current Year Actual
Total Travel Expenses 5200		7,683.38	7,683.38
Operations & Housekeeping 5500			
Janitorial Services	5501	15,660.00	15,660.00
Utilities - SDG&E	5504	25,537.74	25,537.74
Utilities - Water	5505	1,778.50	1,778.50
Other Maint-Housekeeping	5510	395.00	395.00
Total Operations & Housekeeping 5500		43,371.24	43,371.24
Rental, Leases & Housekeeping 5600			
Rentals	5601	1,800.00	1,800.00
Building Repairs	5603	939.91	939.91
Copier Usage	5605-01	1,744.23	1,744.23
Copier Lease	5605-02	4,376.61	4,376.61
Building Lease	5606	220,115.60	220,115.60
Building Improvement	5607	898.02	898.02
Other Equipment Repairs	5608	1,280.00	1,280.00
Total Rental, Leases & Housekeeping 5600		231,154.37	231,154.37
Consult. Serv. & Operation Exp 5800			
Field Trip Expense 5808			
Field Trip Expense	5808	1,988.00	1,988.00
Class Trip-4th/Sacramento	5808-04	0.00	0.00
Class Trip-5th/Adventure Camp	5808-05	522.00	522.00
Class Trip-6th/Astro Camp	5808-06	974.40	974.40
Class Trip-7th/Catalina	5808-07	9,018.00	9,018.00
Field Trip-Leadership	5808-09	0.00	0.00
Field Trip- Other	5808-99	14,259.40	14,259.40
Total Field Trip Expense 5808		26,761.80	26,761.80
Consult. Serv. & Operation 5800			
Track C Electives	5801	255.25	255.25
ASB-Surf Club	5806-03	2,250.00	2,250.00
Awards & Recognition	5810	45.64	45.64
Musical Theater Expense	5811	550.00	550.00
Lunch Program Services	5813	320.14	320.14
Bank Service Fees	5828	(1.00)	(1.00)
Consultants - IT	5835	0.00	0.00
Consultants-Special Ed	5837-01	0.00	0.00
Staff Development	5842	9,137.00	9,137.00
Contracted Services - Other	5849	3,401.53	3,401.53
Contracted Services-Maintenance	5849-02	528.00	528.00
Legal Expense	5853	2,949.00	2,949.00
Printing & Reproduction	5856	1,428.32	1,428.32
SDCOE - SIS Expense	5860	7,927.65	7,927.65
Security System/Service	5862	135.00	135.00
Security Other Services	5862-01	710.98	710.98
Computer Software	5863	0.00	0.00
NWEA Testing & License	5864-01	7,162.50	7,162.50
Licenses & Permits - Other	5864-02	17,443.50	17,443.50
Brain Pop	5864-05	995.00	995.00
Discovery Ed	5864-06	7,460.00	7,460.00
Reading PLUS/Lexia	5864-08	3,500.00	3,500.00
Schoology	5864-09	4,268.70	4,268.70
Turn it in/i-Paradigms	5864-11	1,099.39	1,099.39

ClassicalAcademy_Vista
Profit & Loss - Unposted Transactions Included In Report
From 7/1/2018 Through 12/31/2018

		Current Period Actual	Current Year Actual
NP Abila Service	5873	1,215.36	1,215.36
Shred-It Services	5875	236.92	236.92
Total Consult. Serv. & Operation 5800		73,018.88	73,018.88
Total Consult. Serv. & Operation Exp 5800		99,780.68	99,780.68
Communications 5900			
Postage & Delivery	5901	44.21	44.21
Telephone Expense	5902	192.59	192.59
Cell Phone Expense	5903	3,480.00	3,480.00
Internet - Web Services	5904	10,500.00	10,500.00
Total Communications 5900		14,216.80	14,216.80
Total Expense		1,818,165.94	1,818,165.94
Net Ordinary Income		(1,131,944.99)	(1,131,944.99)
Net Income (Loss)		(1,131,944.99)	(1,131,944.99)

Coastal Academy Charter School, Inc.
Balance Sheet
As of 12/31/2018

		Current Period
ASSETS		
Current Assets		
Checking/Savings		
Cash in County Treasury	9110	4,117,987.48
PWB-Pacific Western Bank	9121	2,555,404.26
Petty Cash	9131	2,200.00
WF Bond Payments Reserve	9135-06	940,890.18
WF Revenue Bond Funds	9135-09	256,965.65
WF Capital Maintenance Fund	9135-10	183,539.39
Total Checking/Savings		8,056,986.96
Accounts Receivable		
Accrued Receivables	9202	284,003.00
Due From TCA	9311	8,071.59
Due From CAHS	9312	1,253.90
Due from Vista	9319	1,782,187.10
Total Accounts Receivable		2,075,515.59
Other Current Assets		
Prepaid Expenditures	9330	26,392.30
Prepaid Insurance	9331	277.22
Total Other Current Assets		26,669.52
Total Current Assets		10,159,172.07
Fixed Assets		
Land-New Facilities (Bond-Calle Platino)	9410	1,953,666.00
Site Improvement (Calle Platino)	9433	49,977.40
Accum Deprec-Site Improve (Calle Platino)	9433-01	(4,094.86)
Leasehold Improv (De La Plata)	9434	618,690.85
Accum Deprec-Leasehold Improv (De La Plata)	9435	(162,112.93)
Leasehold Improv (Vista-New Venture)	9436	12,304.00
Equipment-Coastal	9440	224,992.14
Furniture and Fixtures-Coastal	9441	51,617.43
Textbooks	9443	106,601.79
Vehicle	9444	3,623.92
Accum Deprec-Equip-Coastal	9445	(310,539.00)
Accum Deprec-F&F-Coastal	9446	(50,790.52)
Accum Deprec-Leasehold Improv (Vista)	9449	(3,486.25)
Bldg-New Facilities (Bond-Calle Platino)	9457	10,185,464.88
Accum Deprec-Bldg (Bond-Calle Platino)	9458	(1,164,706.52)
Bldg Improvements (Calle Platino)	9459	129,660.80
Accum Deprec-Bldg Improv-Calle Platino)	9460	(30,880.15)
Coastal HS Site Improvements	9470	8,037.64
Total Fixed Assets		11,618,026.62
Other Assets		
Security Deposit (Rent)	9332	64,628.26
Bond Issuance Costs	9345	472,768.00
Accum Amort-Bond Issuance Cost	9345-01	(92,918.64)
Loan Costs	9346	15,973.00
Accum Amort-Loan Costs	9346-01	(3,136.66)

Coastal Academy Charter School, Inc.
Balance Sheet
As of 12/31/2018

		Current Period
Total Other Assets		457,313.96
Total ASSETS		22,234,512.65
LIABILITIES		
Current Liabilites		
Accounts Payable		
Accounts Payables	9500	37,671.08
Accrued Payables	9502	2,301.82
A/P Accruals	9505	1,614.60
Accrued Vacation	9559	61,877.43
Accrued STRS	9562	105,788.12
Accrued PERS	9563	56,344.65
Accrued W/C	9570	1.29
Accrued-Unum Voluntary	9581-05	2,452.11
Accrued-Unum Supplemental	9581-09	4,502.36
Deferred Rent	9585	122,134.00
Sales Use/Tax	9599	385.41
Total Accounts Payable		395,072.87
Other Current Liabilities		
Due To TCA	9611	238.46
Due To NCEF	9613	500.00
Due to Coastal ASB	9617	24.00
Due To VISTA	9619	7,091.67
Total Other Current Liabilities		7,854.13
Total Current Liabiliites		402,927.00
Long Term Liabilities		
Bonds Payable	9661	13,185,000.00
Bond Payable Premium	9662	68,511.03
Total Long Term Liabilities		13,253,511.03
Total LIABILITIES		13,656,438.03
EQUITY		
Beginning Net Assets		
Desig. Economic Uncertainties	9770	455,897.00
CA Energy Reserves	9783	321,030.84
Multi-teraed System of Support - MTSS	9787	25,000.00
Opening Bal Equity	9791	(14.00)
Facilities Reserves	9799	6,529,312.88
Total Beginning Net Assets		7,331,226.72
Net Income		
		1,246,847.90
Total Net Income		1,246,847.90
Total EQUITY		8,578,074.62
LIABILITIES & EQUITY		22,234,512.65

Coastal Academy Charter School, Inc.
Profit & Loss
From 7/1/2018 Through 12/31/2018

		Current Period	Current YTD
Revenue			
LCFF State Aid - Current Year	8011	3,571,296.00	3,571,296.00
EPA Prop 30	8012	1,397,193.00	1,397,193.00
In-Lieu Property Tax	8096	2,832,041.24	2,832,041.24
Mandated Cost Reimbursment	8550	36,875.00	36,875.00
State Lottery P/Y Unrestricted Revenue	8561-03	5,171.12	5,171.12
State Lottery P/Y Restricted Revenue	8561-06	8,408.95	8,408.95
STAR Testing Reimbursement	8590-01	85.00	85.00
Low Performing Student Block Grant	8590-19	155,118.00	155,118.00
Special Ed	8590-90	437,732.00	437,732.00
A.S.B. Income	8699-01	13,828.08	13,828.08
Musical Theater Income	8699-03	1,065.00	1,065.00
Yearbook Income	8699-04	4,800.73	4,800.73
Fundraising Events Income	8699-07	3,195.01	3,195.01
Fundraising-Lunch Program	8699-08	4,271.00	4,271.00
Lost Book Recovery Income	8699-09	94.78	94.78
Donation Income	8699-12	2,328.64	2,328.64
Vending Income	8699-16	58.16	58.16
Rebates	8699-18	117.04	117.04
Volunteer Hours	8699-19	350.00	350.00
Sports-All	8699-22	950.00	950.00
Coastal Tshirts	8699-30	4,723.30	4,723.30
Book Fairs	8699-31	1,568.08	1,568.08
Facility Use	8699-34	4,873.08	4,873.08
Clective Income	8699-36	1,900.00	1,900.00
ASB-Senior Trip	8699-53	(121.49)	(121.49)
Field Trip Income- 5th grade	8699-61	1,050.00	1,050.00
Field Trip Income- 6th grade	8699-62	13,975.00	13,975.00
Field Trip Income- 7th grade	8699-63	8,815.00	8,815.00
Field Trip Income- Lego League	8699-66	13,216.00	13,216.00
Field Trip Income- Biz Town	8699-67	3,440.00	3,440.00
Field Trip Income- General	8699-69	11,011.00	11,011.00
Testing Fees	8699-96	1,138.01	1,138.01
Misc. Income	8699-99	2,347.45	2,347.45
Total Revenue		8,542,914.18	8,542,914.18
Expense			
Certificated Salaries 1000			
Certificated Salaries - Teachers' Salaries	1100	1,608,240.37	1,608,240.37
Certificated Salaries - Sub-Teachers Salaries	1101	10,191.88	10,191.88
Certificated Salaries - Pupil Support	1200	239,334.11	239,334.11
Certificated Salaries - Certificated Administration	1300	177,999.96	177,999.96
Certificated Salaries - Cert Admin-Dir of Curriculum	1302	67,800.00	67,800.00
Certificated Salaries - Other Certificated Salaries	1900	189,904.75	189,904.75
Certificated Salaries - Instr'l Sup C-Elec	1901	40,232.50	40,232.50
Total Certificated Salaries 1000		2,333,703.57	2,333,703.57
Classified Salaries 2000			
Classified Salaries - Instructional Aide	2100	294,965.68	294,965.68
Classified Sub Teachers	2111	7,614.07	7,614.07
Classified Salaries - Classified Support Salaries	2200	187,523.99	187,523.99
Classified Salaries - Classified Administration	2300	265,740.00	265,740.00
Classified Salaries - Clk, Tech, & Office Salaries	2400	492,513.81	492,513.81
Total Classified Salaries 2000		1,248,357.55	1,248,357.55

Coastal Academy Charter School, Inc.
Profit & Loss
From 7/1/2018 Through 12/31/2018

		Current Period	Current YTD
Employee Benefits 3000			
STRS - Certificated	3101	360,310.34	360,310.34
PERS - Classified	3202	221,160.14	221,160.14
FICA/Medicare - Certificated	3301	40,549.76	40,549.76
FICA/Medicare - Classified	3302	87,119.19	87,119.19
H&W Benefits-Certificated	3401	290,047.84	290,047.84
H&W Benefits - Classified	3402	183,156.59	183,156.59
Unemployment Ins-Certificated	3501	1,168.69	1,168.69
Workers Comp - Certificated	3601	25,356.32	25,356.32
Workers Comp - Classified	3602	13,524.77	13,524.77
Total Employee Benefits 3000		1,222,393.64	1,222,393.64
Books & Supplies 4000			
Approved Curricula Material Textbooks 4100			
Math non-consumable	4100-30	4,296.17	4,296.17
Math consumable	4100-31	31,468.18	31,468.18
Social Studies non-consumable	4100-34	9,452.57	9,452.57
Social Studies consumable	4100-35	1,000.00	1,000.00
English/LA non-consumable	4100-36	13,877.91	13,877.91
English/LA consumable	4100-37	19,725.91	19,725.91
Total Approved Curricula Material Textbooks 4100		79,820.74	79,820.74
Non-Approved Curricula Material 4200			
Math non-consumable	4200-30	7,075.22	7,075.22
Math consumable	4200-31	10,808.13	10,808.13
Science non-consumable	4200-32	8,621.06	8,621.06
Science consumable	4200-33	6,440.00	6,440.00
Social Science non-consumable	4200-34	7,290.60	7,290.60
Social Studies consumable	4200-35	1,984.37	1,984.37
English/LA non-consumable	4200-36	27,033.16	27,033.16
English/LA consumable	4200-37	21,998.33	21,998.33
Non Approved Other Core	4200-38	768.84	768.84
Non Approved Electives	4200-39	33,314.07	33,314.07
Total Non-Approved Curricula Material 4200		125,333.78	125,333.78
Instr'l Material & Supplies 4300			
Instr'l Mat & Supplies- General	4300-01	73,513.75	73,513.75
C'lectives supplies	4300-04	8,780.76	8,780.76
Instr'l Mat. & Supplies - Labs	4300-06	246.26	246.26
Office Material & Supplies	4301	20,254.41	20,254.41
Janitorial & Maint Supplies	4302	36,221.03	36,221.03
Security Supplies	4302-02	5,389.72	5,389.72
Field Trip Mat. & Supplies	4303	131.56	131.56
Fundraising Mat. & Supplies	4304	1,714.75	1,714.75
Musical Theater Mat. & Supplies	4305	1,319.00	1,319.00
A.S.B. Student Store	4306-01	390.84	390.84
A.S.B. Supplies	4306-02	9,696.45	9,696.45
Sports-General Supplies	4307-01	24,377.10	24,377.10
Lunch Program Supplies	4308	258.25	258.25
Meals	4311	23,133.86	23,133.86
Fuel	4320	200.76	200.76
Building Improvement Supplies	4325	7,205.21	7,205.21
Total Instr'l Material & Supplies 4300		212,833.71	212,833.71
Total Books & Supplies 4000		417,988.23	417,988.23
NonCap F&E 4400			

Coastal Academy Charter School, Inc.
Profit & Loss
From 7/1/2018 Through 12/31/2018

		Current Period	Current YTD
Equipment - Computers	4402	94,866.40	94,866.40
Equipment - Other (IT)	4403	16,761.49	16,761.49
F&E Tables & Chairs	4404	4,845.87	4,845.87
F&E Other	4405	111,858.29	111,858.29
Total NonCap F&E 4400		228,332.05	228,332.05
Services & Other Operating Exp. 5000			
Dues & Subscriptions	5300	14,346.24	14,346.24
Insurance	5400	79,471.00	79,471.00
Total Services & Other Operating Exp. 5000		93,817.24	93,817.24
Travel Expenses 5200			
Sp Ed NPS ERMHS	5100-02	3,183.60	3,183.60
Sp Ed NPS Residential	5100-03	13,110.19	13,110.19
Travel & Conferences	5201	43,370.05	43,370.05
Auto Allowance	5203	9,950.00	9,950.00
Mileage	5210	495.49	495.49
Total Travel Expenses 5200		70,109.33	70,109.33
Operations & Housekeeping 5500			
Janitorial Services	5501	49,977.19	49,977.19
Trash Disposal	5502	4,000.74	4,000.74
Landscaping	5503	5,782.58	5,782.58
Utilities - SDG&E	5504	49,474.40	49,474.40
Utilities - Water	5505	11,306.56	11,306.56
Pest Control	5506	1,782.00	1,782.00
Facilities Maint-Carpet	5508	7,318.00	7,318.00
Other Maint-Housekeeping	5510	83.78	83.78
Total Operations & Housekeeping 5500		129,725.25	129,725.25
Rental, Leases & Housekeeping 5600			
Rentals	5601	10,034.99	10,034.99
Building Repairs	5603	3,057.50	3,057.50
Copier Usage	5605-01	19,479.58	19,479.58
Copier Lease	5605-02	24,383.25	24,383.25
Elevator Maintenance Agreement	5605-04	1,293.18	1,293.18
Building Lease	5606	338,687.54	338,687.54
Building Lease-157 Properties	5606-01	93,011.96	93,011.96
Building Lease-CAM	5606-02	5,048.59	5,048.59
Building Improvement	5607	30,873.15	30,873.15
Other Equipment Repairs	5608	51.36	51.36
Other Maint Agreement/Repair	5609	1,106.43	1,106.43
Total Rental, Leases & Housekeeping 5600		527,027.53	527,027.53
Consult. Serv. & Operation Exp 5800			
Field Trip Expense 5808			
Class Trip-4th/Sacramento	5808-04	1,745.00	1,745.00
Class Trip-5th/Adventure Camp	5808-05	1,278.00	1,278.00
Class Trip-6th/Astro Camp	5808-06	2,385.60	2,385.60
Class Trip-7th/Catalina	5808-07	17,496.00	17,496.00
Class Trip-8th/DC-NY	5808-08	292.00	292.00
Field Trip- Other	5808-99	20,880.56	20,880.56
Total Field Trip Expense 5808		44,077.16	44,077.16
Consult. Serv. & Operation 5800			
Track C Electives	5801	2,336.60	2,336.60
A.S.B. Other	5806-02	7,584.88	7,584.88
Awards & Recognition	5810	3,482.34	3,482.34

