

From: [Higelin_Judy](#)
To: [armando.espinoza.10@my.csun.edu](#); [Adriane Cook \(aecook@lasd.org\)](#); [Maria Garcia \(cmcmariygc@hotmail.com\)](#); [johnsoncenter@msn.com](#); [dvalenti747@yahoo.com](#); [Edward Cabil, Executive Director](#)
Cc: [Benitez_Yolanda](#); [Cherniss_Alex](#); [Wilson_Dina](#); [Sanchez_Lila](#)
Subject: RE: Board Report on the Notice of Violation to Wisdom Academy for Young Scientists Pursuant to EC section 47607(c) and (d)
Date: Friday, May 30, 2014 5:42:04 PM
Attachments: [Notice of Violation Documents_06-03-14.pdf](#)

Dear Mr. Cabil and Members of the Wisdom Academy for Young Scientists Board,

Attached please find the documents regarding the Report to the County Board on the Notice of Violation to Wisdom Academy for Young Scientists Pursuant to Education Code section 47607(c) and (d) and Requesting Remedy by June 30, 2014.

The file of the supporting documents is too large to transmit by email; however, the documents were delivered to the WAYS campus on Manchester today at 4:37 p.m. and will be available electronically at the following link <http://www.lacoe.edu/BoardofEducation/BoardAgendasMinutesMeetings.aspx> after 5:00 p.m., today.

The County Board is scheduled to hear this matter Tuesday, June 3, 2014. There is a possibility that the meeting location will be moved from the Board Room in the Education Center (9300 Imperial Highway) to the Education Center West on Columbia Way.

Please check the agenda for the start time and confirmed location for the meeting.

Judy Higelin
Project Director III
Charter School Office
Los Angeles County Office of Education
Education Center West
P: 562-922-8806
F: 562-922-8805
Leading Educators • Supporting Students • Serving Communities

From: Sanchez_Lila
Sent: Friday, May 30, 2014 4:41 PM
To: [armando.espinoza.10@my.csun.edu](#); [Adriane Cook \(aecook@lasd.org\)](#); [Maria Garcia \(cmcmariygc@hotmail.com\)](#); [johnsoncenter@msn.com](#); [dvalenti747@yahoo.com](#); [Edward Cabil, Executive Director](#)
Cc: [Benitez_Yolanda](#); [Higelin_Judy](#); [Wilson_Dina](#)
Subject: Board Report on the Notice of Violation to Wisdom Academy for Young Scientists Pursuant to EC section 47607(c) and (d)
Importance: High

Dear Mr. Cabil and Members of the Wisdom Academy for Young Scientists Board,

A Report to the County Board on the Notice of Violation to Wisdom Academy for Young Scientists Pursuant to Education Code section 47607(c) and (d) and Requesting Remedy by June 30, 2014, is scheduled for Tuesday, June 3, 2014, in the Board Room. The Board room is located in the Education Center Building at 9300 Imperial Hwy. in Downey. Please check the agenda for the start time of the meeting.

The agenda for the Board meeting will be available on the LACOE website today after 5:00 p.m. For your convenience the link is included in this email.

<http://www.lacoe.edu/BoardofEducation/BoardAgendasMinutesMeetings.aspx>

Kindly confirm receipt of this email.

Thank you.

Lila Sanchez

Administrative Assistant

Charter School Office

Los Angeles County Office of Education

(562) 922-8806

(562) 922-8805/Fax

Leading Educators ▪ Supporting Students ▪ Serving Communities

From: [Torres_Maritza](#)
To: [Sanchez_Lila](#)
Subject: Job Status - ProLegal delivery to WAYS
Date: Tuesday, December 23, 2014 10:50:10 AM

-----Original Message-----

From: Higelin_Judy
Sent: Saturday, May 31, 2014 5:16 PM
To: Torres_Maritza
Cc: Brady_Courtney; Andrade_Vibiana; Kim_David; Villagra_Ramona
Subject: Re: Job Status - ProLegal delivery to WAYS