		Current Period	Current YTD
Musical Theater Expense	5811	500.00	500.00
Lunch Program Services	5813	1,089.09	1,089.09
Mock Trial Club Services	5818	375.00	375.00
Accounting Services	5825	595.00	595.00
Advertising/Community Marketing	5826	3,375.84	3,375.84
Audit	5827	7,320.00	7,320.00
Bank Service Fees	5828	3,287.69	3,287.69
Board Allowance	5832	1,000.00	1,000.00
Consultants - IT	5835	833.32	833.32
Consultants - Other	5837	317,854.97	317,854.97
Consultants-Special Ed	5837-01	33,494.52	33,494.52
Staff Development	5842	22,017.91	22,017.91
Contracted Services - Other	5849	16,254.21	16,254.21
Contracted Services-Maintenance	5849-02	7,392.00	7,392.00
Fingerprinting/FBI-DOJ	5851	3,139.00	3,139.00
Late Fees & Finance Charges	5852	488.20	488.20
Legal Expense	5853	16,596.73	16,596.73
Moving Expense	5854	26,918.23	26,918.23
Payroll Services	5855	103.94	103.94
Printing & Reproduction	5856	16,576.83	16,576.83
Property Tax Assessment	5857	96.44	96.44
SDCOE - SIS Expense	5860	20,340.68	20,340.68
Security System/Service	5862	4,048.25	4,048.25
Security Other Services	5862-01	962.67	962.67
Computer Software	5863	14,167.54	14,167.54
NWEA Testing & License	5864-01	8,748.50	8,748.50
Licenses & Permits - Other	5864-02	14,776.99	14,776.99
Edgenunity License	5864-03	15,500.00	15,500.00
Brain Pop	5864-05	1,400.00	1,400.00
Discovery Ed	5864-06	8,656.25	8,656.25
Reading PLUS/Lexia	5864-08	9,875.00	9,875.00
Schoology	5864-09	13,713.30	13,713.30
Turn it in/i-Paradigms	5864-11	1,099.39	1,099.39
Bottled Water	5865	1,470.19	1,470.19
Sports-General Services	5870-01	15,940.25	15,940.25
NP Abila Service	5873	9,538.28	9,538.28
NP Tech Service	5874	2,585.00	2,585.00
Shred-It Services	5875	2,787.90	2,787.90
Bond Cost	5879	3,046.94	3,046.94
SpEd Due Process	5886	1,710.00	1,710.00
Sp Ed Assessments	5887	4,000.00	4,000.00
Miscellaneous Expenses	5899	2,270.79	2,270.79
Total Consult. Serv. & Operation 5800		649,350.66	649,350.66
Total Consult. Serv. & Operation Exp 5800		693,427.82	693,427.82
Communications 5900			
Postage & Delivery	5901	2,761.82	2,761.82
Telephone Expense	5902	14,895.17	14,895.17
Cell Phone Expense	5903	15,373.39	15,373.39
Internet - Web Services	5904	26,884.15	26,884.15
Total Communications 5900		59,914.53	59,914.53
Capital Outlay 6000			
Depreciation Expense	6900	158,269.08	158,269.08

Coastal Academy Charter School, Inc.
Profit & Loss
From 7/1/2018 Through 12/31/2018

		Current Period	Current YTD
Amortization Expense	6910	8,145.45	8,145.45
Total Capital Outlay 6000		166,414.53	166,414.53
Total Expense		7,191,211.27	7,191,211.27
Other Local Revenue 8600			
Interest Income	8660	50,348.91	50,348.91
Bond Interest Income	8979-01	11,434.60	11,434.60
Total Other Local Revenue 8600		61,783.51	61,783.51
Net Ordinary Income		1,413,486.42	1,413,486.42
Other Financing Uses 7600			
Bond Interest Expense	7699-01	166,638.52	166,638.52
Total Other Financing Uses 7600		166,638.52	166,638.52
Net Income (Loss)		1,246,847.90	1,246,847.90

The Classical Academy, Inc. and Subsidiary
Charter #0199
Financial Statements
June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Classical Academy, Inc. and Subsidiary
Escondido, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Classical Academy, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2018, the related consolidated statements of activities, and cash flows for the fiscal year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Classical Academy, Inc. and Subsidiary as of June 30, 2018, 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 Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018, on our consideration of The Classical Academy, Inc. and Subsidiary'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Classical Academy, Inc. and Subsidiary's 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 Classical Academy, Inc. and Subsidiary's internal control over financial reporting and compliance.

Squar Milner LLP

SQUAR MILNER LLP

San Diego, California
December 12, 2018

THE CLASSICAL ACADEMY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS	
Current assets:	
Cash	$ 3,839,505
Restricted cash	840,147
Accounts receivable	497,418
Due from related parties, net	653,495
Prepaid expenses	66,074
Total current assets	5,896,639
Restricted cash	2,235,796
Fixed assets, net	20,969,265
Deposits	39,733
TOTAL ASSETS	$ 29,141,433
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	$ 162,555
Accrued expenses	1,254,854
Deferred rent	102,986
Bonds payable, net, current portion	509,101
Total current liabilities	2,029,496
Bonds payable, net, less current portion	23,304,826
Total liabilities	25,334,322
Net assets:	
Temporarily restricted	321,588
Unrestricted	3,485,523
Total net assets	3,807,111
TOTAL LIABILITIES AND NET ASSETS	$ 29,141,433

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

THE CLASSICAL ACADEMY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Revenue limit sources:			
State aid	$ 5,143,813	$ -	$ 5,143,813
Education protection account	1,800,818	-	1,800,818
In-lieu of property taxes	3,283,271	-	3,283,271
Federal revenues	166,474	-	166,474
State revenues	1,235,223	104,511	1,339,734
Local revenues:			
Donations	92,364	-	92,364
Fundraising	25,234	-	25,234
Rent income	1,588,248	-	1,588,248
Miscellaneous	317,407	-	317,407
Total revenues	13,652,852	104,511	13,757,363
Net assets released from restrictions	86,983	(86,983)	-
Total revenues and other support	13,739,835	17,528	13,757,363
EXPENSES			
Program services:			
Education	11,435,403	-	11,435,403
Support services:			
Management and general	3,065,985	-	3,065,985
Total expenses	14,501,388	-	14,501,388
CHANGE IN NET ASSETS	(761,553)	17,528	(744,025)
NET ASSETS, BEGINNING OF YEAR	4,247,076	304,060	4,551,136
NET ASSETS, END OF YEAR	$ 3,485,523	$ 321,588	$ 3,807,111

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

THE CLASSICAL ACADEMY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (744,025)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	558,440
Amortization	712,185
(Increase) decrease in operating assets:	
Accounts receivable	(50,802)
Due from related parties	(223,359)
Prepaid expenses	95,018
Deposits	(150)
Increase (decrease) in operating liabilities:	
Accounts payable	94,083
Accrued expenses	213,740
Deferred rent	102,986
Due to related parties	(27,139)
Net cash flows provided by operating activities	730,977
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(167,733)
Net cash flows used in investing activities	(167,733)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Increase in restricted cash	(293,280)
Issuance of bonds payable, net of premium, discounts and issuance costs totaling $5,106,522	23,718,478
Repayments of bonds payable	(24,380,000)
Principal payments on bonds payable	(285,000)
Net cash flows used in financing activities	(1,239,802)
NET CHANGE IN CASH	(676,558)
CASH, BEGINNING OF YEAR	4,516,063
CASH, END OF YEAR	$ 3,839,505
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid for interest	$ 1,140,867

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

1. ORGANIZATION AND MISSION

The Classical Academy, Inc. (Organization) and Subsidiary was incorporated on May 18, 1999, as a Nonprofit Public Benefit Corporation and is not organized for the private gain of any person. The Organization is organized under the Nonprofit Public Benefit Corporation Law (California Corporations Code Section 5110, et seq.) for public and charitable purposes.

The Organization is a grade K through 8 charter school and was granted a five-year charter renewal under the sponsorship of the Escondido Union School District, pursuant to the terms of the Charter School Act of 1992, as amended. The Organization receives its funding in the same way as do traditional public schools and is open to all students in North San Diego County.

The Organization commenced operations during the 1999-2000 fiscal year and currently serves approximately 1,423 students in Kindergarten through grade 8.

The mission of the Organization is to inspire students, empower parents, and promote a life-long love for learning by creating an environment where academic success is personalized and achievable for all children. Parents, working with credentialed teachers, prepare, monitor, and implement programs that enrich, challenge, and inspire students to embrace personalized academic success.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Organization is the sole member of the limited liability corporation, Partnering With Parents, LLC (LLC). The LLC was established to manage the Organization's facility needs and was incorporated on April 25, 2013. There are only two corporate officers and board members of the LLC. The Executive Director of the Organization is the President of the Board of the LLC with the Secretary of the Board being the same for both the Organization and the LLC. As of June 30, 2018, the Organization leased middle school facilities located at 144 and 146 Woodward Avenue in Escondido, California from the LLC. All significant intercompany accounts have been eliminated.

Financial Statement Presentation

The consolidated financial statements are presented in conformity with Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-For-Profit Entities – Presentation of Financial Statements*. Under ASC 958-205, the Organization reports information regarding its financial position and activities according to three classes of net assets:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation (continued)

Unrestricted Net Assets: Unrestricted net assets are available to support all activities of the Organization, and are not subject to donor-imposed stipulations. These generally result from revenues generated by providing services, receiving unrestricted contributions, and receiving interest from investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets was $321,588 as of June 30, 2018.

Permanently Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that the restrictions be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on the related investments for general or specific purposes. There were no permanently restricted net assets as of June 30, 2018.

Accounting Method – Basis of Accounting

The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the consolidated financial statements. The Organization uses the accrual basis of accounting, under which revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). It is, however, subject to income taxes from activities unrelated to its tax-exempt purpose. The Organization uses the same accounting methods for tax and financial reporting.

GAAP provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Functional Allocation of Expenses

The costs of providing the program services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services based on employees' time incurred and management's estimates of the usage of resources.

Cash and Cash Equivalents

Cash from time to time is variously composed of cash on hand and in banks. The Organization considers all highly liquid instruments with maturities of three months or less at time of acquisition to be cash equivalents. As of June 30, 2018, the Organization had no cash equivalents.

Fixed Assets

Fixed assets are recorded at cost and depreciated under the straight-line and accelerated methods over their estimated useful lives of 5 to 10 years. Repair and maintenance costs, which do not extend the useful lives of the asset, are charged to expense. The cost of assets sold or retired and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting gain or loss is included in the earnings. Management has elected to capitalize and depreciate all assets costing $5,000 or more as one item; all other assets are charged to expense in the year incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Bond Issuance Costs and Underwriters Discount

Costs related to the registration and issuances of bonds are amortized as additional interest expense over the life of the bonds. The costs, net of accumulated amortization, were $6,620,700 at June 30, 2018 and are shown as a deduction from bonds payable on the statement of financial position. Amortization expense for the year ended June 30, 2018 was $742,845, which includes the acceleration of previously unamortized discount in the amount of $616,736 due to the bond refinancing on December 1, 2017 (See Note 8).

Revenue Sources and Recognition

The Organization primarily receives funds from the California Department of Education (CDE). Revenue limit sources and state revenues received from the CDE are determined based on the Organization's average daily attendance (ADA) of students and recognized in the period the ADA occurs.

In addition, the Organization receives federal, state and local revenues for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

The Organization recognizes federal revenue to the extent that eligible expenditures have been incurred.

Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, Leases (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases (See Note 11).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

In August 2016, FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted and permanently restricted).

3. CASH

Cash at June 30, 2018, consisted of the following:

Pooled Funds:	
Cash in County Treasury	$ 2,700,303
Deposits:	
Cash in banks	1,136,702
Cash on hand:	
Petty cash	2,500
Total cash	$ 3,839,505

3. CASH (continued)

Cash in County Treasury

The Organization maintains a portion of its cash in the San Diego County Treasury (County) as part of the common investment pool ($2,700,303 as of June 30, 2018). Cash may be added or withdrawn from the investment pool without limitation.

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

The County Treasurer's investments at June 30, 2018 consist of 27.92% negotiable CDs, 29.90% commercial paper, 24.99% federal agencies, 4.82% U.S. Treasury notes, 3.48% money market funds, 6.77% supranational, 0.01% bank deposits, and 2.11% asset backed securities. The credit ratings for these investments included A1+/A1 by Moody's Investor Service, and AAA/AA- by Standard and Poor's.

Cash in Banks

Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2018, the Organization had $1,010,653 in excess of FDIC insured limits.

4. RESTRICTED CASH

Cash balances held with a fiscal agent, Wells Fargo Bank, N.A. ($3,075,943 as of June 30, 2018), are held to meet the debt service requirements of the bonds payable, as required by the California School Finance Authority. As of June 30, 2018, $840,147 and $2,235,796 was classified as a current asset and noncurrent asset, respectively, in the accompanying consolidated statement of financial position.

5. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, consisted of the following:

Revenue limit sources:		
In-lieu of property taxes	$	256,820
Federal revenues		90,620
State revenues		87,601
Local revenues:		
Miscellaneous		62,377
Total accounts receivable	$	497,418

6. FIXED ASSETS, NET

Fixed assets, net at June 30, 2018, consisted of the following:

Land	$	2,778,928
Buildings		19,087,440
Leasehold improvements		1,324,739
Furniture and fixtures		401,024
Equipment and books		34,452
Less: accumulated depreciation		(2,657,318)
Total fixed assets, net	$	20,969,265

During the fiscal year ended June 30, 2018, $558,440 was charged to depreciation expense.

7. ACCRUED EXPENSES

Accrued expenses at June 30, 2018, consisted of the following:

Accrued payroll	$	734,080
Accrued vacation		66,598
Accrued interest		337,338
District oversight fee		103,164
Miscellaneous		13,674
Total accrued expenses	$	1,254,854

8. BONDS PAYBALE, NET

On September 12, 2013, the LLC issued $24,240,000 in Series 2013A and $935,000 in Series 2013B bonds for the financing of the acquisition and renovations to certain educational facilities. On December 1, 2017, the LLC entered into an advance refunding transaction to redeem by defeasance the Series 2013A and 2013B bonds, and issued $28,560,000 in Series 2017A and $265,000 in Series 2017B. The Series 2017A Bonds were issued with an interest rate of 5.00% and mature on October 1, 2044. The 2017B Bonds were issued with an interest rate of 4.25% and mature on October 1, 2018. Changes in bonds payable obligations for the fiscal year ended June 30, 2018, are as follows:

	Balance June 30, 2017	Additions	Payments	Balance June 30, 2018	Due in One year
Revenue Bonds-Series 2013A	$24,240,000	$ -	$ (24,240,000)	$ -	$ -
Revenue Bonds-Series 2013B	425,000	-	(425,000)	-	-
Revenue Bonds-Series 2017A	-	28,560,000	-	28,560,000	435,000
Revenue Bonds-Series 2017B	-	265,000	-	265,000	265,000
Total	$24,665,000	$28,825,000	$ (24,665,000)	$28,825,000	$700,000

Bonds payable, net, at June 30, 2018 consisted of the following:

	Current	Long-term	Total
Debt Obligations	$ 700,000	$ 28,125,000	$28,825,000
Less: unamortized cost of issuance	(236,054)	(5,960,353)	(6,196,407)
Less: unamortized underwriters discount	(16,164)	(408,129)	(424,293)
Plus: unamortized bond premium	61,319	1,548,308	1,609,627
Bonds payable, net	$ 509,101	$ 23,304,826	$23,813,927

Future annual payments of principal and interest outstanding at June 30, 2018, and the amortization of the bond premium are as follows:

Year Ending June 30,	Principal	Interest	Totals	Amortization of Bond premuim
2019	$ 700,000	$ 1,336,650	$ 2,036,650	$ 61,319
2020	610,000	1,309,081	1,919,081	61,319
2021	630,000	1,228,769	1,858,769	61,319
2022	650,000	1,267,806	1,917,806	61,319
2023	670,000	1,246,194	1,916,194	61,319
Thereafter	25,565,000	16,081,188	41,646,188	1,303,032
Totals	$28,825,000	$22,469,688	$51,294,688	$ 1,609,627

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of entitlements received but not expended as of June 30, 2018. At June 30, 2018, the Organization's temporarily restricted net assets consisted of:

California Clean Energy Jobs Act	$	321,588
Total temporarily restricted net assets	$	321,588

10. EMPLOYEE RETIREMENT SYSTEMS

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 State Teachers' Retirement System (STRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

Plan Description and Funding Policy

STRS

Plan Description

The Organization contributes to STRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available actuarial valuation report as of June 30, 2017, total plan net assets are $197.7 billion, the total actuarial present value of accumulated plan benefits is $362.4 billion, contributions from all employers totaled $4.0 billion and the plan is 62.6% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members are required to contribute 10.20% of their salary and the Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2017-2018 was 14.43% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to STRS for the fiscal year ending June 30, 2018, were $553,226 and equal 100% of the required contributions for the year.

10. EMPLOYEE RETIREMENT SYSTEMS (continued)

Plan Description and Funding Policy (continued)

CalPERS

Plan Description

The Organization contributes to CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

According to the most recently available actuarial valuation report as of June 30, 2017, the School Employer Pool total plan assets are $60.9 billion, the total actuarial present value of the total pension liability is $84.4 billion, contributions from all employers totaled $2.0 billion, and the plan is 72.1% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary, and the Organization is required to contribute an actuarially determined rate. Effective January 1, 2013, any new participants in the plan will be required to contribute 6.5% of their salary. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2017-2018 was 15.531% of annual payroll based on PERS reduction transfers. The contribution requirements of the plan members are established by the state statute. The Organization's contributions to CalPERS for the fiscal year ending June 30, 2018, were $263,281 and equal 100% of the required contribution for the year.

11. OPERATING LEASES

On September 1, 2013, the LLC entered into a facility lease agreement with the Organization and Classical Academy High School, Inc. (CAHS) (a related party) ending on September 1, 2044. Management determines the allocation of lease payments between the Organization and CAHS on an annual basis. For the year ended June 30, 2018, Management has determined the allocation to be 40% and 60%, respectively, for the Organization and CAHS.

11. OPERATING LEASES (continued)

The Organization also leases other facilities under operating lease agreements. The LLC receives sublease income from the Organization and CAHS. The future minimum lease payments and sublease income are expected to be as follows as of June 30, 2018:

			LLC Sublease Income		
Year Ending June 30,	Lease Payments to LLC *	Other Lease Payments	Organization *	CAHS	Total
2019	$ 862,520	$ 708,939	$ (862,520)	$ (1,293,780)	$ (2,156,300)
2020	823,118	722,824	(823,118)	(1,234,677)	(2,057,795)
2021	779,230	737,876	(779,230)	(1,168,845)	(1,948,075)
2022	778,806	721,216	(778,806)	(1,168,210)	(1,947,016)
2023	778,121	703,921	(778,121)	(1,167,182)	(1,945,303)
Thereafter	15,780,385	2,290,895	(15,780,385)	(23,670,579)	(39,450,964)
Total	$ 19,802,180	$ 5,885,671	$ (19,802,180)	$ (29,703,273)	$ (49,505,453)

* Amounts are eliminated in consolidation.

For the fiscal year ended June 30, 2018, total consolidated sublease income for the LLC was $897,232, and total consolidated operating lease expense for the Organization was $779,581.

12. OTHER RELATED PARTY TRANSFERS

On June 4, 2013, the Organization signed an affiliation agreement with Classical Academy High School, Inc. (High School), Coastal Academy Charter School, Incorporated (Coastal) and North County Education Foundation, Inc. (North County), to share resources in regards to certain facilities, administrative, recreational, academic, and employee resources for the efficient operations of the Organization and the High School.

At June 30, 2018, the Organization had $872,875 due from the High School and $219,380 due to the High School.

13. COMMITMENTS AND CONTINGENCIES

State Allowances, Awards, and Grants

The Organization has received state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, management believes that any required reimbursement will not be material.

14. PARTICIPATION IN JOINT POWERS AUTHORITY

The Organization entered into a Joint Powers Agreement (JPA) known as the "California Charter Schools Association Joint Powers Authority (CCSA-JPA)," a self insurance plan for workers' compensation, property/casualty, and school board liability insurance. The CCSA-JPA is governed by a board consisting of a representative from each member organization. The board controls the operation of the CCSA-JPA including selection of management and approval of operating budgets, independent of any influence by the member organizations beyond their representation on the board.

Each member organization pays a premium commensurate with the level of coverage requested and share surpluses and deficits proportionate to their participation in the CCSA-JPA. The CCSA-JPA is a separate entity which is audited by an independent accounting firm. The Organization paid $77,780 to the JPA for insurance during the fiscal year ended June 30, 2018.

15. SUBSEQUENT EVENTS

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 12, 2018, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

SUPPLEMENTARY INFORMATION

The Classical Academy, Inc. [#0199] is a Kindergarten through Grade 8 Charter School and was granted its charter renewal by Escondido Union School District, which expires on June 30, 2024, pursuant to the terms of the Charter School Act of 1992, as amended.

The Board of Directors for the fiscal year ended June 30, 2018, was comprised of the following members:

Name	Office	Term	Term Expiration
Mark Reardon	President	4 Years	January 2019
Patricia Huerta	Treasurer	4 Years	January 2019
Paul Donovan, Jr.	Secretary	4 Years	January 2019
Mark Donar	Member	4 Years	May 2021

Administration

Name	Position
Cameron Curry	Executive Director
Sandra Reeve	Director of Finance

THE CLASSICAL ACADEMY, INC. AND SUBSIDIARY
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Fiscal Year Ended June 30, 2018

	Second Period Report	Annual Report
Transitional Kindergarten/Kindergarten - Grade 3	455.92	457.73
Grades 4 - 6	486.27	481.99
Grades 7 - 8	392.69	391.86
Total	1,334.88	1,331.58

The Organization is 100% independent study and generates no ADA from a classroom-based program.

As of June 30, 2018, the Organization was 100% Independent Study; therefore, a Schedule of Instructional Time was not applicable.

THE CLASSICAL ACADEMY, INC. AND SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended June 30, 2018

	Program Services	Support Services	
	Education	Management and General	Total
Certificated salaries	$ 3,973,335	$ 500,651	$ 4,473,986
Classified salaries	754,709	1,103,878	1,858,587
Employee benefits	1,403,213	552,337	1,955,550
Books and supplies	1,459,627	155,808	1,615,435
Travel and conferences	31,469	44,616	76,085
Dues and memberships	18,728	6,617	25,345
Insurance	70,002	7,778	77,780
Operation and housekeeping services	204,325	22,762	227,087
Rental, leases, repairs, and non-capitalized improvements	873,071	83,577	956,648
Professional/consulting services and operating expenditures	1,212,585	400,211	1,612,796
Communications	92,931	14,898	107,829
Depreciation and amortization	1,143,563	127,062	1,270,625
Interest Expense	1,005,354	135,513	1,140,867
Total expenses before intercompany eliminations	12,242,912	3,155,708	15,398,620
Less: intercompany eliminations	(807,509)	(89,723)	(897,232)
Total expenses	$ 11,435,403	$ 3,065,985	$ 14,501,388

See accompanying Independent Auditor's Report.

There were no differences between the fund balances reported on the June 30, 2018, Charter School Unaudited Actuals Financial Report -- Alternative Form and the Audited Financial Statements net assets.

THE CLASSICAL ACADEMY, INC. AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2018

	The Classical Academy, Inc.	Partnering With Parents, LLC	Total
ASSETS			
Current assets:			
Cash	$ 3,783,635	$ 55,870	$ 3,839,505
Restricted cash	-	840,147	840,147
Accounts receivable	497,418	-	497,418
Due from related parties, net	653,495	-	653,495
Prepaid expenses	66,074	-	66,074
Total current assets	5,000,622	896,017	5,896,639
Restricted cash	-	2,235,796	2,235,796
Fixed assets, net	919,734	20,049,531	20,969,265
Deposits	39,733	-	39,733
TOTAL ASSETS	$ 5,960,089	$ 23,181,344	$ 29,141,433
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	$ 162,555	$ -	$ 162,555
Accrued expenses	1,254,854	-	1,254,854
Deferred rent	102,986	-	102,986
Bonds payable, net, current portion	-	509,101	509,101
Total current liabilities	1,520,395	509,101	2,029,496
Bonds payable, net, less current portion	-	23,304,826	23,304,826
Total liabilities	1,520,395	23,813,927	25,334,322
Net assets:			
Temporarily restricted	321,588	-	321,588
Unrestricted	4,118,106	(632,583)	3,485,523
Total net assets	4,439,694	(632,583)	3,807,111
TOTAL LIABILITIES AND NET ASSETS	$ 5,960,089	$ 23,181,344	$ 29,141,433

THE CLASSICAL ACADEMY, INC. AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

	The Classical Academy, Inc.		Partnering With Parents, LLC		
	Unrestricted	Temporarily Restricted	Unrestricted	Eliminations	Total
REVENUES					
Revenue limit sources:					
State aid	$ 5,143,813	$ -	$ -	$ -	$ 5,143,813
Education protection account	1,800,818	-	-	-	1,800,818
In-lieu of property taxes	3,283,271	-	-	-	3,283,271
Federal revenues	166,474	-	-	-	166,474
State revenues	1,235,223	104,511	-	-	1,339,734
Local revenues:					
Donations	92,364	-	-	-	92,364
Fundraising	25,234	-	-	-	25,234
Rent income	1,350	-	2,484,130	(897,232)	1,588,248
Miscellaneous	298,254	-	19,153	-	317,407
Total revenues	12,046,801	104,511	2,503,283	(897,232)	13,757,363
Net assets released from restrictions	86,983	(86,983)	-	-	-
Total revenues and other support	12,133,784	17,528	2,503,283	(897,232)	13,757,363
EXPENSES					
Program services:					
Education	12,242,912	-	-	(807,509)	11,435,403
Support services:					
Management and general	746,395	-	2,409,313	(89,723)	3,065,985
Total expenses	12,989,307	-	2,409,313	(897,232)	14,501,388
CHANGE IN NET ASSETS	(855,523)	17,528	93,970	-	(744,025)
NET ASSETS, BEGINNING OF YEAR	4,973,629	304,060	(726,553)	-	4,551,136
NET ASSETS, END OF YEAR	$ 4,118,106	$ 321,588	$ (632,583)	$ -	$ 3,807,111

See accompanying Independent Auditor's Report.

THE CLASSICAL ACADEMY, INC. AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

	The Classical Academy, Inc.	Partnering With Parents, LLC	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	$ (837,995)	$ 93,970	$ (744,025)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:			
Depreciation	69,038	489,402	558,440
Amortization	-	712,185	712,185
(Increase) decrease in operating assets:			
Accounts receivable	(50,802)	-	(50,802)
Due from related parties	(223,359)	-	(223,359)
Prepaid expenses	95,018	-	95,018
Deposits	(150)	-	(150)
Increase (decrease) in operating liabilities:			
Accounts payable	94,083	-	94,083
Accrued expenses	213,740	-	213,740
Deferred rent	102,986	-	102,986
Due to related parties	(27,139)	-	(27,139)
Net cash flows (used in) provided by operating activities	(564,580)	1,295,557	730,977
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets	(167,733)	-	(167,733)
Net cash flows used in investing activities	(167,733)	-	(167,733)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in restricted cash	-	(293,280)	(293,280)
Issuance of bonds payable, net of premium, discounts and issuance costs totaling $5,106,522	-	23,718,478	23,718,478
Repayments of bonds payable	-	(24,380,000)	(24,380,000)
Principal payments on bonds payable	-	(285,000)	(285,000)
Net cash flows used in financing activities	-	(1,239,802)	(1,239,802)
NET CHANGE IN CASH	(732,313)	55,755	(676,558)
CASH, BEGINNING OF YEAR	4,515,948	115	4,516,063
CASH, END OF YEAR	$ 3,783,635	$ 55,870	$ 3,839,505
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for interest	$ -	$ 1,140,867	$ 1,140,867

See accompanying Independent Auditor's Report.

OTHER INDEPENDENT AUDITOR'S REPORTS

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

Board of Directors
The Classical Academy, Inc. and Subsidiary
Escondido, 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 consolidated financial statements of The Classical Academy, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2018, the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered The Classical Academy, Inc. and Subsidiary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Classical Academy, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of The Classical Academy, Inc. and Subsidiary's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 Classical Academy, Inc. and Subsidiary's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SQUAR MILNER LLP

San Diego, California
December 12, 2018

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors
The Classical Academy, Inc. and Subsidiary
Escondido, California

Report on Compliance for Each State Program

We have audited The Classical Academy, Inc. and Subsidiary's compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* published by the Education Audit Appeals Panel, that could have a direct and material effect on each of The Classical Academy, Inc. and Subsidiary's state programs for the fiscal year ended June 30, 2018. The Classical Academy, Inc. and Subsidiary's state programs are identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Classical Academy, Inc. and Subsidiary's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States*;* and the State's Audit Guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* published by the Education Audit Appeals Panel. 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 above that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about The Classical Academy, Inc. and Subsidiary'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 The Classical Academy, Inc. and Subsidiary's compliance. In connection with the audit referred to above, we selected transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Educator Effectiveness	Yes
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
Attendance	Yes
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

The term "Not Applicable" is used above to mean either that the Organization did not offer the program during the current fiscal year, or that the program applies only to a different type of local education agency.

Opinion on State Programs

In our opinion, The Classical Academy, Inc. and Subsidiary 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 their state programs for the fiscal year ended June 30, 2018.

The purpose of this report on state compliance is solely to describe the scope of our testing of state compliance and the results of that testing based on the requirements of *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Squar Milner LLP

SQUAR MILNER LLP

San Diego, California
December 12, 2018

FINDINGS AND RECOMMENDATIONS

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? ____ Yes __X__ No

One or more significant deficiencies identified that are not considered to be material weaknesses? ____ Yes __X__ None Reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? ____ Yes N/A No

One or more significant deficiencies identified that are not considered to be material weaknesses? ____ Yes N/A None Reported

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported under section 200.516 Audit Findings paragraph (a) of OMB Uniform Guidance? ____ Yes N/A No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster

The Organization did not have over $750,000 in Federal Expenditures.

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? ____ Yes N/A No

A. Summary of Auditor's Results (continued)

3. State Awards

Internal control over state programs:

One or more material weaknesses identified? ____ Yes __X__ No

One or more significant deficiencies identified that are not considered to be material weaknesses? ____ Yes __X__ None Reported

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

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

D. State Award Findings and Questioned Costs

None

THE CLASSICAL ACADEMY, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2018

Findings/Recommendations	Current Status	Explanation If Not Implemented
None	N/A	N/A

Certified Public Accountants
and Financial Advisors

The Classical Academy, Inc. and Subsidiary

Report to the Board of Directors

December 12, 2018

squarmilner
Certified Public Accountants
and Financial Advisors

Squar Milner LLP

December 12, 2018

Board of Directors
The Classical Academy, Inc. and Subsidiary
Julian, California

Attn: Board of Directors

We are pleased to present this report related to our audit of the financial statements of The Classical Academy, Inc. and Subsidiary as of and for the year ended June 30, 2018. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for The Classical Academy, Inc. and Subsidiary financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to The Classical Academy, Inc. and Subsidiary.

Very truly yours,

Squar Milner LLP

SQUAR MILNER LLP

San Diego, California

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Summary of Uncorrected Misstatements 6

Exhibit A – Significant Written Communications Between Management and Our Firm

- Engagement Letter
- Representation Letter

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated February 21, 2018. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication dated September 7, 2018 regarding the planned scope and timing of our audit. There were no changes to the planned scope and timing of our audit or our planned audit response to, identified significant risks of material misstatement.
Accounting Policies and Practices	**Preferability of Accounting Policies and Practices** Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted. **Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by The Classical Academy, Inc. and Subsidiary. The Classical Academy, Inc. and Subsidiary did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period. **Significant or Unusual Transactions** Except as noted below, we did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Area	Comments
Accounting Policies and Practices (continued)	**Significant or Unusual Transactions** (continued) ▪ On December 1, 2017, The Classical Academy, Inc. and Subsidiary entered into an advance refunding transaction to redeem by defeasance the Series 2013A and 2013B bonds, with the aggregate principal balance of $24,380,000, and issued $28,560,000 in Series 2017A and $265,000 in Series 2017B. **Management's Judgments and Accounting Estimates** Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgement. No such significant accounting estimates were noted.
Audit Adjustments	There were no audit adjustments made to the original trial balance presented to us to begin our audit.
Uncorrected Misstatements	Uncorrected misstatements are summarized in the attached Summary of Uncorrected Misstatements.
Departure From the Auditor's Standard Report	Our audit report included the following paragraph regarding supplementary information that represents a departure from the Auditor's Standard Report. Our opinion was not modified with respect to this matter. **Other Matters** *Supplementary Information* Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Area	Comments
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the The Classical Academy, Inc. and Subsidiary, including the representation letter provided to us by management, are attached as **Exhibit A**.

Summary of Uncorrected Misstatements

Number	Date	Name	Account No	Debit	Credit
1	6/30/2018	Deferred Revenue	9586 0		(21,357)
1	6/30/2018	Donation from NCEF	8699-45 0	21,357	
		To reclassify donations from NCEF to deferred revenue for year end 6/30/18.			
				21,357	(21,357)
2	6/30/2018	Accrued Receivables	9202 0	10,237	
2	6/30/2018	State Lottery Unrestricted Revenue	8560-03 0		(10,237)
		To accrue additional state lottery funds for year end 6/30/18.			
				10,237	(10,237)
				31,594	**(31,594)**

EXHIBIT A

Significant Written Communications Between Management and Our Firm

squarmilner
Certified Public Accountants
and Financial Advisors

Squar Milner LLP

February 21, 2018

The Board of Directors
c/o Sandra Reeve, Director
THE CLASSICAL ACADEMY, INC.
318 West ValleY Parkway
Escondido, California 92025

Re: Financial Statement Audit for the Years Ending June 30, 2018, 2019, and 2020

Dear Board of Directors:

We are pleased to confirm our understanding of the services we are to provide for The Classical Academy, Inc. (the "Organization") as of and for the years ending June 30, 2018, 2019 and 2020. The following is a detailed description of the services that we will provide to the Organization as well as our estimated professional fees that relate to such services. This engagement letter (which is sometimes hereinafter referred to as the "Agreement") is subject to completion of our acceptance or continuance procedures in accordance with professional standards and the policy of Squar Milner LLP ("Squar Milner," or the "Firm").

The Objective and Scope of the Audit of the Financial Statements

We will audit the statement of financial position of the Organization as of June 30, 2018, 2019 and 2020, and the related statements of activities and cash flows for the year then ended. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The supplementary information accompanying the basic financial statements will be subjected to the auditing procedures applied in our audit of such financial statements and certain additional procedures including: comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America ("GAAS") issued by the American Institute of Certified Public Accountants ("AICPA").

The Responsibilities of the Auditor

We will conduct our audit in accordance with GAAS; Government Auditing Standards issued by the Comptroller General of the United States ("GAS"); and the guidance provided in the audit

guide titled 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting issued by Education Audit Appeals Panel, dated June 20, 2017. Those standards, regulations, supplements or guides 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. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and/or the other professional standards referenced in the immediately preceding paragraph. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS do not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the Organization'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 Organization's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit unless they are clearly inconsequential.

Our report on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the professional standards and regulations identified above. Our reports on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the professional standards and regulations identified above.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and those charged with governance acknowledge and understand that they have responsibility:

- For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP");
- To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
- For 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;
- For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge; and
- For providing us with:
    - Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
    - Additional information that we may request from management for the purpose of the audit; and
    - Unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit, including among other items:

- That management has fulfilled its responsibilities as set out in this Agreement; and
- That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Organization complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the Organization involving management,

employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse affecting the Organization received in communications from employees, former employees, analysts, regulators or others.

Management is also responsible for the preparation of the supplementary information in accordance with GAAP. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Directors is responsible for informing us of its views about the risks of fraud or abuse within the Organization, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the Organization.

Records and Assistance

If circumstances arise relating to the condition of the Organization's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Organization's books and records. The Organization will determine that all such data, if necessary, will be so reflected. Accordingly, the Organization will not expect us to maintain copies of such records in our possession.

Our engagement assumes a high degree of assistance to be supplied by Organization personnel, including the preparation of schedules and analyses of accounts. A list of the specific schedules and analyses (including the dates when such information should be available to us) will be provided under separate cover. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Non-Audit Services

In connection with our audit, you have requested that we perform certain non-audit services necessary for the preparation of the financial statements. The GAS standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third

parties. Before we agree to provide a non-audit service to the Organization, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in combination with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed.

The Organization has agreed that Sandra Reeve, Director possesses suitable skill, knowledge or experience and that the individual understands all the aforementioned non-audit services sufficiently to oversee them. Accordingly, the management of the Organization agrees to the following:

1. The Organization has designated Sandra Reeve, Director, as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. The Organization will evaluate the adequacy and results of the services performed; and
3. The Organization accepts responsibility for the results and ultimate use of the services.

The scope of the aforementioned non-audit services does not constitute an audit under GAS. GAS require that we establish an understanding with the Organization's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the Organization's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this Agreement documents that understanding.

Other Relevant Information

We are also responsible for communicating with the Board of Directors about certain other matters related to our audit, including (1) our responsibilities under the standards of GAS and the AICPA; (2) the Organization's significant accounting policies; (3) the quality of the Organization's accounting principles; (4) management's judgments and sensitive accounting estimates; (5) significant audit adjustments; (6) any disagreements with management about matters that could be significant to the Organization's financial statements or our audit report; (7) any consultations management made with other accountants; (8) any issues discussed with management prior to our retention; (9) any significant difficulties encountered in performing the audit; (10) other information in documents containing audited financial statements, such as the Organization's annual report; and (11) other matters as considered necessary. Further, we are responsible for ensuring that the Board of Directors receives copies of certain written communications between us and management, including management representation letters and written communications on accounting, auditing, internal control or other matters.

In accordance with GAS, a copy of our most recent peer review report that has been accepted by the AICPA is enclosed for your information and is available at AICPA.org. The AICPA no longer issues letters of comment with its peer review reports.

Reporting

We will issue a written report upon completion of our audit of the Organization's financial statements. Our report will be addressed to the Board of Directors of the Organization. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on the Organization's financial statements, we will also issue the following types of reports:

- Reports on internal control related to the financial statements. These reports will describe the scope of testing of internal control and the results of our tests of internal control;
- Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements; and
- Reports on compliance with State of California requirements described in the applicable Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, published by the Education Appeals Panel; (The responsibility we take for the material included in these reports will be the same as what we assume for other supplementary information accompanying the financial statements.).