Thank you so much for your assistance Maritza.
Judy

Sent from my iPad spelling accuracy not guaranteed

> On May 30, 2014, at 4:39 PM, "Torres_Maritza" <Torres_Maritza@laoe.edu> wrote:
>
> See below.
>
> -----Original Message-----
> From: ProCourier Customer Service [<mailto:callbacks@procourier.com>]
> Sent: Friday, May 30, 2014 4:35 PM
> To: Torres_Maritza
> Subject: Job Status
>
> Status of Order 4678427:
>
>
> Edward Cabil at Fri 05/30/14 4:37 PM
>
>
> Caller
> -----
> Maritza Torres/ 562-922-6123
>
> Origin
> -----
> La County Education
> 12830 Columbia Way
> Downey CA 90242
> DRIVER NEEDS TO GO BACK OF THE BLDG ON STREET ARDIS ... P/U 1 PKG WILL FIT INTO
CAR...PLS SEE DAVID KIM @ 562-405-4216 PLS LET RECEPTIONIST KNOW YOU ARE THERE FOR
REPOGRAPHICS DEPT
>
>
> Destination
> -----
> Wisdom Academy For Young Scientist
> 706 E Manchester Ave
> Los Angeles CA 90001
> ATTN: EDWARD CABIL EXECUTIVE DIRECTOR
>

> References

> -----

> CHARTER SCHOOL OFFICE (HIGLEN)

>

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> Disclaimer: The Proof of Delivery (POD) completion time listed above reflects the time our server received the information from our driver in the field. Actual delivery time may vary due to: 1) delays in the entry of your POD information by our driver in the field and/or 2) transmission delays caused by our service providers AT&T.

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> NOTICE: Customer agrees that all Billings are conclusively deemed final and correct 30 days from the date on customer Billing Statement unless customer provides a written dispute thereof within 30 days from said date. Also note that all job ticket(s) and Services completed by ProCourier or ProLegal are

> stipulated as separate contracts. Unless agreed to in writing,

> ProCourier's liability is limited to \$250 for each and every Service performed whether by ticket(s) or otherwise separately ordered.

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Board Meeting – June 3, 2014

Item VI. Reports / Study Topics

Report on the Wisdom Academy for Young Scientists: Notice of Violation to Wisdom Academy for Young Scientists (WAYS) Pursuant to *Education Code* section 47607(c) and (d) and Requesting Remedy by June 30, 2014 (Enclosure)

Issuing a *Notice of Violation* notifies a charter school that the authorizer has significant concerns regarding the operation of that school.

The Superintendent reports there is a substantial showing of evidence that Wisdom Academy for Young Scientists (WAYS) has engaged in activities and/or committed violations pursuant to *Education Code (EC)* section 47607(c) as follows:

- WAYS failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement (*EC* 47607(c)(3))
- WAYS committed a material violation of...the conditions, standards, or procedures set forth in the charter (*EC* 47607(c)(1))

A *Notice of Violation* to WAYS providing the findings of fact and substantial evidence that supports issuing the *Notice* pursuant to *EC* 47607(c)(1) and (3) is attached.

The charter school shall have a reasonable opportunity to cure the violations by June 30, 2014, as stated in the *Notice*.

LACOE staff will present the report to the County Board.

***Notice of Violation to Wisdom Academy for Young Scientists (WAYS)
Pursuant to Education Code Section 47607(c) and (d)
and Requesting Remedy by June 30, 2014***

This Notice of Violation will issue upon approval by the Los Angeles County Board of Education

June 3, 2014

Background Information

On December 20, 2013, the Los Angeles County Office of Education (LACOE) Superintendent of Schools Dr. Arturo Delgado issued a *Notice of Concern* to WAYS (Exhibit 1) for Noncompliance with Law, Charter, Terms and Conditions of Authorization. The *Notice of Concern* identified that WAYS had:

- *Violated provisions of law*, including EC 47604.3, which requires a charter school to respond to reasonable requests for information due to its failure to fulfill reporting requirements of the LACOE Monitoring and Oversight Memorandum of Understanding (MOU).
- *Committed a material violation of any of the conditions, standards, or procedures set forth in the charter* (EC 47607(c)(1)) through its failure to comply with Element 9 (Annual Financial Audits) and Element 4 (Governance) of the WAYS charter petition submitted to LACOE on December 18, 2012.

These violations are grounds for revocation of a charter pursuant to Education Code (EC) 47607(c). The *Notice of Concern* provided the specific evidence used to substantiate the violations.