Tax Services

If applicable, income tax services will be covered under a separate engagement letter.

Reporting Deadline

We will work diligently to meet any financial reporting deadline that the Organization may have. However, due to the nature of our work, we cannot be responsible for any late reports that result from factors beyond our control.

As discussed herein, the engagement contemplated by this Agreement anticipates a certain level of assistance and cooperation by Organization personnel. This is an essential condition to our completion of the engagement, and will permit us to conduct our work effectively and efficiently. Failure by your personnel to do so on a timely and accurate basis could result in the Organization being unable to meet the deadline referenced in the preceding paragraph, prevent us from completing the engagement, and/or may be grounds for suspension of our services or the Firm's withdrawal from this engagement.

Professional Fees

Our fees will be based on the actual time required at our standard hourly rates (see enclosure). In addition to professional fees, our invoices will include any travel and other out-of-pocket expenses related to the engagement. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the work. Our invoices for services are due when rendered, and interim billings may be submitted (usually on a monthly basis) as work progresses and expenses are incurred. Invoices are considered past due thirty days after the invoice date. Past due invoices are subject to the lesser of our current monthly late charge (1.25% per month), which is subject to change, or the maximum charge permitted by applicable law. Failure to remit payment for past due services may result in deferral of further work or termination of our engagement. In the event that collection procedures are required, the Organization agrees to be responsible for all expenses of collection including related attorneys' fees.

If additional time is required and/or the fieldwork is interrupted or postponed due to the Organization being unprepared thereby causing lost time, there may be additional charges billed at our regular rates.

We estimate professional fees as follows (excluding out-of-pocket expenses):

1. **One Year Contract**
   Audit of the June 30, 2018 financial statements $10,995

2. **Two Year Contract**
   Audit of the June 30, 2018 financial statements $10,495
   Audit of the June 30, 2019 financial statements $10,995

3. **Three Year Contract**
   Audit of the June 30, 2018 financial statements $9,495
   Audit of the June 30, 2019 financial statements $10,495
   Audit of the June 30, 2020 financial statements $10,995

Our fee estimate for these services is contingent upon the Organization providing all necessary schedules, drafting the financial statements, and supporting documents requested by Squar Milner. The fee estimate is based on anticipated cooperation from your personnel, and the assumption that unexpected circumstances will not be encountered during the audit. The above fees are also based on our knowledge of the Organization's current business activities, and any additional hours will be billed at our standard hourly rates. If significant additional time is necessary, we will keep the Organization's management informed of any problems we encounter, and our fees will be adjusted accordingly.

As stated above, our invoices for services are due when rendered, but in no case are the fees for audit services payable any later than the following: one-third of the above fee estimate upon acceptance of this engagement letter, one-third of the then-current estimate of the total fees upon completion of our fieldwork, and the balance of all fees incurred prior to the issuance of our audit

report. If our fees are not paid in full, Squar Milner reserves the right to not issue any report as a result of this engagement. In the event that our fieldwork is never completed and/or our audit report is not issued (for any reason), all invoiced fees are nevertheless payable by the Organization.

The Organization may terminate our services at any time, with or without cause. However, the Organization or you shall still be required to pay our invoices for services rendered up through the date of termination. We may terminate or suspend our services at any time for any reason including, but not limited to, non-payment of our fees or by reason of professional considerations, which in our judgment make it inappropriate to continue the engagement.

Disputes

With the sole exception of a fee dispute of less than $50,000 (referenced below), any dispute, claim, controversy, complaint or cross-complaint in any manner arising from or related to, or asserted as an off-set against amounts charged under, this Agreement, shall be submitted to resolution by arbitration before JAMS/Endispute. Arbitration shall be binding and final. The arbitration shall be governed by JAMS' Comprehensive Arbitration Rules and Procedures. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees in excess of $50,000, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury, as well as any right to appeal, and instead are accepting the use of binding arbitration for resolution. The arbitrator may, in the award, allocate in whole or in part the fees and costs of the arbitration, including the fees of the arbitrator, and order in whole or in part recovery of the reasonable attorneys' fees of the prevailing party. The arbitrator shall not have authority to award punitive damages, any claim for which is hereby waived. The arbitrator may not award non-monetary or equitable relief of any sort. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitrator have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction. All aspects of the arbitration shall be treated as confidential. Neither the parties nor the arbitrator may disclose the existence, content or results of the arbitration, except as necessary to comply with legal or regulatory requirements. Before making any such disclosure, a party shall give written notice to all other parties and shall afford such parties a reasonable opportunity to protect their interests. Judgment on the award may be entered by any court having appropriate jurisdiction.

For a dispute involving solely a dispute of fees of $50,000 or less, we agree to resolve the matter in the Superior Court or Small Claims Court, whichever is appropriate (this exception shall not affect the fact that any other or additional dispute, claim, controversy, complaint or cross-complaint shall be arbitrated in accordance with the terms set forth above).

Other Limitations of Liability

The Organization and Squar Milner agree that no claim arising out of the services rendered pursuant to this Agreement shall be filed more than two years after the date of the audit or other report issued by Squar Milner or the date of this engagement letter if no report has been issued. Squar Milner's liability for any and all claims, damages and costs (including legal fees) of the Organization arising

from this engagement is limited to the amount of fees paid by the Organization to Squar Milner for the services rendered under this engagement letter. In addition, without limiting the punitive damages waiver set forth in the "Disputes" section of this Agreement, the Organization expressly agrees to waive (among other damages) any and all punitive and exemplary damages in any proceeding.

During the course of providing the services described in this Agreement, Squar Milner will utilize information developed from the Organization's records. We will rely upon management for the accuracy and completeness of such records, as well as all other information supplied by management including verbal and written representations by management and their representatives.

The Organization agrees to release, indemnify and hold Squar Milner, its partners, principals, employees, heirs, executors, personal representatives, successors and assigns harmless from any liability for any and all damages or costs (including legal fees) resulting from, in whole or in part, fraud caused by or participated in by management and/or from knowing misrepresentations by the Organization or its representatives.

The provisions in "Other Limitations of Liability" herein shall survive the termination of this Agreement.

Record Retention and Ownership of/Access to Workpapers

It is our Firm's policy to retain the workpapers (as defined below) related to this engagement for seven years after the related services have been performed. Squar Milner does not retain any original client records; so we will return such records (including any "supporting records," as defined below) to you at the completion of the services rendered under this engagement. We may request a signed itemized receipt in connection with delivering the records described in the preceding sentence. When such records are returned to you, it is the Organization's responsibility to retain and protect its accounting and other business records for future use, including potential review by any government or other regulatory agencies. By your signature below, you acknowledge and agree that upon the expiration of the seven-year period Squar Milner shall be free to destroy our workpapers related to this engagement.

As defined by the AICPA, "workpapers" include (but are not limited to) audit programs, analytical audit/review schedules, and statistical sampling results, analyses and schedules prepared by Organization personnel at our request. The term workpapers also includes "audit documentation" as defined by the California State Board of Accountancy (the "State Board"). Based on the State Board's regulations, "workpapers" do not include records which would ordinarily constitute part of your books and records and that are not otherwise available to the Organization. An example of the records described in the preceding sentence are "supporting records," which are defined by the AICPA as information not reflected in the Organization's books and records that is otherwise not available to you, with the result that the Organization's financial information is incomplete without such documents. [For example, supporting records include adjusting journal entries (and the computations supporting such entries) proposed by the Firm in relation to this engagement.] It is the

responsibility of management to determine that all supporting records are properly reflected in the Organization's books and records.

Engagement workpapers are the property of Squar Milner, and will not be provided to any third parties unless the Firm is required to do so by state or federal law and/or contractual agreement. In our sole discretion, upon your request, we may provide the Organization with copies of certain engagement workpapers (some or all of which may be redacted) if the Firm is reasonably compensated for the time and expenses incurred to retrieve and copy such documents. We are also entitled to charge a reasonable fee for accessing and copying Organization-provided records before returning them to you, and for copying supporting records before providing those documents to the Organization.

Subpoena or Summons for Information in Squar Milner's Possession

If, in relation to pending or possible litigation, a regulatory investigation/informal inquiry, or an administrative, arbitration or similar proceeding to which the Firm is not a party, we receive a validly issued and enforceable subpoena or summons requesting that we (1) produce any of our workpapers or other documents in our possession relating to this (or a prior or future) engagement, (2) provide other information about any such engagement, and/or (3) testify about any such engagement, we will notify the Organization prior to responding to it if we are legally allowed to do so. If management does not take any legal action within the time permitted for us to respond, or if such action does not result in a judicial order protecting us from providing the requested documents and/or information, we may construe the inaction or failure as the Organization's consent to comply with such request. Under these circumstances, we will release the requested documents and/or provide the requested information. In certain proceedings, an accountant-client privilege may exist. However, you agree that we are not under any obligation to assert such privilege to prevent the release of Organization information.

If the above occurs, our efforts in complying with such demands or requests will be deemed a separate engagement and accordingly we shall be entitled to compensation for our time and reimbursement of our reasonable out-of-pocket expenses (including any legal fees) in complying with any such demand or request. However, nothing discussed herein is intended to relieve us of our duty (except as otherwise provided by applicable law) to observe the confidentiality requirements of the public accounting profession in the United States of America.

Other Matters

Squar Milner may mention the Organization's name and provide a general description of the engagement in the Firm's client lists and marketing materials.

This letter shall serve as the Organization's authorization for the use of e-mail and other electronic methods to send and receive information, including confidential information, between the Firm and the Organization and between the Firm and any outside specialists or other entities/persons engaged by either the Organization or the Firm. The Organization acknowledges that e-mail travels over the public Internet, which is not a secure means of communication; thus, the confidentiality

of the transmitted information could be compromised through no fault of the Firm. The Firm will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of the transmitted information described in this paragraph. We are satisfied that applicable third-party service providers have appropriate procedures in place to reasonably prevent the unauthorized release of confidential information to others. When considered necessary, the Firm seeks to enter into confidentiality agreements with such third parties.

The Organization recognizes that Squar Milner has incurred a great deal of time and expense in acquiring and training its staff. In the event that the Organization hires (either as an employee or as an independent contractor) any Squar Milner employee who has worked on this engagement in the six-month period prior to the Organization's employment of that individual, the Organization agrees to pay Squar Milner 60% of that individual's projected first-year compensation with the Organization.

Squar Milner is a limited liability partnership comprised of both certified public accountants and certain partners and/or principals who are not currently licensed as CPAs. Such partners and principals may participate in the engagement to provide the services described in this engagement letter.

Squar Milner is a legally independent member of Allinial Global, an association of over 100 independent accounting and consulting firms. Allinial Global (formerly PKF North America) offers international support by connecting its member firms to providers and global networks of accounting firms worldwide. Neither the other member firms nor Allinial Global are responsible or accept any liability for the work or advice which Squar Milner provides to its clients. In signing and returning to us this engagement letter, you acknowledge and accept that such other member firms and Allinial Global do not owe the Organization any duty in relation to the work or advice which we will from time to time provide to the Organization or are required to provide to the Organization.

Any provision of this Agreement that could otherwise impair the Firm's independence under the aforementioned Audit Guide or any of the professional standards cited in the first paragraph of "The Responsibilities of the Auditor" section of this engagement letter is null and void. If any of the provisions in this Agreement are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and binding on the parties to the fullest extent permitted by law.

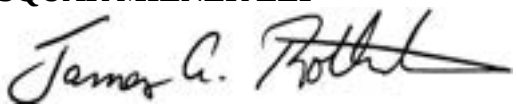
This engagement letter constitutes the complete and exclusive statement of agreement between Squar Milner and the Organization, superseding all proposals (both oral and written) and all other communications regarding the terms of the engagement between the parties. Except as expressly provided herein, this Agreement does not modify the terms or provisions of any other engagement letter for professional services issued by the Firm which was agreed to by the Organization before the date noted below.

We are available to meet with you and/or other members of management to discuss current business, operational, accounting and auditing matters affecting the Organization. Whenever you feel such meetings are desirable, please let us know. Subject to the independence requirements of our profession, we are prepared to provide services to assist you in any of these areas.

We appreciate this opportunity to be of service to you, and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed duplicate original and return it to us.

Sincerely,

SQUAR MILNER LLP



James A. Rotherham
Partner
Audit and Assurance Services

Enclosures

JR:ST:lb

RESPONSE:

This letter correctly sets forth the understanding of **The Classical Academy, Inc.:**

Engagement Accepted – One Year Contract

By: _____

Title: _____

Date: _____

Engagement Accepted – Two Year Contract

By: _____

Title: _____

Date: _____

Engagement Accepted – Three Year Contract

By: _____

Title: _____

Date: 2-23-2018

Approved:
THE CLASSICAL ACADEMIES

Cameron Curry, Executive Director

Schedule of Hourly Rates

(Effective July 1, 2017)

Partners	$	350.00	to	$675.00
Managers	$	230.00	to	$435.00
Seniors	$	165.00	to	$275.00
Account Managers	$	155.00	to	$255.00
Professional Staff	$	125.00	to	$280.00
Administration	$	50.00	to	$250.00

Administrative fees and out-of-pocket expenses apply in addition to the above hourly rate.

(Note: Rates are subject to change without notice)

THE CLASSICAL ACADEMY
-ESCONDIDO-
2950 South Bear Valley Parkway, Escondido, CA 92025
www.classicalacademy.com
760-546-0101

December 12, 2018

Squar Milner, LLP
3655 Nobel Drive, Suite 300
San Diego, CA 92122

This representation letter is provided in connection with your audit of the financial statements of The Classical Academy, Inc. and Subsidiary (the Organization), which comprise the financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would be changed or influenced by the omission or misstatement that is monetarily small in amount considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, that as of December 12, 2018.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated February 21, 2018 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

7. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

8. As of and for the year ended June 30, 2018, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Number	Date	Name	Account No	Debit	Credit
1	6/30/2018	Deferred Revenue	9586 0		(21,357)
1	6/30/2018	Donation from NCEF	8699-45 0	21,357	
		To reclassify donations from NCEF to deferred revenue for year end 6/30/18.			
				21,357	(21,357)
2	6/30/2018	Accrued Receivables	9202 0	10,237	
2	6/30/2018	State Lottery Unrestricted Revenue	8560-03 0		(10,237)
		To accrue additional state lottery funds for year end 6/30/18.			
				10,237	(10,237)
				31,594	**(31,594)**

Information Provided

9. We have provided you with:

   a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.

   b. Additional information that you have requested from us for the purpose of the audit.

   c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

10. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

11. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

12. We have no knowledge of allegations of fraud or suspected fraud affecting the entity's financial statements involving:
    a. Management.

    b. Employees who have significant roles in internal control.

    c. Others where the fraud could have a material effect on the financial statements.

13. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements received in communications from employees, former employees, regulators or others.

14. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements. Additionally, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

15. We have disclosed to you all known actual or possible litigation and claims whose effects were considered when preparing the financial statements.

16. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

17. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Organization's ability to record, process, summarize and report financial data.

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

19. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledges as collateral.

20. The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax have been disclosed to you. All required filings are up-to-date.

21. In connection with Accounting Standards Codification (ASC) 205-40, *Presentation of Financial Statements-Going Concern*, management has concluded that as of the date of this letter, there are no conditions or events that raise substantial doubt regarding the Organization's ability to continue as a going concern within one year from the date the financial statements are issued. For the purpose of this determination, substantial doubt would exist when conditions and events, considered in the aggregate, indicate it is probable that the Organization would be unable to meet its obligations as they become due within one year after the financial statement issuance date.

22. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

23. In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:
    a. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

    b. In responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.

    c. Has identified an disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

    d. Had identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and gran agreements that have a material effect on the determination of financial statement amounts.

    e. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.

    f. Is responsible for 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.

    g. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.

h. Has taken timely and appropriate steps to remedy fraud; noncompliance with provision of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.

i. Has a process to track the status of audit findings and recommendations.

j. Has identified for the audit previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.

k. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.

l. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possess suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Supplementary Information

24. We acknowledge our responsibility for presenting the required supplementary information (RSI) in accordance with U.S. GAAP, and we believe the RSI, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the RSI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

25. We acknowledge our responsibility for presenting the compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each Organization's state programs for the fiscal year ended June 30, 2018. We believe the compliance requirements, including its form and content, is properly presented.

26. We have not completed the process of evaluating the effect that will result from adopting Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASU) 2016-02, *Leases* (ASU 2016-02) and ASU No. 2016-14, *Not-for-Profit Entities* (ASU 2016-14) as discussed in Note 2. Although the full impact of these Updates on the our financial statements have not yet been determined, the future adoption of ASU 2016-02 will require us to record assets and liabilities on our statement of financial position relating to facility and other leases currently being accounted for as operating leases., and adoption of ASU 2016-14 will require us to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted and permanently restricted).

27. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and question costs.

The Classical Academy, Inc. and Subsidiary

Cameron Curry,
Executive Director

Chris Thibodeau,
Comptroller

Classical Academy High School, Inc.
Charter School #0759
Financial Statements
June 30, 2018

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squarmilner
Certified Public Accountants
and Financial Advisors

Squar Milner LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Classical Academy High School, Inc.
Escondido, California

Report on the Financial Statements

We have audited the accompanying financial statements of Classical Academy High School, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Classical Academy High School, Inc. as of June 30, 2018, 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.

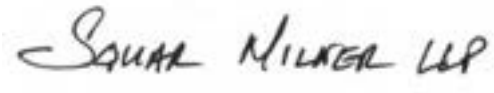
Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018, on our consideration of Classical Academy High School, Inc.'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Classical Academy High School, Inc.'s 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 Classical Academy High School, Inc.'s internal control over financial reporting and compliance.



SQUAR MILNER LLP

San Diego, California
December 6, 2018

CLASSICAL ACADEMY HIGH SCHOOL, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS		
Current assets:		
Cash	$	1,898,844
Accounts receivable		444,109
Due from related parties		219,380
Prepaid expenses		10,897
Total current assets		2,573,230
Fixed assets, net		565,003
Deposits		46,387
TOTAL ASSETS	$	3,184,620
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$	180,320
Accrued expenses		231,155
Due to related parties		873,076
Deferred rent, current portion		1,109
Total current liabilities		1,285,660
Deferred rent, net of current portion		158,175
Total liabilities		1,443,835
Net assets:		
Temporarily restricted		87,625
Unrestricted		1,653,160
Total net assets		1,740,785
TOTAL LIABILITIES AND NET ASSETS	$	3,184,620

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

CLASSICAL ACADEMY HIGH SCHOOL, INC.
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Revenue limit sources:			
State apportionments	$ 4,078,471	$ -	$ 4,078,471
Education protection account	1,902,726	-	1,902,726
In-lieu of property taxes	4,582,118	-	4,582,118
Federal revenues	218,610	-	218,610
State revenues	1,243,429	103,071	1,346,500
Local revenues:			
Extracurricular activities	239,578	-	239,578
Donations	111,828	-	111,828
Fundraising	1,941	-	1,941
Interest	12,646	-	12,646
Other local revenues	102,199	-	102,199
Total revenues	12,493,546	103,071	12,596,617
Net assets released from restrictions	181,463	(181,463)	-
Total revenues and other support	12,675,009	(78,392)	12,596,617
EXPENSES			
Program services:			
Education	10,986,788	-	10,986,788
Support services:			
Management and general	1,539,258	-	1,539,258
Total expenses	12,526,046	-	12,526,046
CHANGE IN NET ASSETS	148,963	(78,392)	70,571
NET ASSETS, BEGINNING OF YEAR	1,504,197	166,017	1,670,214
NET ASSETS, END OF YEAR	$ 1,653,160	$ 87,625	$ 1,740,785

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

CLASSICAL ACADEMY HIGH SCHOOL, INC.
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	70,571
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		84,935
Non-cash lease expense		200,126
(Increase) decrease in operating assets:		
Accounts receivable		(150,475)
Due from related parties		(212,403)
Prepaid expenses		99,893
Increase (decrease) in operating liabilities:		
Accounts payable		86,113
Accrued expenses		(357,951)
Due to related parties		258,024
Deferred rent		(31,988)
Net cash flows provided by operating activities		46,845
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets		(28,376)
Net cash flows used in investing activities		(28,376)
NET INCREASE IN CASH		18,469
CASH, BEGINNING OF YEAR		1,880,375
CASH, END OF YEAR	$	1,898,844

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

1. ORGANIZATION AND MISSION

Classical Academy High School, Inc. ("Organization") was incorporated on July 25, 2006. The Organization is a Nonprofit Public Benefit Corporation and is not organized for the private gain of any person.

The Organization is a grade 9 through 12 charter school and was granted a charter under the sponsorship of the Escondido Union High School District through June 30, 2020, pursuant to the terms of the Charter Schools Act ("Act") of 1992, as amended. The Organization receives its funding in the same way as do traditional public schools and is open to all students in the North San Diego County area. The Organization commenced operations during the 2006-2007 fiscal year and currently serves 1,180 students in grade 9 through grade 12.

The mission of the Organization is to partner with parents in preparing the 9th through 12th students in a "Personalized Learning" environment that encourages competent, life-long learners, ready for college, career, and citizenship.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements are presented in conformity with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-For-Profit Entities – Presentation of Financial Statements*. Under ASC 958-205, the Organization reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets: Unrestricted net assets are available to support all activities of the Organization, and are not subject to donor-imposed stipulations. These generally result from revenues generated by providing services, receiving unrestricted contributions, and receiving interest from investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets were $87,625 as of June 30, 2018.

Permanently Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that the restrictions be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on the related investments for general or specific purposes. There were no permanently restricted net assets as of June 30, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Method – Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The Organization uses the accrual basis of accounting, under which revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). It is, however, subject to income taxes from activities unrelated to its tax-exempt purpose. The Organization uses the same accounting methods for tax and financial reporting.

GAAP provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Cash and Cash Equivalents

Cash from time to time is variously composed of cash on hand and in banks. The Organization considers all highly liquid instruments with maturities of three months or less at time of acquisition to be cash equivalents. As of June 30, 2018, the Organization had no cash equivalents.

Revenue Sources and Recognition

The Organization primarily receives funds from the California Department of Education ("CDE"). Revenue limit sources and state revenues received from the CDE are determined based on the Organization's average daily attendance ("ADA") of students and recognized in the period the ADA occurs.

In addition, the Organization receives federal, state and local revenues for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Sources and Recognition (continued)

The Organization recognizes federal revenue to the extent that eligible expenditures have been incurred.

Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

Functional Allocation of Expenses

The costs of providing the program services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services based on employees' time incurred and management's estimates of the usage of resources.

Fixed Assets

Fixed assets are recorded at cost and depreciated under the straight-line and accelerated methods over their estimated useful lives of 5 to 10 years. Repair and maintenance costs, which do not extend the useful lives of the asset, are charged to expense. The cost of assets sold or retired and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting gain or loss is included in the earnings. Management has elected to capitalize and depreciate all assets costing $5,000 or more per individual; all other assets are charged to expense in the year incurred.

Associated Student Body

Fiduciary Funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support the Organization's programs, these funds are not included in the financial statements. The fiduciary fund category is agency funds.

Agency Funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The Organization's agency fund accounts are for student body activities.

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases* ("ASU 2016-02"). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases (See Note 9).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

In August 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted and permanently restricted).

3. CASH

Cash at June 30, 2018, consisted of the following:

Pooled Funds:	
Cash in County Treasury	$ 1,194,672
Deposits:	
Cash in banks	702,972
Cash on hand:	
Petty cash	1,200
Total cash	$ 1,898,844

Cash in County Treasury

The Organization maintains a portion of its cash in the County Treasury ("County") as part of the common investment pool ($1,194,672 as of June 30, 2018). Cash may be added or withdrawn from the investment pool without limitation.

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

The County Treasurer's investments at June 30, 2018 consist of 27.92% negotiable CDs, 29.90% commercial paper, 24.99% federal agencies, 4.82% U.S. Treasury notes, 3.48% money market funds, 6.77% supranational, 0.01% bank deposits, and 2.11% asset backed securities. The credit ratings for these investments included A1+/A1 by Moody's Investor Service, and AAA/AA- by Standard and Poor's.

3. CASH (continued)

Cash in Banks

Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2018, the Organization had $539,620 in excess of FDIC insured limits.

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, consisted of the following:

Federal revenues	$	93,244
State revenues		166,402
Local revenues:		
San Diego County		184,463
Total accounts receivable	$	444,109

5. FIXED ASSETS, NET

Fixed assets, net at June 30, 2018, consisted of the following:

Leasehold improvements	$	497,491
Furniture and fixtures		6,613
Equipment and books		711,971
Less: accumulated depreciation		(651,072)
Total fixed assets, net	$	565,003

During the fiscal year ended June 30, 2018, $84,935 was charged to depreciation expense.

6. ACCRUED EXPENSES

Accrued expenses at June 30, 2018, consisted of the following:

Accrued payroll	$	128,068
Accrued vacation		48,395
District oversight fee		49,634
Miscellaneous		5,058
Total accrued expenses	$	231,155

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of entitlements received but not expended as of June 30, 2018. At June 30, 2018, the Organization's temporarily restricted net assets consisted of:

California Clean Energy Jobs Act	$	43,012
College Readiness Block Grant		44,613
Total temporarily restricted net assets	$	87,625

8. EMPLOYEE RETIREMENT SYSTEMS

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 State Teachers' Retirement System ("STRS"), and classified employees are members of the California Public Employees' Retirement System ("CalPERS").

Plan Description and Funding Policy

STRS

Plan Description

The Organization contributes to STRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available actuarial valuation report as of June 30, 2017, total plan net assets are $197.7 billion, the total actuarial present value of accumulated plan benefits is $362.4 billion, contributions from all employers totaled $4.0 billion and the plan is 62.6% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members are required to contribute 10.20% of their salary and the Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2017-2018 was 14.43% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to STRS for the fiscal year ending June 30, 2018, were $465,274 and equal 100% of the required contributions for the year.

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

CalPERS

Plan Description

The Organization contributes to CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

According to the most recently available actuarial valuation report as of June 30, 2017, the School Employer Pool total plan assets are $60.9 billion, the total actuarial present value of the total pension liability is $84.4 billion, contributions from all employers totaled $2.0 billion, and the plan is 72.1% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

Plan Description and Funding Policy

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary, and the Organization is required to contribute an actuarially determined rate. Effective January 1, 2013, any new participants in the plan will be required to contribute 6.5% of their salary. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2017-2018 was 15.531% of annual payroll based on PERS reduction transfers. The contribution requirements of the plan members are established by the state statute. The Organization's contributions to CalPERS for the fiscal year ending June 30, 2018, were $220,143 and equal 100% of the required contribution for the year.

9. OPERATING LEASES

On September 1, 2013, Partnering with Parents, LLC ("LLC"), a related party, entered into a thirty (30) year facility lease agreement with the Organization and The Classical Academy, Inc. ("Academy") ending on October 1, 2043. Management determines the allocation of lease payments between the Organization and the Academy on an annual basis. For the year ended June 30, 2018, Management has determined the allocation to be 60% and 40%, respectively, for the Organization and the Academy.

9. OPERATING LEASES (continued)

The Organization also leases office equipment and additional facilities. Future minimum lease payments are expected to be as follows:

Year Ending June 30,	LLC Lease Payments	Other Lease Payments	Total
2019	$ 1,293,780	$ 333,250	$ 1,627,030
2020	1,234,677	295,529	1,530,206
2021	1,168,845	292,985	1,461,830
2022	1,168,210	323,240	1,491,450
2023	1,167,182	332,937	1,500,119
Thereafter	23,670,579	371,629	24,042,208
Total	$ 29,703,273	$ 1,949,570	$ 31,652,843

The Organization receives no sublease rental revenues nor pays any contingent rentals associated with this lease. For the fiscal year ended June 30, 2018, operating lease expense was $1,803,783.

10. OTHER RELATED PARTY TRANSACTIONS

On June 4, 2013, the Organization signed an affiliation agreement with The Classical Academy, Inc. ("Academy"), Coastal Academy Charter School, Incorporated ("Coastal") and North County Education Foundation, Inc., to share resources in regards to certain facilities, administrative, recreational, academic, and employee resources for the efficient operations of the Organization and the Academy.

At June 30, 2018, the Organization had $219,380 due from, and $872,875 due to the Academy.

At June 30, 2018, the Organization has $201 due to Coastal.

11. COMMITMENTS AND CONTINGENCIES

State Allowances, Awards, and Grants

The Organization has received state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, management believes that any required reimbursement will not be material.

12. PARTICIPATION IN JOINT POWERS AUTHORITY

The Organization entered into a Joint Powers Agreement ("JPA") known as the California Charter Schools Association Joint Powers Authority ("CCSA-JPA"), a self insurance plan for workers' compensation, property/casualty, and school board liability insurance. The CCSA-JPA is governed by a board consisting of a representative from each member organization. The board controls the operation of the CCSA-JPA including selection of management and approval of operating budgets, independent of any influence by the member organizations beyond their representation on the board.

Each member organization pays a premium commensurate with the level of coverage requested and share surpluses and deficits proportionate to their participation in the CCSA-JPA. The CCSA-JPA is a separate entity which is audited by an independent accounting firm. The Organization paid $43,087 to the JPA for insurance during the fiscal year ended June 30, 2018.

13. SUBSEQUENT EVENTS

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 6, 2018, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

SUPPLEMENTARY INFORMATION

Classical Academy High School, Inc. [#0759] is a Grade 9 through Grade 12 Charter School and was granted its charter by Escondido Union High School District through June 30, 2020, pursuant to the terms of the Charter School Act of 1992, as amended.

The Board of Directors for the fiscal year ended June 30, 2018, was comprised of the following members:

Name	Office	Term	Term Expiration
Mark Reardon	President	4 Years	January 2019
Patricia Huerta	Treasurer	4 Years	January 2019
Paul Donovan, Jr.	Secretary	4 Years	January 2019
Mark Donar	Member	4 Years	May 2021

Administration

Name	Position
Cameron Curry	Executive Director
Sandra Reeve	Director of Finance

CLASSICAL ACADEMY HIGH SCHOOL, INC.
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Fiscal Year Ended June 30, 2018

	Second Period Report	Annual Report
Grades 9 - 12	1,181.68	1,170.57
Total	1,181.68	1,170.57

The Organization is 100% independent study and generates no ADA from a classroom-based program.

As of June 30, 2018, the Organization was 100% Independent Study; therefore, a Schedule of Instructional Time was not applicable.

CLASSICAL ACADEMY HIGH SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended June 30, 2018

	Program Services	Support Services	
	Education	Management and General	Total
Certificated salaries	$ 4,000,834	$ 296,906	$ 4,297,740
Classified salaries	822,875	558,732	1,381,607
Employee benefits	1,382,731	305,175	1,687,906
Books and supplies	1,290,523	47,199	1,337,722
Consulting	102,208	-	102,208
Travel and conferences	34,029	20,199	54,228
Dues and memberships	18,783	12,031	30,814
Insurance	38,778	4,309	43,087
Operation and housekeeping services	277,788	30,886	308,674
Rental, leases, repairs, and non-capitalized improvements	465,911	39,499	505,410
Professional/consulting services and operating expenditures	2,382,794	205,505	2,588,299
Communications	93,092	10,323	103,415
Depreciation	76,442	8,494	84,936
Total expenses	$ 10,986,788	$ 1,539,258	$ 12,526,046

CLASSICAL ACADEMY HIGH SCHOOL, INC.
STATEMENT OF FIDUCIARY NET ASSETS - STUDENT FUNDS
June 30, 2018

	Agency Fund Student Body Fund
ASSETS	
Current assets:	
Cash	$ 71,399
Total current assets	71,399
TOTAL ASSETS	$ 71,399
LIABILITIES AND NET ASSETS	
Current liabilities:	
Due to student groups	$ 71,399
Total current liabilities	71,399
Total liabilities	71,399
Net assets:	
Unrestricted	-
Total net assets	-
TOTAL LIABILITIES AND NET ASSETS	$ 71,399

CLASSICAL ACADEMY HIGH SCHOOL, INC.
RECONCILIATION OF CHARTER SCHOOL UNAUDITED ACTUALS
FINANCIAL REPORT - - ALTERNATIVE FORM WITH
AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

June 30, 2018, Charter School Unaudited Actuals Financial Report -- Alternative Form, Ending Fund Balance	$ 1,700,667
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Accrued expenses overstatement	40,118
Net adjustments and reclassifications	40,118
June 30, 2018, audited financial statement net assets	$ 1,740,785

OTHER INDEPENDENT AUDITOR'S REPORTS

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

Board of Directors
Classical Academy High School, Inc.
Escondido, 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 Classical Academy High School, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Classical Academy High School, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Classical Academy High School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Classical Academy High School, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 Classical Academy High School, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SQUAR MILNER LLP

San Diego, California
December 6, 2018

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors
Classical Academy High School, Inc.
Escondido, California

Report on Compliance for Each State Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Classical Academy High School, Inc.'s state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States*;* and the State's Audit Guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* published by the Education Audit Appeals Panel. 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 above that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Classical Academy High School, 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 Classical Academy High School, Inc.'s compliance. In connection with the audit referred to above, we selected transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Educator Effectiveness	Yes
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
Attendance	Yes
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

The term "Not Applicable" is used above to mean either that the Organization did not offer the program during the current fiscal year, or that the program applies only to a different type of local education agency.

Opinion on State Programs

In our opinion, Classical Academy High School, 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 state programs for the fiscal year ended June 30, 2018.

The purpose of this report on state compliance is solely to describe the scope of our testing of state compliance and the results of that testing based on the requirements of *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Squar Milner LLP

SQUAR MILNER LLP

San Diego, California
December 6, 2018

FINDINGS AND RECOMMENDATIONS

CLASSICAL ACADEMY HIGH SCHOOL, INC.
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

A Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? ____ Yes __X__ No

One or more significant deficiencies identified that are not considered to be material weaknesses? ____ Yes __X__ None Reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? ____ Yes __N/A__ No

One or more significant deficiencies identified that are not considered to be material weaknesses? ____ Yes __N/A__ None Reported

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported under section 200.516 Audit Findings paragraph (a) of OMB Uniform Guidance? ____ Yes __N/A__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster

The Organization did not have over $750,000 in Federal Expenditures.

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? ____ Yes __N/A__ No

3. State Awards

Internal control over state programs:

One or more material weaknesses identified? ____ Yes __X__ No

One or more significant deficiencies identified that are not considered to be material weaknesses? ____ Yes __X__ None Reported

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

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

D State Award Findings and Questioned Costs

None

CLASSICAL ACADEMY HIGH SCHOOL, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2018

Findings/Recommendations	Current Status	Explanation If Not Implemented
None	N/A	N/A

The Classical Academy High School, Inc.
Report to the Board of Directors
December 6, 2018

Board of Directors
The Classical Academy High School, Inc.
Escondido, California

Attn: Cameron Curry, Executive Director

We are pleased to present this report related to our audit of the financial statements of The Classical Academy High School, Inc. (the Organization) as of and for the year ended June 30, 2018. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for The Classical Academy High School, Inc. financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to The Classical Academy High School, Inc.

Very truly yours,

Squar Milner LLP

SQUAR MILNER LLP

San Diego, California
December 6, 2018

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Exhibit A – Significant Written Communications Between Management and Our Firm

- Representation Letter

THE CLASSICAL ACADEMY HIGH SCHOOL, INC.
REPORT TO THE BOARD OF DIRECTORS
June 30, 2018

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated October 9, 2016. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit. There were no significant changes to our identification of, and planned responses to, significant risks of material misstatement.
Accounting Policies and Practices	**Accounting Policies and Practices** Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted. **Adoption of, or Change in, Significant Accounting Polies or Their Application** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the School. The Organization did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period. **Significant or Unusual Transactions** We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Management's Judgments and Accounting Estimates** Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. No such significant accounting estimates were noted.
Audit Adjustments	Audit adjustments proposed by us and recorded by The Classical Academy High School, Inc. are shown in the attached Summary of Recorded Audit Adjustments.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Area	Comments
Departure From the Auditor's Standard Report	Our audit report included the following paragraph regarding supplementary information that represents a departure from the Auditor's Standard Report. Our opinion was not modified with respect to this matter. **Other Matters** *Supplementary Information* Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the Company, including the representation letter provided to us by management, are attached as Exhibit A.

Summary of Recorded Audit Adjustments

	Effect—Increase (Decrease)				
Description	Assets	Liabilities	Equity	Revenue	Expense
To record deferred rent	$ –	$ (148,633)	$ –	$ –	$ 148,633
To record unpaid vacation	$ –	$ (56,753)	$ –	$ –	$ 56,753
Total effect				$ –	$ 205,386
Balance sheet effect	$ –	$ (205,386)	$ –		

The adjustments above are shown at the gross amounts recorded without related income tax effects.

EXHIBIT A

Significant Written Communications Between Management and Our Firm

CLASSICAL ACADEMY HIGH SCHOOL
207 East Pennsylvania Ave, Escondido, CA 92025
www.classicalacademy.com
760-480-9845

December 6, 2018

Squar Milner, LLP
3655 Nobel Drive, Suite 300
San Diego, CA 92122

This representation letter is provided in connection with your audit of the financial statements of Classical Academy High School, Inc. (the Organization), which comprise the financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would be changed or influenced by the omission or misstatement that is monetarily small in amount considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, that as of December 6, 2018.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated February 21, 2018 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

7. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

8. We are in agreement with, and approve, the adjusting journal entries that you have identified through your audit procedures, and they have been posted to the Company's accounts.

9. As of and for the year ended June 30, 2018, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Number	Date	Name	Account No	Debit	Credit
PJE 1	6/30/2018	Accrued Receivables	9202	9,698.00	
PJE 1	6/30/2018	State Lottery Unrestricted Revenue	8560-03		-9,698.00
		To record additional state lottery funds received for year end 6/30/18.			
				9,698.00	-9,698.00
				9,698.00	**-9,698.00**

Information Provided

10. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

12. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of allegations of fraud or suspected fraud affecting the entity's financial statements involving:
    a. Management.

    b. Employees who have significant roles in internal control.

    c. Others where the fraud could have a material effect on the financial statements.