Superintendent Delgado's letter stated, "I am hopeful the **WAYS Board** will take action to correct the violations documented in this letter and prevent future violations. Such a plan, and **definitive Board actions** that document its implementation, should be submitted to the CSO [Charter School Office] by January 20, 2014." (Emphasis added)

On January 21, 2014, two (2) separate responses were received from the school: one (1) from the WAYS Board President and one (1) from the WAYS Executive Director. The responses contained contradictory information and conflicting timelines for submitting the action plan beyond the January 20, 2014 timeline. (Exhibit 2)

On January 24, 2014, the CSO sent the WAYS Board and Executive Director a letter requesting the school submit its response to the Superintendent's *Notice of Concern* by January 31, 2014. (Exhibit 3)

On January 31, 2014, a written response was received from the school's Executive Director. (Exhibit 4) There is no evidence the WAYS Board took action to approve the response: it is not signed by any member of the governing board, there is no board resolution, agenda item, or meeting minutes indicating the board reviewed and approved the submission. Superintendent Delgado's letter specifically asked the "WAYS Board" to take action.

The response from the WAYS Executive Director failed to address LACOE's evidence of material violations of the charter and offered no action taken or to be taken by the school that could be considered responsive.

Superintendent Delgado's December 20, 2013 letter also stated:

Based on the school's continued failure to comply with law, the terms and conditions of its charter, and the LACOE MOU, I will be recommending that the County Board issue a *Notice of Violation* under EC 47607(c)...

Additionally, due to ongoing fiscal concerns documented in the school's 2011-12 Independent Audit and other evidence, I authorized an audit under EC 1241.5(c) and informed the school of such on May 17, 2013. (Exhibit 5)

Should the results of the audit conducted under EC 1241.5(c) provide evidence of the school's failure to meet generally accepted accounting principles or fiscal mismanagement, the *Notice of Violation* may be broadened to encompass EC 47607(c)(3).

Assembly Bill (AB) 139 Extraordinary Audit request by the Los Angeles County Office of Education Superintendent of Schools

As stated in the December 20, 2013 *Notice of Concern*, and pursuant to EC 1241.5, the County Superintendent requested that the Fiscal Crisis and Management Assistance Team (FCMAT¹) conduct an AB 139 Extraordinary Audit of WAYS in May 2013.

The request was based on received allegations of multiple fiscal irregularities, questionable expenditures and inappropriate related party transactions at WAYS charter school. Concerned that these allegations may have violated various government and education codes related to fraud and/or misappropriation of assets, the County Superintendent initiated an investigation to determine whether sufficient evidence of fraud, misappropriation of funds or other illegal activities may have occurred to report the matter to the local district attorney's office for further investigation. Under the provisions of EC 1241, FCMAT entered into a contract with LACOE to conduct an AB 139 Extraordinary Audit.

Authority to Request an AB 139 Extraordinary Audit

EC 1241.5(b)(c) permits a county superintendent of schools to review or audit the expenditures and internal controls of any charter school in his or her county if there is reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. The review or audit conducted by the county superintendent will focus on the alleged fraud, misappropriation of funds, or other illegal fiscal practices and is to be conducted in a timely and efficient manner.

This is in accordance with EC 42638(b), which states:

If the county superintendent determines that there is evidence that fraud or misappropriation of funds has occurred, the county superintendent shall notify the governing board of the school district, the State Controller, the Superintendent of Public Instruction, and the local district attorney.

WAYS AB 139 Extraordinary Audit Report

On March 19, 2014, FCMAT published its AB 139 Extraordinary Audit (Audit) on WAYS conducted pursuant to EC 1241.5(c). (Exhibit 6)

On March 21, 2014, Superintendent Delgado provided the FCMAT Audit to the WAYS Board and Executive Director and informed the school that pursuant to statute, the “**governing board** of the charter school shall, no later than 15 calendar days after receipt of the report, notify the county superintendent and its chartering authority of its proposed response to the recommendations.” (Emphasis Added)

¹ FCMAT was created in 1992 to help California's local educational agencies fulfill their financial and management responsibilities by providing fiscal advice, management assistance, training and other related school business services. The Kern County Superintendent of Schools office exists as the administrative and fiscal agent for FCMAT which currently operates within the context of several areas of the California Education Code including management studies for school districts, county offices of education, charter schools and community colleges that request them. There are several defined “fiscal crises” that can prompt a county office of education to intervene in a charter school pursuant to EC 1241.5(c). When FCMAT intervenes in this manner it is considered an AB 139 Extraordinary Audit. FCMAT is funded through appropriations in the state budget and a modest fee schedule for charges to requesting agencies. (Source: FCMAT Website; *Los Angeles County Office of Education regarding the Wisdom Academy for Young Scientists AB 139 Extraordinary Audit*, March 19, 2014; California Education Code.)