14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements received in communications from employees, former employees, regulators or others.

15. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements. Additionally, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

16. We have disclosed to you all known actual or possible litigation and claims whose effects were considered when preparing the financial statements.

17. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

18. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Organization's ability to record, process, summarize and report financial data.

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledges as collateral.

21. The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax have been disclosed to you. All required filings are up-to-date.

22. In connection with Accounting Standards Codification (ASC) 205-40, *Presentation of Financial Statements-Going Concern*, management has concluded that as of the date of this letter, there are no conditions or events that raise substantial doubt regarding the Organization's ability to

continue as a going concern within one year from the date the financial statements are issued. For the purpose of this determination, substantial doubt would exist when conditions and events, considered in the aggregate, indicate it is probable that the Organization would be unable to meet its obligations as they become due within one year after the financial statement issuance date.

23. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

24. In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

    a. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

    b. In responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.

    c. Has identified an disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

    d. Had identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and gran agreements that have a material effect on the determination of financial statement amounts.

    e. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.

    f. Is responsible for 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.

    g. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.

    h. Has taken timely and appropriate steps to remedy fraud; noncompliance with provision of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.

    i. Has a process to track the status of audit findings and recommendations.

j. Has identified for the audit previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.

k. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.

l. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possess suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Supplementary Information

25. We acknowledge our responsibility for presenting the required supplementary information (RSI) in accordance with U.S. GAAP, and we believe the RSI, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the RSI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

26. We acknowledge our responsibility for presenting the compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each Organization's state programs for the fiscal year ended June 30, 2018. We believe the compliance requirements, including its form and content, is properly presented.

27. We have not completed the process of evaluating the effect that will result from adopting Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASU) 2016-02, *Leases* (ASU 2016-02) and ASU No. 2016-14, *Not-for-Profit Entities* (ASU 2016-14) as discussed in Note 2. Although the full impact of these Updates on the our financial statements have not yet been determined, the future adoption of ASU 2016-02 will require us to record assets and liabilities on our statement of financial position relating to facility and other leases currently being accounted for as operating leases., and adoption of ASU 2016-14 will require us to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted and permanently restricted).

28. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and question costs.

Classical Academy High School, Inc.

Cameron Curry,
Executive Director

Chris Thibodeau,
Comptroller

Coastal Academy Charter School, Incorporated
Charter School #0516
Financial Statements
June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Coastal Academy Charter School, Incorporated
Oceanside, California

Report on the Financial Statements

We have audited the accompanying financial statements of Coastal Academy Charter School, Incorporated (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coastal Academy Charter School, Incorporated as of June 30, 2018, 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 Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018, on our consideration of Coastal Academy Charter School, Incorporated'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Coastal Academy Charter School, Incorporated's 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 Coastal Academy Charter School, Incorporated's internal control over financial reporting and compliance.

Squar Milner LLP

SQUAR MILNER LLP

San Diego, California
December 6, 2018

COASTAL ACADEMY CHARTER SCHOOL, INCORPORATED
STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS		
Current assets:		
Cash	$	7,754,533
Restricted cash:		
Capital maintenance fund		162,229
Accounts receivable		918,903
Due from related parties		201
Prepaid expenses		89,892
Total current assets		8,925,758
Restricted cash:		
Bond payments reserve		942,615
Capital maintenance fund		376,608
Fixed assets, net		11,474,313
Deposits		64,628
TOTAL ASSETS	$	21,783,922
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$	182,654
Accrued expenses		1,033,760
Due to related parties		35
Deferred rent, current portion		40,269
Bonds payable, net, current portion		246,405
Total current liabilities		1,503,123
Deferred rent, less current portion		81,865
Bonds payable, net, less current portion		12,867,699
Total liabilities		14,452,687
Net assets:		
Temporarily restricted		346,031
Unrestricted		6,985,204
Total net assets		7,331,235
TOTAL LIABILITIES AND NET ASSETS	$	21,783,922

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

COASTAL ACADEMY CHARTER SCHOOL, INCORPORATED
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Revenue limit sources:			
State apportionments	$ 6,688,821	$ -	$ 6,688,821
Education protection account	2,583,613	-	2,583,613
In-lieu of property taxes	5,756,014	-	5,756,014
Federal revenues	283,117	-	283,117
State revenues	1,876,131	210,866	2,086,997
Local revenues:			
Donations	44,107	-	44,107
Fundraising	22,593	-	22,593
Miscellaneous	373,423	-	373,423
Total revenues	17,627,819	210,866	17,838,685
Net assets released from restrictions	95,632	(95,632)	-
Total revenues and other support	17,723,451	115,234	17,838,685
EXPENSES			
Program services:			
Education	13,494,261	-	13,494,261
Support services:			
Management and general	3,631,809	-	3,631,809
Total expenses	17,126,070	-	17,126,070
CHANGE IN NET ASSETS	597,381	115,234	712,615
NET ASSETS, BEGINNING OF YEAR	6,387,823	230,797	6,618,620
NET ASSETS, END OF YEAR	$ 6,985,204	$ 346,031	$ 7,331,235

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

COASTAL ACADEMY CHARTER SCHOOL, INCORPORATED
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 712,615
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	377,778
Amortization	10,531
(Increase) decrease in operating assets:	
Accounts receivable	(338,022)
Due from related party	220,702
Prepaid expenses	141,491
Deposits	(2,562)
Increase in operating liabilities:	
Accounts payable	18,966
Accrued expenses	259,570
Due to related parties	(15,789)
Deferred rent	53,254
Net cash flows provided by operating activities	1,438,534
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of fixed assets	(161,714)
Net cash flows used in investing activities	(161,714)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments of bonds payable	(250,000)
Increase in restricted cash	(58,156)
Net cash flows used in financing activities	(308,156)
NET INCREASE IN CASH	968,664
CASH, BEGINNING OF YEAR	6,785,869
CASH, END OF YEAR	$ 7,754,533
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid for:	
Interest	$ 673,228

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

1. ORGANIZATION AND MISSION

Coastal Academy Charter School, Incorporated (the "Organization") was incorporated on May 22, 2004, and the Organization is a Nonprofit Public Benefit Corporation and is not organized for the private gain of any person.

The Organization is a grade K-8 charter school and was granted a charter under the sponsorship of the Oceanside Unified School District through June 30, 2023, pursuant to the terms of the Charter Schools Act (the "Act") of 1992, as amended. The Act authorizes the formation of charter schools for the purpose among others, of developing new, innovative, and more flexible ways of educating children within the public schools system.

The mission of the Organization is to inspire students, empower parents, and promote a life-long love for learning by creating an environment where academic success is personalized and achievable for all children. Parents, working with credentialed teachers, prepare, monitor, and implement programs that enrich, challenge, and inspire students to embrace personalized academic success.

The Organization commenced operations during the 2003-2004 fiscal year and currently serves approximately 1,970 students in kindergarten through grade 8.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements are presented in conformity with Financial Accounting Standards Board ("FASB") Accounting Standards Codification (ASC) 958-205, *Not-For-Profit Entities – Presentation of Financial Statements*. Under ASC 958-205, the Organization reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets: Unrestricted net assets are available to support all activities of the Organization, and are not subject to donor-imposed stipulations. These generally result from revenues generated by providing services, receiving unrestricted contributions, and receiving interest from investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets was $346,031 as of June 30, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation (continued)

Permanently Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that the restrictions be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on the related investments for general or specific purposes. There were no permanently restricted assets as of June 30, 2018.

Accounting Method – Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The Organization uses the accrual basis of accounting, under which revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). It is, however, subject to income taxes from activities unrelated to its tax-exempt purpose. The Organization uses the same accounting methods for tax and financial reporting.

GAAP provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Functional Allocation of Expenses

The costs of providing the program services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services based on employees' time incurred and management's estimates of the usage of resources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash from time to time is variously composed of cash on hand and in banks. The Organization considers all highly liquid instruments with maturities of three months or less at time of acquisition to be cash equivalents. As of June 30, 2018, the Organization had no cash equivalents.

Revenue Sources and Recognition

The Organization primarily receives funds from the California Department of Education ("CDE"). Revenue limit sources and state revenues received from the CDE are determined based on the Organization's average daily attendance ("ADA") of students and recognized in the period the ADA occurs.

In addition, the Organization receives federal, state and local revenues for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

The Organization recognizes federal revenue to the extent that eligible expenditures have been incurred.

Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

Fixed Assets

Fixed assets are recorded at cost and depreciated under the straight-line method over their estimated useful lives of 5 to 10 years. Repair and maintenance costs, which do not extend the useful lives of the asset, are charged to expense. The cost of assets, sold or retired, and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting gain or loss is included in the earnings. Management has elected to capitalize and depreciate all assets costing $5,000 or more as one item; all other assets are charged to expense in the year incurred.

Deferred Debt Issuance Costs

Costs related to the registration and issuances of bonds and other debt agreements are initially capitalized and are amortized as additional interest expense over the life of the related debt instruments. The aggregate costs, net of accumulated amortization, were $400,831 at June 30, 2018, which is netted against bonds payable in the accompanying statement of financial position. Amortization expense for the year ended June 30, 2018 was $13,444.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update ("ASU") 2016-02, Leases ("ASU 2016-02"). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Although the full impact of this Update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases (See Note 11).

In August 2016, FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities ("ASU 2016-14"). ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization has not yet completed its assessment of the impact of this guidance on its financial statements. Under this guidance, the Organization will be required to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted and permanently restricted).

3. CASH

Cash at June 30, 2018, consisted of the following:

Pooled funds:	
Cash in County Treasury	$ 6,348,561
Deposits:	
Cash in banks	1,403,772
Cash on hand:	
Petty cash	2,200
Total cash	$ 7,754,533

3. CASH (continued)

Cash in County Treasury

The Organization maintains a portion of its cash in the San Diego County Treasury ("County") as part of the common investment pool ($6,348,561 as of June 30, 2018). Cash may be added or withdrawn from the investment pool without limitation.

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

The County Treasurer's investments at June 30, 2018 consist of 27.92% negotiable CDs, 29.90% commercial paper, 24.99% federal agencies, 4.82% U.S. Treasury notes, 3.48% money market funds, 6.77% supranational, 0.01% bank deposits, and 2.11% asset backed securities. The credit ratings for these investments included A1+/A1 by Moody's Investor Service, and AAA/AA- by Standard and Poor's.

Cash in Banks

Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2018, the Organization had $1,457,266 in excess of FDIC insured limits.

4. RESTRICTED CASH

Cash balances held with a fiscal agent, Wells Fargo Bank, N.A. ($1,481,452 as of June 30, 2018), are held to meet the debt service requirements of the bonds payable, as required by the California School Finance Authority. As of June 30, 2018, $162,229 and $1,319,223 was classified as a current asset and a noncurrent asset, respectively, in the accompanying statement of financial position.

5. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, consisted of the following:

Revenue limit sources:		
In-lieu of property taxes	$	485,954
Federal revenues		150,642
State revenues		234,907
Local revenues:		
Miscellaneous		47,400
Total accounts receivable	$	918,903

6. FIXED ASSETS, NET

Fixed assets, net at June 30, 2018, consisted of the following:

Land	$	1,953,666
Buildings		10,185,465
Leasehold improvements		519,469
Furniture and fixtures		51,617
Equipment and books		328,812
Vehicles		3,624
Less: accumulated depreciation		(1,568,340)
Total fixed assets, net	$	11,474,313

During the fiscal year ended June 30, 2018, a total of $377,778 was charged to depreciation expense.

7. ACCRUED EXPENSES

Accrued expenses at June 30, 2018, consisted of the following:

Accrued payroll	$	624,701
Accrued vacation		61,877
Accrued interest		168,063
District oversight fee		148,951
Miscellaneous		30,168
Total accrued expenses	$	1,033,760

8. BONDS PAYABLE

On February 1, 2013, the Organization issued $14,155,000 in Series 2013A and Series 2013B bonds (Bonds) for the costs of the acquisition, construction, improvement, equipping and furnishing of charter school public facilities. The Bonds were issued with an interest rate of 5.00% and Series 2013B matured on October 1, 2016, and Series 2013A matures on October 1, 2043. The Bonds also contained a premium when issued of $85,440. The premium amortization will be included in interest expense over the life of the Bonds. The annual requirements to amortize the bonds payable subsequent to June 30, 2018, and the bond premium are as follows:

Year Ending June 30,	Principal	Interest	Total	Amortization of Bond Premium
2019	$ 260,000	$ 672,250	$ 932,250	$ 2,880
2020	275,000	659,250	934,250	2,880
2021	290,000	645,500	935,500	2,880
2022	305,000	631,000	936,000	2,880
2023	320,000	615,750	935,750	2,880
Thereafter	11,995,000	7,622,750	19,617,750	55,535
	$ 13,445,000	$ 10,846,500	$ 24,291,500	$ 69,935

Changes in bonds payable obligations for the fiscal year ended June 30, 2018, are as follows:

	Balance June 30, 2017	Additions	Payments	Balance June 30, 2018	Due in One Year
Bonds Payable	$ 13,695,000	$ -	$ (250,000)	$ 13,445,000	$ 260,000
Total	$ 13,695,000	$ -	$ (250,000)	$ 13,445,000	$ 260,000

Bonds payable, net, at June 30, 2018 consisted of the following:

	Current	Long-term	Total
Debt Obligations	$ 260,000	$ 13,185,000	$ 13,445,000
Less: unamortized debt issuance costs	(15,937)	(371,792)	(387,729)
Less: unamortized loan costs	(538)	(12,564)	(13,102)
Bond Premium	2,880	67,055	69,935
Bonds payable, net	$ 246,405	$ 12,867,699	$ 13,114,104

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of entitlements received but not expended as of June 30, 2018. At June 30, 2018, the Organization's temporarily restricted net assets consisted of:

California Clean Energy Jobs Act	$	321,031
Multi-teared System of Support		25,000
Total temporarily restricted net assets	$	346,031

10. EMPLOYEE RETIREMENT SYSTEMS

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 State Teachers' Retirement System ("STRS"), and classified employees are members of the California Public Employees' Retirement System ("CalPERS").

STRS

Plan Description and Funding Policy

Plan Description

The Organization contributes to STRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available actuarial valuation report as of June 30, 2017, total plan net assets are $197.7 billion, the total actuarial present value of accumulated plan benefits is $362.4 billion, contributions from all employers totaled $4.0 billion and the plan is 62.6% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members are required to contribute 10.20% of their salary and the Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2017-2018 was 14.43% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to STRS for the fiscal year ending June 30, 2018, were $860,168 and equal 100% of the required contributions for the year.

10. EMPLOYEE RETIREMENT SYSTEMS (continued)

Plan Description and Funding Policy (continued)

CalPERS

Plan Description

The Organization contributes to CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

According to the most recently available actuarial valuation report as of June 30, 2017, the School Employer Pool total plan assets are $60.9 billion, the total actuarial present value of the total pension liability is $84.4 billion, contributions from all employers totaled $2.0 billion, and the plan is 72.1% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary, and the Organization is required to contribute an actuarially determined rate. Effective January 1, 2013, any new participants in the plan will be required to contribute 6.5% of their salary. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2017-2018 was 15.531% of annual payroll based on PERS reduction transfers. The contribution requirements of the plan members are established by the state statute. The Organization's contributions to CalPERS for the fiscal year ending June 30, 2018, were $386,005 and equal 100% of the required contribution for the year.

11. OPERATING LEASE

The Organization leases office equipment and facilities. Future minimum lease payments under the signed agreements are as follows:

Year Ending June 30,	Lease Payments
2019	$ 1,067,080
2020	870,285
2021	885,169
2022	280,109
2023	288,512
Thereafter	1,577,703
Total future lease payments	$ 4,968,858

The Organization receives no sublease rental revenues nor pays any contingent rentals associated with this lease. For the fiscal year ended June 30, 2018, operating lease expense was $801,396.

12. COMMITMENTS AND CONTINGENCIES

State Allowances, Awards, and Grants

The Organization has received state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, management believes that any required reimbursement will not be material.

13. PARTICIPATION IN JOINT POWERS AUTHORITY

The Organization entered into a Joint Powers Agreement ("JPA") known as the "California Charter Schools Association Joint Powers Authority ("CCSA-JPA"), a self-insurance plan for workers' compensation, property/casualty, and school board liability insurance. The CCSA-JPA is governed by a board consisting of a representative from each member organization. The board controls the operation of the CCSA-JPA including selection of management and approval of operating budgets, independent of any influence by the member organizations beyond their representation on the board.

Each member organization pays a premium commensurate with the level of coverage requested and share surpluses and deficits proportionate to their participation in the CCSA-JPA. The CCSA-JPA is a separate entity which is audited by an independent accounting firm. The Organization paid $47,616 to the JPA for insurance during the fiscal year ended June 30, 2018.

14. OTHER RELATED PARTY TRANSACTIONS

On June 4, 2013, the Organization signed an affiliation agreement with The Classical Academy, Inc. ("Academy"), Classical Academy High School, Inc. ("High School"), and North County Education Foundation, Inc. ("North County"), to share resources in regards to administrative, recreational, academic, and employee resources for the efficient operations of the organizations.

At June 30, 2018, the Organization has $201 due from the High School.

At June 30, 2018, the Organization has $35 due to North County.

15. SUBSEQUENT EVENTS

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the statement of financial position date through December 6, 2018, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

SUPPLEMENTARY INFORMATION

COASTAL ACADEMY CHARTER SCHOOL, INCORPORATED
ORGANIZATION
June 30, 2018

Coastal Academy Charter School, Incorporated [#0516] is a Kindergarten through Grade 12 Charter School and was granted its charter by Oceanside Unified School District through June 30, 2023, pursuant to the terms of the Charter School Act of 1992, as amended.

The Board of Directors for the fiscal year ended June 30, 2018, was comprised of the following members:

Name	Office	Term	Term Expiration
Mark Reardon	President	3 Years	January 2019
Patricia Huerta	Treasure	4 Years	January 2019
Paul Donovan, Jr.	Secretary	4 Years	January 2019
Mark Donar	Member	4 Years	May 2021

Administration

Name	Position
Cameron Curry	Executive Director
Sandra Reeve	Director of Finance

COASTAL ACADEMY CHARTER SCHOOL, INCORPORATED
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Fiscal Year Ended June 30, 2018

	Second Period Report	Annual Report
Transitional Kindergarten/Kindergarten - Grade 3	717.36	725.32
Grades 4 - 6	584.64	590.53
Grades 7 - 8	423.85	425.34
Grade 9 - 12	192.18	193.82
Total	1,918.03	1,935.01

The Organization is 100% independent study and generates no ADA from a classroom-based program.

COASTAL ACADEMY CHARTER SCHOOL, INCORPORATED
SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year Ended June 30, 2018

As of June 30, 2018, the Organization was 100% Independent Study; therefore, a Schedule of Instructional Time was not applicable.

COASTAL ACADEMY CHARTER SCHOOL, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended June 30, 2018

	Program Services	Support Services	
	Education	Management and General	Total
Certificated salaries	$ 5,829,586	$ 461,602	$ 6,291,188
Classified salaries	1,181,151	1,486,028	2,667,179
Employee benefits	2,118,295	750,786	2,869,081
Books and supplies	995,694	117,013	1,112,707
Consulting	81,675	-	81,675
Travel and conferences	52,369	69,098	121,467
Dues and memberships	23,085	15,016	38,101
Insurance	42,854	4,762	47,616
Operation and housekeeping services	318,241	46,578	364,819
Rental, leases, repairs, and non-capitalized improvements	1,116,838	125,586	1,242,424
Professional/consulting services and operating expenditures	641,405	433,547	1,074,952
Communications	124,311	23,253	147,564
Depreciation and amortization	362,852	31,217	394,069
Bond interest expense	605,905	67,323	673,228
Total expenses	$ 13,494,261	$ 3,631,809	$ 17,126,070

COASTAL ACADEMY CHARTER SCHOOL, INCORPORATED
RECONCILIATION OF CHARTER SCHOOL UNAUDITED ACTUALS FINANCIAL REPORT -- ALTERNATIVE FORM WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

June 30, 2018, Charter School Unaudited Actuals Financial Report -- Alternative Form, Ending Fund Balance	$ 7,201,984
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Accounts receivable understatement	133,361
Accounts payable understatement	(4,110)
Net adjustments and reclassifications	129,251
June 30, 2018, audited financial statement net assets	$ 7,331,235

OTHER INDEPENDENT AUDITOR'S REPORTS

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

Board of Directors
Coastal Academy Charter School, Incorporated
Oceanside, 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 Coastal Academy Charter School, Incorporated (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 Coastal Academy Charter School, Incorporated's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SQUAR MILNER LLP

San Diego, California
December 6, 2018

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors
Coastal Academy Charter School, Incorporated
Oceanside, California

Report on Compliance for Each State Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Coastal Academy Charter School, Incorporated's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the State's Audit Guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* published by the Education Audit Appeals Panel. 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 above that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Coastal Academy Charter School, Incorporated'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 Coastal Academy Charter School, Incorporated's compliance. In connection with the audit referred to above, we selected transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Educator Effectiveness	Yes
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
Attendance	Yes
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

The term "Not Applicable" is used above to mean either that the Organization did not offer the program during the current fiscal year, or that the program applies only to a different type of local education agency.

Opinion on State Programs

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

The purpose of this report on state compliance is solely to describe the scope of our testing of state compliance and the results of that testing based on the requirements of *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Squar Milner LLP

SQUAR MILNER LLP

San Diego, California
December 6, 2018

FINDINGS AND RECOMMENDATIONS

A Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? ____ Yes __X__ No

One or more significant deficiencies identified that are not considered to be material weaknesses? ____ Yes __X__ None Reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? ____ Yes __N/A__ No

One or more significant deficiencies identified that are not considered to be material weaknesses? ____ Yes __N/A__ None Reported

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported under section 200.516 Audit Findings paragraph (a) of OMB Uniform Guidance? ____ Yes __N/A__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster

The Organization did not have over $750,000 in Federal Expenditures.

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? ____ Yes __N/A__ No

3. State Awards

Internal control over state programs:

One or more material weaknesses identified?	Yes	X No
One or more significant deficiencies identified that are not considered to be material weaknesses?	Yes	X None Reported

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

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

D State Award Findings and Questioned Costs

None

COASTAL ACADEMY CHARTER SCHOOL, INCORPORATED
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2018

Findings/Recommendations	Current Status	Explanation If Not Implemented
None	N/A	N/A

Certified Public Accountants
and Financial Advisors

Coastal Academy Charter School, Inc.
Report to the Board of Directors
December 6, 2018

December 6, 2018

Board of Directors
Coastal Academy Charter School, Inc.
Escondido, California

Attn: Board of Directors

We are pleased to present this report related to our audit of the financial statements of Coastal Academy Charter School, Inc. (Organization) as of and for the year ended June 30, 2018. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Coastal Academy Charter School, Inc.'s financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Coastal Academy Charter School, Inc.

Very truly yours,

Squar Milner LLP

SQUAR MILNER LLP

San Diego, California

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Exhibit A – Significant Written Communications Between Management and Our Firm

- Engagement Letter
- Representation Letter

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated February 21, 2018. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication dated September 20, 2018 regarding the planned scope and timing of our audit. There were no changes to the planned scope and timing of our audit or our planned audit response to, identified significant risks of material misstatement.
Accounting Policies and Practices	**Preferability of Accounting Policies and Practices** Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted. **Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. The Organization did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period. **Significant or Unusual Transactions** We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Area	Comments
Accounting Policies and Practices (continued)	**Management's Judgments and Accounting Estimates** Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgement. No such significant accounting estimates were noted.
Audit Adjustments	Audit adjustments are summarized in the attached Summary of Adjusting Journal Entries.
Uncorrected Misstatements	Uncorrected misstatements are summarized in the attached Summary of Uncorrected Misstatements.
Departure From the Auditor's Standard Report	Our audit report included the following paragraph regarding supplementary information that represents a departure from the Auditor's Standard Report. Our opinion was not modified with respect to this matter. **Other Matters** *Supplementary Information* Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Area	Comments
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the Organization, including the representation letter provided to us by management, are attached as **Exhibit A**.

Summary of Adjusting Journal Entries

Number	Date	Name	Account No	Debit	Credit
AJE 1	6/30/2018	Contracted Services - Other	5849	9,100.00	
AJE 1	6/30/2018	Depreciation Expense	6900		-9,100.00
		To reclassify expense as contracted services.			
				9,100.00	-9,100.00
AJE 2	6/30/2018	Gen Purpose Ent - State Aid	8015		-133,361.00
AJE 2	6/30/2018	Accrued Receivables	9202	133,361.00	
		Reverse overpayment of LCFF for year end 6/30/18.			
				133,361.00	-133,361.00
				142,461.00	**-142,461.00**

Summary of Uncorrected Misstatements

Number	Date	Name	Account No	Debit	Credit
PJE 1	6/30/2018	Accrued Receivables	9202	13,589.00	
PJE 1	6/30/2018	State Lottery Unrestricted Revenue	8560-03		-13,589.00
		To record additional state lottery funds received for year end 6/30/18.			
				13,589.00	-13,589.00
				13,589.00	**-13,589.00**

EXHIBIT A

Significant Written Communications Between Management and Our Firm

February 21, 2018

The Board of Directors
c/o Sandra Reeve, Director
COASTAL ACADEMY CHARTER SCHOOL, INC.
318 West ValleY Parkway
Escondido, California 92025

Re: Financial Statement Audit for the Years Ending June 30, 2018, 2019, and 2020

Dear Board of Directors:

We are pleased to confirm our understanding of the services we are to provide for Coastal Academy Charter School, Inc. (the "Organization") as of and for the years ending June 30, 2018, 2019 and 2020. The following is a detailed description of the services that we will provide to the Organization as well as our estimated professional fees that relate to such services. This engagement letter (which is sometimes hereinafter referred to as the "Agreement") is subject to completion of our acceptance or continuance procedures in accordance with professional standards and the policy of Squar Milner LLP ("Squar Milner," or the "Firm").

The Objective and Scope of the Audit of the Financial Statements

We will audit the statement of financial position of the Organization as of June 30, 2018, 2019 and 2020, and the related statements of activities and cash flows for the year then ended. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The supplementary information accompanying the basic financial statements will be subjected to the auditing procedures applied in our audit of such financial statements and certain additional procedures including: comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America ("GAAS") issued by the American Institute of Certified Public Accountants ("AICPA").

The Responsibilities of the Auditor

We will conduct our audit in accordance with GAAS; Government Auditing Standards issued by the Comptroller General of the United States ("GAS"); and the guidance provided in the audit

guide titled 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting issued by Education Audit Appeals Panel, dated June 20, 2017. Those standards, regulations, supplements or guides 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. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and/or the other professional standards referenced in the immediately preceding paragraph. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS do not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the Organization'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 Organization's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit unless they are clearly inconsequential.

Our report on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the professional standards and regulations identified above. Our reports on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the professional standards and regulations identified above.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and those charged with governance acknowledge and understand that they have responsibility:

- For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP");
- To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
- For 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;
- For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge; and
- For providing us with:
    - Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
    - Additional information that we may request from management for the purpose of the audit; and
    - Unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit, including among other items:

- That management has fulfilled its responsibilities as set out in this Agreement; and
- That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Organization complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the Organization involving management,

employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse affecting the Organization received in communications from employees, former employees, analysts, regulators or others.

Management is also responsible for the preparation of the supplementary information in accordance with GAAP. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Directors is responsible for informing us of its views about the risks of fraud or abuse within the Organization, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the Organization.

Records and Assistance

If circumstances arise relating to the condition of the Organization's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Organization's books and records. The Organization will determine that all such data, if necessary, will be so reflected. Accordingly, the Organization will not expect us to maintain copies of such records in our possession.

Our engagement assumes a high degree of assistance to be supplied by Organization personnel, including the preparation of schedules and analyses of accounts. A list of the specific schedules and analyses (including the dates when such information should be available to us) will be provided under separate cover. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Non-Audit Services

In connection with our audit, you have requested that we perform certain non-audit services necessary for the preparation of the financial statements. The GAS standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third

parties. Before we agree to provide a non-audit service to the Organization, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in combination with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed.
The Organization has agreed that Sandra Reeve, Director possesses suitable skill, knowledge or experience and that the individual understands all the aforementioned non-audit services sufficiently to oversee them. Accordingly, the management of the Organization agrees to the following:

1. The Organization has designated Sandra Reeve, Director, as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. The Organization will evaluate the adequacy and results of the services performed; and
3. The Organization accepts responsibility for the results and ultimate use of the services.

The scope of the aforementioned non-audit services does not constitute an audit under GAS. GAS require that we establish an understanding with the Organization's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the Organization's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this Agreement documents that understanding.

Other Relevant Information

We are also responsible for communicating with the Board of Directors about certain other matters related to our audit, including (1) our responsibilities under the standards of GAS and the AICPA; (2) the Organization's significant accounting policies; (3) the quality of the Organization's accounting principles; (4) management's judgments and sensitive accounting estimates; (5) significant audit adjustments; (6) any disagreements with management about matters that could be significant to the Organization's financial statements or our audit report; (7) any consultations management made with other accountants; (8) any issues discussed with management prior to our retention; (9) any significant difficulties encountered in performing the audit; (10) other information in documents containing audited financial statements, such as the Organization's annual report; and (11) other matters as considered necessary. Further, we are responsible for ensuring that the Board of Directors receives copies of certain written communications between us and management, including management representation letters and written communications on accounting, auditing, internal control or other matters.

In accordance with GAS, a copy of our most recent peer review report that has been accepted by the AICPA is enclosed for your information and is available at AICPA.org. The AICPA no longer issues letters of comment with its peer review reports.

Reporting

We will issue a written report upon completion of our audit of the Organization's financial statements. Our report will be addressed to the Board of Directors of the Organization. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on the Organization's financial statements, we will also issue the following types of reports:

- Reports on internal control related to the financial statements. These reports will describe the scope of testing of internal control and the results of our tests of internal control;
- Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements; and
- Reports on compliance with State of California requirements described in the applicable Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, published by the Education Appeals Panel; (The responsibility we take for the material included in these reports will be the same as what we assume for other supplementary information accompanying the financial statements.).

Tax Services

If applicable, income tax services will be covered under a separate engagement letter.

Reporting Deadline

We will work diligently to meet any financial reporting deadline that the Organization may have. However, due to the nature of our work, we cannot be responsible for any late reports that result from factors beyond our control.

As discussed herein, the engagement contemplated by this Agreement anticipates a certain level of assistance and cooperation by Organization personnel. This is an essential condition to our completion of the engagement, and will permit us to conduct our work effectively and efficiently. Failure by your personnel to do so on a timely and accurate basis could result in the Organization being unable to meet the deadline referenced in the preceding paragraph, prevent us from completing the engagement, and/or may be grounds for suspension of our services or the Firm's withdrawal from this engagement.

Professional Fees

Our fees will be based on the actual time required at our standard hourly rates (see enclosure). In addition to professional fees, our invoices will include any travel and other out-of-pocket expenses related to the engagement. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the work. Our invoices for services are due when rendered, and interim billings may be submitted (usually on a monthly basis) as work progresses and expenses are incurred. Invoices are considered past due thirty days after the invoice date. Past due invoices are subject to the lesser of our current monthly late charge (1.25% per month), which is subject to change, or the maximum charge permitted by applicable law. Failure to remit payment for past due services may result in deferral of further work or termination of our engagement. In the event that collection procedures are required, the Organization agrees to be responsible for all expenses of collection including related attorneys' fees.

If additional time is required and/or the fieldwork is interrupted or postponed due to the Organization being unprepared thereby causing lost time, there may be additional charges billed at our regular rates.

We estimate professional fees as follows (excluding out-of-pocket expenses):

1. **One Year Contract**
   Audit of the June 30, 2018 financial statements $12,995

2. **Two Year Contract**
   Audit of the June 30, 2018 financial statements $11,995
   Audit of the June 30, 2019 financial statements $12,995

3. **Three Year Contract**
   Audit of the June 30, 2018 financial statements $10,995
   Audit of the June 30, 2019 financial statements $11,995
   Audit of the June 30, 2020 financial statements $12,995

Our fee estimate for these services is contingent upon the Organization providing all necessary schedules, drafting the financial statements, and supporting documents requested by Squar Milner. The fee estimate is based on anticipated cooperation from your personnel, and the assumption that unexpected circumstances will not be encountered during the audit. The above fees are also based on our knowledge of the Organization's current business activities, and any additional hours will be billed at our standard hourly rates. If significant additional time is necessary, we will keep the Organization's management informed of any problems we encounter, and our fees will be adjusted accordingly.

As stated above, our invoices for services are due when rendered, but in no case are the fees for audit services payable any later than the following: one-third of the above fee estimate upon acceptance of this engagement letter, one-third of the then-current estimate of the total fees upon completion of our fieldwork, and the balance of all fees incurred prior to the issuance of our audit

report. If our fees are not paid in full, Squar Milner reserves the right to not issue any report as a result of this engagement. In the event that our fieldwork is never completed and/or our audit report is not issued (for any reason), all invoiced fees are nevertheless payable by the Organization.

The Organization may terminate our services at any time, with or without cause. However, the Organization or you shall still be required to pay our invoices for services rendered up through the date of termination. We may terminate or suspend our services at any time for any reason including, but not limited to, non-payment of our fees or by reason of professional considerations, which in our judgment make it inappropriate to continue the engagement.

Disputes

With the sole exception of a fee dispute of less than $50,000 (referenced below), any dispute, claim, controversy, complaint or cross-complaint in any manner arising from or related to, or asserted as an off-set against amounts charged under, this Agreement, shall be submitted to resolution by arbitration before JAMS/Endispute. Arbitration shall be binding and final. The arbitration shall be governed by JAMS' Comprehensive Arbitration Rules and Procedures. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees in excess of $50,000, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury, as well as any right to appeal, and instead are accepting the use of binding arbitration for resolution. The arbitrator may, in the award, allocate in whole or in part the fees and costs of the arbitration, including the fees of the arbitrator, and order in whole or in part recovery of the reasonable attorneys' fees of the prevailing party. The arbitrator shall not have authority to award punitive damages, any claim for which is hereby waived. The arbitrator may not award non-monetary or equitable relief of any sort. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitrator have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction. All aspects of the arbitration shall be treated as confidential. Neither the parties nor the arbitrator may disclose the existence, content or results of the arbitration, except as necessary to comply with legal or regulatory requirements. Before making any such disclosure, a party shall give written notice to all other parties and shall afford such parties a reasonable opportunity to protect their interests. Judgment on the award may be entered by any court having appropriate jurisdiction.

For a dispute involving solely a dispute of fees of $50,000 or less, we agree to resolve the matter in the Superior Court or Small Claims Court, whichever is appropriate (this exception shall not affect the fact that any other or additional dispute, claim, controversy, complaint or cross-complaint shall be arbitrated in accordance with the terms set forth above).

Other Limitations of Liability

The Organization and Squar Milner agree that no claim arising out of the services rendered pursuant to this Agreement shall be filed more than two years after the date of the audit or other report issued by Squar Milner or the date of this engagement letter if no report has been issued. Squar Milner's liability for any and all claims, damages and costs (including legal fees) of the Organization arising

from this engagement is limited to the amount of fees paid by the Organization to Squar Milner for the services rendered under this engagement letter. In addition, without limiting the punitive damages waiver set forth in the "Disputes" section of this Agreement, the Organization expressly agrees to waive (among other damages) any and all punitive and exemplary damages in any proceeding.

During the course of providing the services described in this Agreement, Squar Milner will utilize information developed from the Organization's records. We will rely upon management for the accuracy and completeness of such records, as well as all other information supplied by management including verbal and written representations by management and their representatives.

The Organization agrees to release, indemnify and hold Squar Milner, its partners, principals, employees, heirs, executors, personal representatives, successors and assigns harmless from any liability for any and all damages or costs (including legal fees) resulting from, in whole or in part, fraud caused by or participated in by management and/or from knowing misrepresentations by the Organization or its representatives.

The provisions in "Other Limitations of Liability" herein shall survive the termination of this Agreement.

Record Retention and Ownership of/Access to Workpapers

It is our Firm's policy to retain the workpapers (as defined below) related to this engagement for seven years after the related services have been performed. Squar Milner does not retain any original client records; so we will return such records (including any "supporting records," as defined below) to you at the completion of the services rendered under this engagement. We may request a signed itemized receipt in connection with delivering the records described in the preceding sentence. When such records are returned to you, it is the Organization's responsibility to retain and protect its accounting and other business records for future use, including potential review by any government or other regulatory agencies. By your signature below, you acknowledge and agree that upon the expiration of the seven-year period Squar Milner shall be free to destroy our workpapers related to this engagement.

As defined by the AICPA, "workpapers" include (but are not limited to) audit programs, analytical audit/review schedules, and statistical sampling results, analyses and schedules prepared by Organization personnel at our request. The term workpapers also includes "audit documentation" as defined by the California State Board of Accountancy (the "State Board"). Based on the State Board's regulations, "workpapers" do not include records which would ordinarily constitute part of your books and records and that are not otherwise available to the Organization. An example of the records described in the preceding sentence are "supporting records," which are defined by the AICPA as information not reflected in the Organization's books and records that is otherwise not available to you, with the result that the Organization's financial information is incomplete without such documents. [For example, supporting records include adjusting journal entries (and the computations supporting such entries) proposed by the Firm in relation to this engagement.] It is the

responsibility of management to determine that all supporting records are properly reflected in the Organization's books and records.