On April 5, 2014, the Superintendent received a response from the WAYS Executive Director by email. There is no indication the response was approved by the WAYS Board, either by signature, resolution, agenda or meeting minutes. The response did not contain the referenced supporting documents; those were received via US Postal Service on April 14, 2014, nine (9) days after the statutory timeline to respond had expired. (Exhibit 7)

LACOE reviewed the response from the school's Executive Director and determined that it does not alleviate the concerns identified in the FCMAT Audit findings and recommendation.

Issuance of a *Notice of Violation*

Based on the failure of the WAYS Board to provide an adequate action plan to cure the material violations of the charter identified in Superintendent Delgado's December 20, 2013 *Notice of Concern* and its failure to alleviate the concerns contained in the findings and recommendation of the FCMAT Audit, the accompanying *Notice of Violation* provides the County Board with findings and substantial evidence in support of issuing a *Notice of Violation* to WAYS pursuant to the standards and procedures of EC 47607 and the California Code of Regulations, Title 5 (5 CCR) section 11968.5.2.

Pursuant to its oversight obligations, the County Board issues this *Notice of Violation* to Wisdom Academy for Young Scientists ("WAYS" or "Charter School") and its Governing Board for committing material breaches of the charter and failing to meet generally accepted accounting principles or engaging in fiscal mismanagement.

Legal Authority

Pursuant to California Education Code (EC) section 47607(d), the authorizing entity is required to notify the charter school in writing of any violation and give the charter school a reasonable opportunity to remedy the violation prior to revocation. Pursuant to EC section 47607(c), the authorizing entity may revoke the charter of a charter school if it finds, through a showing of substantial evidence, that the charter school did any of the following:

- (1) *Committed a material violation of any of the conditions, standards, or procedures set forth in the charter.*
- (2) *Failed to meet or pursue any of the pupil outcomes identified in the charter.*
- (3) *Failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement.*
- (4) *Violated any provision of law.*

The County Board hereby places WAYS on notice of its intent to revoke the school's charter if it fails to remedy the violations enumerated below. The County Board reserves its right to immediately revoke the charter upon its written determination that any violations constitute a severe and imminent threat to the health and safety of the pupils (EC 47607(d)). The County Board also reserves the right to consider additional evidence presented to substantiate violations listed below.

The County Board issues this *Notice of Violation* to WAYS based on the grounds for revocation set forth below:

EC 47607(c)(3): *WAYS failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement*

EC 47607(c)(1): *WAYS committed a material violation of ... the conditions, standards, or procedures set forth in the charter*

Grounds and Evidence in Support of Issuing a Notice of Violation Pursuant to EC 47607

I. Facts and Evidence

EC 47607(c)(3): WAYS failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement

Generally Accepted Accounting Principles (GAAP) is a set of standard guidelines, rules and procedures for financial accounting used in the preparation of financial statements. The purpose is to ensure financial reporting is transparent and consistent from one organization to another. The authoritative source of GAAP is the Financial Accounting Standards Board (FASB).

A. WAYS Failed to Follow Generally Accepted Accounting Principles and Engaged in Fiscal Mismanagement

The FCMAT Audit states WAYS failed to follow generally accepted accounting principles (GAAP), lacked sufficient and effective internal controls, and engaged in fiscal mismanagement including concerns regarding occupational fraud and related party transactions. It states, *“Based on the evidence presented to FCMAT, there is sufficient documentation to demonstrate that fraud, mismanagement and misappropriation of the charter school funds and assets may have occurred.”* (Exhibit 6, p. 45)

Occupational fraud, also called “internal fraud,” occurs when owners, managers and/or employees of an organization misuse or abuse their position for their own enrichment. Occupational fraud has three (3) primary classifications: schemes related to asset misappropriation, corruption, and financial statements. Internal controls are the principal mechanism for preventing and/or deterring occupational fraud. The FCMAT audit demonstrates that WAYS does not have effective internal controls necessary to prevent occupational fraud. (Exhibit 6, p. 9²).

Independent Audit Reports (for fiscal years ending 2012 and 2013) contain findings that WAYS failed to follow (GAAP) and engaged in fiscal mismanagement including related party transactions, inadequate internal controls, and violations of California Education Code. (Exhibit 8 and Exhibit 9)

1. WAYS lacks effective internal controls.

a. The FCMAT Audit (Exhibit 6) contains the following concerns:

- i. *“There exists a significant material weakness in the charter school’s internal control environment, which increases the probability of fraud and/or abuse.”* (p. 45)
- ii. *“Although WAYS had a fiscal policies and procedures handbook, the organization failed to implement or monitor several of the adopted policies and procedures. Recent board minutes document that when board members expressed the need to review and approve certain financial transactions or asked for the back office provider to present the financial statements during open board meetings, management repeatedly ignored these requests. In some cases, management canceled board meetings and caused major disruptions that ended board meetings prematurely.”*(pp. 10-11)

² Source: <http://www.surveillance.com/en/services/fraud-detection/occupational-fraud.html> Retrieved May 27, 2014

- iii. *“WAYS’ executive management team failed in their fiduciary duty to obtain contracts, failed to have authorized signatures prior to entering contracts, failed to obtain governing board approval for contracts, and failed to ensure that documents are safeguarded.” (p. 34)*
 - iv. *“[T]here is an integral relationship between appointed board members and related family members and business associates...that created an environment that allowed and continues to allow access, opportunity and motivation for occupational fraud to occur.” (p. 9)*
 - v. *“To further demonstrate the lack of effective internal controls, independent audit reports for the last three fiscal years report 15 instances of significant and/or combined internal control conditions. Several of these finding have not been addressed by management and the governing board; therefore, these findings are repeated each year.” (p. 11)*
- b. The 2012 Independent Audit (Exhibit 8) contains, but is not limited to, the following findings:
- i. Bank reconciliations. *“Bank reconciliations were not properly reviewed resulting in inconsistent bank to book balances and lack of oversight over the bank reconciliation process.... The Organization [WAYS] has not established adequate procedures to ensure that bank reconciliations were reviewed monthly by a supervisor....a transaction material to the cash account might not be recorded properly, resulting in a material misstated financial statements.” (p. 30)*
 - ii. Account receivable reconciliation. *“The accounts receivable general ledger balance was not reconciled to the accounts receivable subsidiary ledger balances....The Organization has not adequately established written policies and procedures to ensure that the general ledger accounts receivable balance is properly reconciled to subsidiary ledger balances and that difference are investigated and cleared in a timely manner. [This]...could result in materially errors or possible fraudulent activities going undetected resulting in materially misstated financial statements.” (p. 34)*
 - iii. Recording transactions without complete supporting documentation. *“During the examination it was noted that supporting documentation for several disbursements were not complete.... The Organization [WAYS] has not adequately established written policies and procedures and oversight to ensure that all check requests are accompanied by proper and complete supporting documentation. [This]...could result in payments made for goods or services not received, duplicate payments, or payments that are incorrect or fraudulent.... ” (p. 35)*
 - iv. Payroll expense reconciliation. *“Payroll expenses were not consistently reconciled to the general ledger...The Organization has not adequately written policies and procedures to ensure the timely reconciliation of payroll expenses. [This]...could result in materially misstated financial statements.” (p. 36)*
 - v. Written asset capitalization policy. *“The Organization has no written asset capitalization policies or procedures. As such, costs were expensed in the in the financial records that should have been capitalized and depreciated over lives in excess on one year.... The Organization has not adequately established policies and*

procedures to ensure that fixed assets are properly capitalized and classified in the financial records. [This]...could result in unreliable financial reporting and compliance with applicable laws and regulations.” (p.37)

The school’s response to the 2012 Independent Audit was that it would review and address the concerns.