Engagement workpapers are the property of Squar Milner, and will not be provided to any third parties unless the Firm is required to do so by state or federal law and/or contractual agreement. In our sole discretion, upon your request, we may provide the Organization with copies of certain engagement workpapers (some or all of which may be redacted) if the Firm is reasonably compensated for the time and expenses incurred to retrieve and copy such documents. We are also entitled to charge a reasonable fee for accessing and copying Organization-provided records before returning them to you, and for copying supporting records before providing those documents to the Organization.

Subpoena or Summons for Information in Squar Milner's Possession

If, in relation to pending or possible litigation, a regulatory investigation/informal inquiry, or an administrative, arbitration or similar proceeding to which the Firm is not a party, we receive a validly issued and enforceable subpoena or summons requesting that we (1) produce any of our workpapers or other documents in our possession relating to this (or a prior or future) engagement, (2) provide other information about any such engagement, and/or (3) testify about any such engagement, we will notify the Organization prior to responding to it if we are legally allowed to do so. If management does not take any legal action within the time permitted for us to respond, or if such action does not result in a judicial order protecting us from providing the requested documents and/or information, we may construe the inaction or failure as the Organization's consent to comply with such request. Under these circumstances, we will release the requested documents and/or provide the requested information. In certain proceedings, an accountant-client privilege may exist. However, you agree that we are not under any obligation to assert such privilege to prevent the release of Organization information.

If the above occurs, our efforts in complying with such demands or requests will be deemed a separate engagement and accordingly we shall be entitled to compensation for our time and reimbursement of our reasonable out-of-pocket expenses (including any legal fees) in complying with any such demand or request. However, nothing discussed herein is intended to relieve us of our duty (except as otherwise provided by applicable law) to observe the confidentiality requirements of the public accounting profession in the United States of America.

Other Matters

Squar Milner may mention the Organization's name and provide a general description of the engagement in the Firm's client lists and marketing materials.

This letter shall serve as the Organization's authorization for the use of e-mail and other electronic methods to send and receive information, including confidential information, between the Firm and the Organization and between the Firm and any outside specialists or other entities/persons engaged by either the Organization or the Firm. The Organization acknowledges that e-mail travels over the public Internet, which is not a secure means of communication; thus, the confidentiality

of the transmitted information could be compromised through no fault of the Firm. The Firm will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of the transmitted information described in this paragraph. We are satisfied that applicable third-party service providers have appropriate procedures in place to reasonably prevent the unauthorized release of confidential information to others. When considered necessary, the Firm seeks to enter into confidentiality agreements with such third parties.

The Organization recognizes that Squar Milner has incurred a great deal of time and expense in acquiring and training its staff. In the event that the Organization hires (either as an employee or as an independent contractor) any Squar Milner employee who has worked on this engagement in the six-month period prior to the Organization's employment of that individual, the Organization agrees to pay Squar Milner 60% of that individual's projected first-year compensation with the Organization.

Squar Milner is a limited liability partnership comprised of both certified public accountants and certain partners and/or principals who are not currently licensed as CPAs. Such partners and principals may participate in the engagement to provide the services described in this engagement letter.

Squar Milner is a legally independent member of Allinial Global, an association of over 100 independent accounting and consulting firms. Allinial Global (formerly PKF North America) offers international support by connecting its member firms to providers and global networks of accounting firms worldwide. Neither the other member firms nor Allinial Global are responsible or accept any liability for the work or advice which Squar Milner provides to its clients. In signing and returning to us this engagement letter, you acknowledge and accept that such other member firms and Allinial Global do not owe the Organization any duty in relation to the work or advice which we will from time to time provide to the Organization or are required to provide to the Organization.

Any provision of this Agreement that could otherwise impair the Firm's independence under the aforementioned Audit Guide or any of the professional standards cited in the first paragraph of "The Responsibilities of the Auditor" section of this engagement letter is null and void. If any of the provisions in this Agreement are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and binding on the parties to the fullest extent permitted by law.

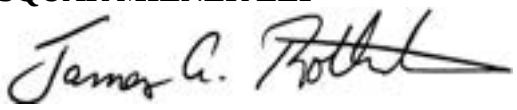
This engagement letter constitutes the complete and exclusive statement of agreement between Squar Milner and the Organization, superseding all proposals (both oral and written) and all other communications regarding the terms of the engagement between the parties. Except as expressly provided herein, this Agreement does not modify the terms or provisions of any other engagement letter for professional services issued by the Firm which was agreed to by the Organization before the date noted below.

We are available to meet with you and/or other members of management to discuss current business, operational, accounting and auditing matters affecting the Organization. Whenever you feel such meetings are desirable, please let us know. Subject to the independence requirements of our profession, we are prepared to provide services to assist you in any of these areas.

We appreciate this opportunity to be of service to you, and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed duplicate original and return it to us.

Sincerely,

SQUAR MILNER LLP



James A. Rotherham
Partner
Audit and Assurance Services

Enclosures

JR:ST:lb

RESPONSE:

This letter correctly sets forth the understanding of **Coastal Academy Charter School, Inc.:**

Engagement Accepted – One Year Contract

By: _____

Title: _____

Date: _____

Engagement Accepted – Two Year Contract

By: _____

Title: _____

Date: _____

Engagement Accepted – Three Year Contract

By: _____

Title: _____

Date: 2-23-2018

Approved:
THE CLASSICAL ACADEMIES

Cameron Curry, Executive Director

Schedule of Hourly Rates

(Effective July 1, 2017)

Partners	$	350.00	to	$675.00
Managers	$	230.00	to	$435.00
Seniors	$	165.00	to	$275.00
Account Managers	$	155.00	to	$255.00
Professional Staff	$	125.00	to	$280.00
Administration	$	50.00	to	$250.00

Administrative fees and out-of-pocket expenses apply in addition to the above hourly rate.

(Note: Rates are subject to change without notice)

COASTAL ACADEMY
4096 Calle Platino, Oceanside, CA 92056
www.classicalacademy.com
760-631-4020

December 6, 2018

Squar Milner, LLP
3655 Nobel Drive, Suite 300
San Diego, CA 92122

This representation letter is provided in connection with your audit of the financial statements of Coastal Academy Charter School, Inc. (the Organization), which comprise the financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would be changed or influenced by the omission or misstatement that is monetarily small in amount considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, that as of December 6, 2018.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated February 21, 2018 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

7. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

8. We are in agreement with, and approve, the adjusting journal entries that you have identified through your audit procedures, and they have been posted to the Company's accounts.

9. As of and for the year ended June 30, 2018, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Number	Date	Name	Account No	Debit	Credit
PJE 1	6/30/2018	Accrued Receivables	9202	13,589.00	
PJE 1	6/30/2018	State Lottery Unrestricted Revenue	8560-03		-13,589.00
		To record additional state lottery funds received for year end 6/30/18.			
				13,589.00	-13,589.00
				13,589.00	**-13,589.00**

Information Provided

10. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

12. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of allegations of fraud or suspected fraud affecting the entity's financial statements involving:
    a. Management.

    b. Employees who have significant roles in internal control.

    c. Others where the fraud could have a material effect on the financial statements.

14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements received in communications from employees, former employees, regulators or others.

15. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements. Additionally, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

16. We have disclosed to you all known actual or possible litigation and claims whose effects were considered when preparing the financial statements.

17. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

18. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Organization's ability to record, process, summarize and report financial data.

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledges as collateral.

21. The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status,

and all activities subject to tax on unrelated business income or excise or other tax have been disclosed to you. All required filings are up-to-date.

22. In connection with Accounting Standards Codification (ASC) 205-40, *Presentation of Financial Statements-Going Concern*, management has concluded that as of the date of this letter, there are no conditions or events that raise substantial doubt regarding the Organization's ability to continue as a going concern within one year from the date the financial statements are issued. For the purpose of this determination, substantial doubt would exist when conditions and events, considered in the aggregate, indicate it is probable that the Organization would be unable to meet its obligations as they become due within one year after the financial statement issuance date.

23. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

24. In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

    a. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

    b. In responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.

    c. Has identified an disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

    d. Had identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and gran agreements that have a material effect on the determination of financial statement amounts.

    e. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.

    f. Is responsible for 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.

    g. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.

h. Has taken timely and appropriate steps to remedy fraud; noncompliance with provision of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.

i. Has a process to track the status of audit findings and recommendations.

j. Has identified for the audit previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.

k. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.

l. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possess suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Supplementary Information

25. We acknowledge our responsibility for presenting the required supplementary information (RSI) in accordance with U.S. GAAP, and we believe the RSI, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the RSI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

26. We acknowledge our responsibility for presenting the compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each Organization's state programs for the fiscal year ended June 30, 2018. We believe the compliance requirements, including its form and content, is properly presented.

27. We have not completed the process of evaluating the effect that will result from adopting Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASU) 2016-02, *Leases* (ASU 2016-02) and ASU No. 2016-14, *Not-for-Profit Entities* (ASU 2016-14) as discussed in Note 2. Although the full impact of these Updates on the our financial statements have not yet been determined, the future adoption of ASU 2016-02 will require us to record assets and liabilities on our statement of financial position relating to facility and other leases currently being accounted for as operating leases., and adoption of ASU 2016-14 will require us to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) and changes in each of these two classes, on the face of the statement of financial position and statement of activities, respectively, rather than the current required three classes (unrestricted, temporarily restricted and permanently restricted).

28. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and question costs.

Coastal Academy Charter School, Inc.

Cameron Curry,
Executive Director

Christopher Thibodeau,
Comptroller

THE CLASSICAL ACADEMIES

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Board Report

English Learner Reclassification Criteria

Background:

An update to the current board approved English Learner Reclassification Criteria is needed as the State has implemented a new assessment ELPAC, English Language Proficiency Assessments for California.

Report:

The four areas to address are:

1. Assessment of English language proficiency using an objective assessment instrument, including, but not limited to, the state test of ELPAC; and
2. Comparison of student performance in basic skills against an empirically established range of performance in basic skills of English proficient students of the same age; and
3. Teacher evaluation, including, but not limited to, a review of the student's curriculum mastery; and
4. Parent opinion and consultation

All campuses will use the following criteria for determining reclassification:

Grade	Proficiency on ELPAC	Demonstration of Basic Skills		Academic Evaluation	Parent Consultation
		Assessment	Required Score		
K	Overall ELPAC score of Level 4	MAP - Measure of Academic Progress by NWEA	Reading - 151	Report card score of 2 or higher in English Language Arts	
1	Same as Above	MAP	Reading - 171	Report card score of 2 or higher in English Language Arts	
2	Same as Above	MAP	Reading -184 & Language Usage - 184	Report card score of 2 or higher in English Language Arts	
3	Same as Above	MAP	Reading – 195 & Language Usage - 196	Report card score of 2 or higher in English Language Arts	
4	Same as Above	ELA section of SBAC	Score of 2399 or above on 3rd grade SBAC	Report card score of 2 or higher in English Language Arts	
5	Same as Above	ELA section of SBAC	Score of 2444 or above on 4th grade SBAC	Report card score of 2 or higher in English Language Arts	
6	Same as Above	ELA section of SBAC	Score of 2471 or	Report card score of 2 or	

			above on 5th grade SBAC	higher in English Language Arts	
7	Same as Above	ELA section of SBAC	Score of 2493 or above on 6th grade SBAC	Report card grade of "C" or better in English Language Arts	
8	Same as Above	ELA section of SBAC	Score of 2515 or higher on 7th grade SBAC	Report card grade of "C" or better in English Language Arts	
9	Same as Above	ELA section of SBAC	Score of 2526 or higher on 8th grade SBAC	Report card grade of "C" or better in English Language Arts	
10	Same as Above	MAP	Reading – 221 & Language Usage 219	Report card grade of "C" or better in English Language Arts	
11	Same as Above	MAP	Reading – 222 & Language Usage - 222	Report card grade of "C" or better in English Language Arts	
12	Same as Above	ELA section of SBAC	Score of 2537 or higher on 11th grade SBAC	Report card grade of "C" or better in English Language Arts	

Action Required by the Board:

This item needs a vote by the Board and I encourage the Board to support this item.

Jalyn Hall
Director of Instructional Leaders
1/25/2019

The Classical Academies Enrollment Report

Enrollment Period- Grades	1-Feb TCA	CAMS	Coastal	TCA Vista	Coastal HS	CAO	CAHS	TOTAL
TK	19	0	26	11	0	0	0	56
K	101	0	117	48	0	0	0	266
1	128	0	109	43	0	0	0	280
2	124	0	110	56	0	0	0	290
3	102	0	118	46	0	0	0	266
4	121	0	139	57	0	0	0	317
5	155	0	121	59	0	0	0	335
6	167	0	153	64	0	0	0	384
7	64	139	145	74	0	0	0	422
8	69	138	155	66	0	0	0	428
9	0	0	0	0	128	86	216	430
10	0	0	0	0	88	84	210	382
11	0	0	0	0	59	87	218	364
12	0	0	0	0	48	81	205	334
Total	1,050	277	1,193	524	323	338	849	4554
Adopted Budget	1,060	270	1,220	527	350	340	870	4637
Variance	-10	7	-27	-3	-27	-2	-21	-83

2/1/19

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Board Report
Solar Installations at The Classical Academies

Background:

Proposition 39 (Clean Energy Jobs Act) Overview

1. Quick explanation of Prop39
    a. Clean Energy Jobs Act – began 2013/14
    b. 5 year program providing annual allocations
    c. Funding energy-savings projects, approved through submission of Energy Efficiency Plans
    d. No out-of-pocket cost (mostly)

2. Update on recent solar installations at Coastal Academy and The Classical Academy. See included attachment.

3. Applying for Energy Conservation Assistance Act-Education Subaccount (ECAA-Ed) Competitive Loan Program. $36 million dollar interest free loan program for renewable energy programs. Discussed previously during Feb 2018 board, began preparing in Aug 2017.

Report:

Prop 39 solar projects have been completed at Coastal Academy and The Classical Academy. We are anticipating the CDE to begin accepting applications for the ECAA loan program very soon, hopefully before the end of March 2019. In the future, we hope to submit a request to the Board to fund a solar installation at CAHS.

Action Required by the Board:

This is an informational presentation for the board. No formal action is required.

Russell Grant
Director of Operations
2/6/2019

The Classical Academies
Solar Installations

Site	Type of Installation	Size	Installation Cost	School Costs	Annual Cost Savings	Comissioning Date	% Energy Coverage
Coastal Academy	Roof Mount	87.69 kW	$336,757	$0	$26,867.00	16-Jan-19	56.74%
The Classical Academy	Roof Mount/Shade Structure	70.3 kW	$369,832	$11,000	$22,316.00	29-Jan-19	67.60%

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Board Report

New Employee Orientation Schoology Course

Background:

As of January 2019, 53% of our workforce has been with us 3 years or less (314 out of 593 employees). The Leadership Team realized the need to offer additional support and training to new employees, especially around charter school history and our organization's culture, core values, and standard operating procedures.

At the beginning of the school year, a small team created and launched a new hire orientation course using our Schoology platform to complement our New Employee Orientation in August at Classical Academy High School.

Report:

The Schoology Course is divided into six main sections and takes about 3 hours to complete:

1. The Classical Academies – Who We Are
2. Culture & Core Values
3. Back to the Basics – What is a Charter School
4. Department Introductions and Overviews
5. Acronyms, Terms, and FAQ's
6. End of Course & Survey

This course is mandatory for all new employees and should be completed within 90 days. To supplement this course, the HR Team has launched an Ambassador program where new hires are paired with veteran employees to support their onboarding.

Survey Results – 56 Responses

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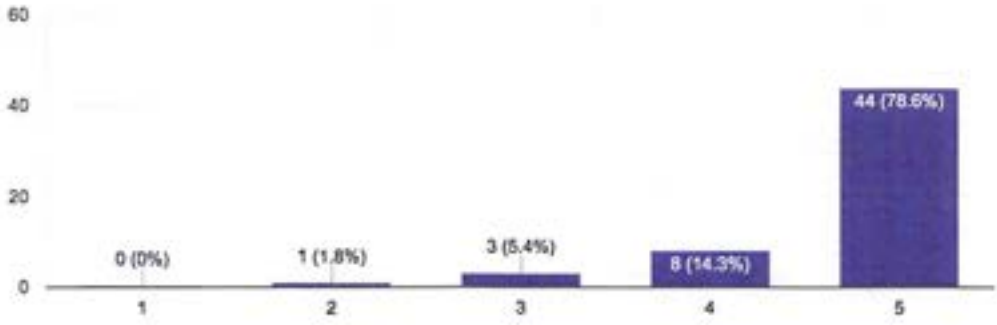
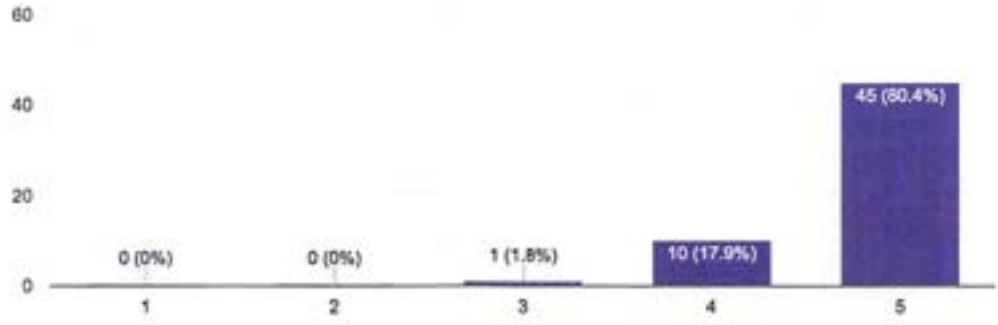
How helpful was this course in providing an introduction and overview of The Classical Academies? (1 being lowest 5 being highest)

56 responses



How successful was this course in communicating the unique organizational culture at The Classical Academies? (1 being lowest 5 being highest)

56 responses



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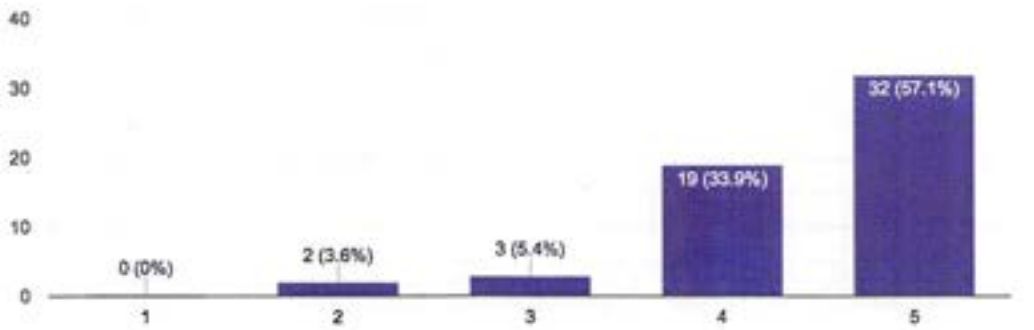
Did you find the content of the course engaging? (1 being lowest 5 being highest)

56 responses



Action Required by the Board:

This is strictly an information presentation.

Russell Grant
Director of Operations

1/28/19