- c. The 2013 Independent Audit (Exhibit 9) contains, but is not limited to, the following findings:
- i. Bank reconciliations. *“Upon completion of bank reconciliations each month an adjustment is made to the financial statements for any amounts that are unknown as to the nature of the transaction. These amounts are being posted into suspense accounts with the intent of subsequently posting a journal entry to record the transactions into the correct expenditure or revenue account. At year-end these items were not reconciled and posted into the proper accounts. In addition, these items are not supported by any documentation that verifies the amounts are appropriate or approved.... The Academy has not established adequate procedures to ensure that supporting documentation is provided for all transactions associated with the bank accounts.... Management officials from the school site are not providing information necessary to post correcting journal entries. In addition, these items are not being reviewed subsequent to completion of bank reconciliations. Questioned Costs: \$13,735 recorded in suspense account” (p. 29)*
 - ii. Payroll Expense Reconciliation. *“Payroll expenses were not consistently reconciled to the general ledger....The financial statements were misstated by a material amount....The Academy [WAYS] has not adequately established written policies and procedures to ensure the timely reconciliation of payroll expenses and liabilities.” (p. 30)*
 - iii. Year-end Accruals and Closing Process. *“The Academy did not record closing transactions for accounts receivable, accounts payable, prepaid expenses, and capital assets. In addition, journal entries were posted to the financial statements resulting in recording differences between the trial balance provided for audit purposes and the amounts reported to the Los Angeles County Office of Education for inclusion in their unaudited actuals submitted to the California Department of Education.... The financial statements were misstated by a material amount....The Academy has not adequately established written policies and procedures for year-end closing and recording of accruals.” (pp. 30-31)*
 - iv. Payroll Documentation. *“Personnel Action Forms which document employee’s position and approved pay rates are not complete. In 100% of Personnel Action Forms reviewed there were missing approval signatures on the forms. In addition, in 9 out of 10 I-9’s reviewed the forms are not being completed correctly. The I-9 forms were either missing the documentation of what items were reviewed to verify eligibility for employment, missing employer signature of verification, or both.... The Academy is exposed to risk of noncompliance with I-9 requirements. In addition, the Academy is exposed to risk of paying individuals who are not approved by management.... The Academy has not established adequate procedures which require hiring documentation be completed and reviewed prior to filing away in the employee file.” (p. 31)*

- v. Capital assets. *“The Academy is unable to provide a detail of Capital Assets or a depreciation schedule to support amounts recorded in the financial statements.... purchases of capital assets were inappropriately recorded as expenses rather than increases to capital assets. The Academy did not calculate and record depreciation.... There is not sufficient audit evidence to determine if amounts recorded in capital assets are correct or if there is a material misstatement in the financial statements.... the Academy is exposed to risk associated with disappearance of capital assets as there is not a tracking system for such items.... The Academy has not adequately established policies for tracking capital assets and ensuring that they are appropriately recorded in the financial statements.... The Academy has not established procedures for disposal of capital assets.”* (p. 32)
- vi. Credit card supporting documentation. *“The school is using credit cards to purchase some items and subsequently repaying the credit cards with a check. The credit card statements are being used as supporting documentation for the check written; however, the credit card statements do not include receipts for all expenditures for which they were used.... Expense items paid with credit cards are not adequately supported by itemized receipts and approval documentation. The Academy is exposed to risk of misappropriation of assets.... The Academy has not established adequate written procedures requiring attachment of supporting invoices or receipts for credit card transactions.... Questioned Costs: \$5,858 known credit card expenses from sample selected.”* (p. 33)
- vii. Beginning net assets. *“Beginning net assets were not in agreement with prior year audited ending net assets. The Academy was unable to provide reconciling items that supported adjustments to beginning net assets.... Amounts reported by the Academy as beginning net assets varied from the prior year audit report by \$9,727. An adjustment was posted to bring the beginning balance in agreement with prior year audit report.... Beginning net assets were not in agreement with prior year audited ending net assets.... The Academy did not have procedures to reconcile beginning net assets with prior year audit report and did not have procedures in place to track prior year adjustments.”* (pp. 33-34)
- viii. Federal award findings. *“The Academy did not separately track expenditures for federal programs in their financial software.... OMB Circular A-133 requires the presentation of a schedule of expenditures of federal awards for any agency expending greater than \$500,000 of federal awards.... The Academy has not established policies and procedures requiring separate tracking of federal expenditures. There are not adequate internal controls in place to evaluate federal expenditures to ensure that they are accurately reported, meet program requirements, and are not used to supplant existing services.... Questioned Costs: 2012-13 National School Lunch Program (10.555) - \$212,061; 2012-13 Special Education Cluster (84.027) - \$99,925”* (pp. 35-36)

The 2013 Independent Audit (Exhibit 9, p. 39) concludes that the school partially addressed the previous year’s finding regarding bank reconciliation; no other findings were addressed.

WAYS’ response to the 2013 Independent Audit was that it would review the recommendations and subsequently establish necessary procedures to address the concerns.

2. WAYS engaged in related party transactions and violated conflict of interest statutes.

a. Transactions involving Founder/Former Executive Director:

Lease Agreement – “The denial by LAUSD included concerns that WAYS failed to comply with the terms of the charter by allowing the charter school to enter “into a self-dealing transaction” with the founder/former executive director and her privately owned facilities that were leased to two of the three schools.

In an attempt to address the conflict of interest with the facility lease agreements for the properties occupied by the schools, the founder/former executive director placed the properties in a revocable trust named OCI Development Corporation in 2010-11. It was subsequently determined and concurred by the WAYS legal counsel that transferring the property to a holding company through a revocable trust did not ultimately transfer property ownership under California law and therefore did not resolve the conflict of interest concern.” (Exhibit 6, p. 19)

Settlement Agreement – WAYS Board paid the founder/former executive director for alleged unused vacation and time-off without proper documentation. “The settlement agreement does not provide any documentation to support this claim; therefore, FCMAT cannot substantiate that the \$58,434.78 paid for 90 days of vacation leave and 30 days of unused time off was substantiated with independent records by the business provider in accordance with the employment contract.” (Exhibit 6, p. 21)

Employment Lawsuit – “Documents from a lawsuit settled against the Merle Williamson Foundation (MWF) for wrongful termination of a former teacher at WAYS against the school show that the founder/former executive director traveled to Omtsha, Nigeria and directed one of the school’s teachers to go with her to marry her sister’s husband (brother-in-law) for the purposes of making the brother-in-law a United States citizen.” (Exhibit 6, p. 22; Exhibit 10)

“On December 4, 2012, a jury found in favor of the teacher plaintiff and subsequent judgment was awarded of \$566,803.” (Exhibit 6, p. 22)

b. Transactions involving the Director of Operations/On-Site Financial Manager:

The FCMAT Audit states, “...transactions authorized by the director of operations do not represent an arm’s-length transaction.” (Exhibit 6, p. 37) Transactions include, but are not limited to the following:

Procurement and Purchases with OSE – The FCMAT Audit states, “...During the [FCMAT] team’s joint interview with the executive director and director of operations, the team was told that none of the WAYS vendors were related. The team made further inquiries regarding any relationship between WAYS management team or family members and OSE. The director of operations said that OSE Business Services was a legitimate business with many customers and that no relationship existed between these two entities.” (Exhibit 6, p. 25)

“...OSE is owned by Obiesie Enwezor, who is related to other WAYS vendors: Godfrey Okonkwo, Emeka Enwezor, and DeDe Dance Studio and bears the same last name as the founder/former executive director’s brother-in-law, Joseph Njor Enwezor.” (Exhibit 6, p. 22)

“During the fiscal years 2011-12 and 2012-13, WAYS paid \$57,533 and \$101,338 respectively to OSE, totaling \$158,871 for the two-year period.” (Exhibit 6, p. 23)

“A total of 20 invoices were issued by OSE and paid by WAYS. All invoices were approved by the director of operations – the founder/former executive director’s son, along with the current executive director/former board president.” (Exhibit 6, p. 23)

A document LACOE received after the FCMAT Audit was published provides further evidence that the owner of OSE is the cousin of the Director of Operations/On-Site Financial Manager for WAYS. (Exhibit 11)

The FCMAT Audit states, *“OSE address printed on their invoices... is identified as the mailing address of Innovative WAYS Academy. The CEO of Innovative WAYS Academy is: The founder of DeDe Dance Studio and vice principal of WAYS; The daughter of the founder/former executive director of WAYS; The sister of WAYS’ director of operations, and; The CEO of DeDe Dance Studio that operates business at the WAYS school site.”* (Exhibit 6, p. 25)

Additionally, the FCMAT Audit states that OSE was not registered with the Internal Revenue Service and State Franchise Tax Board at the time WAYS made purchases from OSE and WAYS did not issue a Form 1099 or a W-9 to OSE as required by law. Additional details are provided in the FCMAT Audit. (Exhibit 6, p. 26)

The FCMAT Audit also states, *“Obiesie Enwezor, owner of OSE, refused to meet with FCMAT; therefore, the team cannot confirm that OSE is a legitimate business that properly reported income and sales taxes totaling \$158,871 from WAYS to the taxing authorities, or that merchandise was actually delivered by OSE and received by WAYS.”* (Exhibit 6, p. 26)

“According to OSE’s email dated December 16, 2013, the owner states that OSE does not buy or resell... ‘...OSE Business Services is not a resale company or store, OSE is a service provider. We do not buy or resale. We provide and coordinate purchasing and delivery services to various agencies.’ The owner’s statement that OSE is a service provider and is “not in the resale business” is not supported by the presentation of the paid invoices to his company.” (Exhibit 6, p. 27)

“The irregularities described in this report attributable to alleged supplies purchased from OSE raise serious concerns about the OSE and WAYS business relationship and whether OSE actually sold any supplies to WAYS.” (Exhibit 6, p. 31)

Further, the manner in which OSE was chosen as a service provider and the manner in which purchases were paid conflicts with WAYS’ 2006 adopted fiscal policies (Exhibit 12) as follows:

- (1) There is no evidence of a competitive bidding process;
- (2) Prior to initiating at least one order, the school failed to ensure there were sufficient funds to cover the expenditure based on the Director of Operations/On-Site Financial Manager’s statement to FCMAT (Exhibit 6, p. 23) that OSE was paid by cashier’s check because they had *“bounced a check”*;
- (3) Purchases were not initiated by a purchase order; and
- (4) The procedures for receipt of order were not followed. Additionally, there is no evidence the WAYS’ Board approved OSE as a vendor, to provide a “check-and-balance” to the related party transaction.

A review of WAYS 2011, 2012, and 2013 Wells Fargo bank statements do not indicate any insufficient funds or returned checks. This contradicts the Director of Operations/On-Site Financial Manager's statement to FCMAT that cashier's checks were used because WAYS *"bounced a check and OSE only wanted to be paid by cashier's check."* (Exhibit 6, p. 23)

Payments to DeDe Dance Studio – The WAYS vice principal (daughter of founder/former executive director) is the owner of...a non-profit corporation known as DeDe Dance Studio" and "DeDe Dance Studio was paid a total of \$73,800 by WAYS between April 2009 and April 2013."

"The director of operations and brother of the WAYS vice principal and owner of DeDe Dance Studio authorized the checks from WAYS totaling \$73,800 that were paid to DeDe Dance Studio."

"During the [FCMAT] team interview of the WAYS vice principal on November 15, 2013, she stated that DeDe Dance Studio was paid from the ASES [After School Education and Safety] program funds for dance study during the after school program..." (Exhibit 6, p. 38)

The 2012 independent Audit Report also identifies the payments to DeDe Dance Studio as related party transaction. It states, *"DeDe Dance Studio, a non-profit organization, provided after school program service to WAYS. WAYS' assistant principal is the executive director of the DeDe Dance Studio and is related to the WAYS' Director of Operations. During the year-ended June 30, 2012, DeDe Dance Studio received payments of \$36,000 from WAYS."* (Exhibit 8, p. 15)

Further, the manner in which DeDe Dance Studio was chosen as a service provider for the ASES Grant is in conflict with WAYS' 2006 adopted fiscal policies (Exhibit 12) as there is no evidence of a competitive bidding process. Additionally, there is no evidence the WAYS governing board approved the selection of DeDe Dance Studio as the ASES service provider to provide a "check-and-balance" to the related bylaws transaction.

Additional Related Party Transactions – The FCMAT Audit (Exhibit 6, p. 39) identifies additional related party transactions that occurred between the Director of Operations/On-Site Financial Manager and Godfrey Okonkwo and Emeka Enwezor related to the lease of a van. These individuals are the Director of Operations/On-Site Financial Managers' father and cousin, respectively. The Director of Operations/On-Site Financial Manager *"is the individual authorizing the check requests and financial transactions for WAYS.... WAYS failed to obtain a signed contract and board authorization to lease the van."* (Exhibit 6, p. 37)

FCMAT concluded, *"Failure to disclose related party transaction may be considered a departure from GAAP that could result in a qualified or adverse audit opinion and the potential for civil and criminal prosecution."* (Exhibit 6, p. 36)

3. WAYS violated provisions of law

Violations of law identified in the school's 2012 and 2013 Independent Audits include, but are not limited to the following:

- a. Late submission of Independent Audits. The Independent Audits for 2012 and 2013 identify a lack of compliance with EC 47605(m), which specifies the date by which a school's Independent Audit is to be submitted. WAYS failed to submit its Independent Audits to the

State Controller's Office, CDE, and LACOE by the statutory due date of December 15.
(Exhibit 8, p. 4; Exhibit 9, p. 2)

- b. Failure to comply with state requirements of the After School Education and Safety (ASES) Program.

The 2013 Independent Audit (Exhibit 9, p. 37), states:

A. Education Code 8483(a)(2) states that it is the intent of legislature that elementary school students attend the full day of the program every day in which students participate, except as consistent with the LEA's early release policy.

B. Education Code Criteria 8483.9(a) limits indirect costs to the lesser of the LEA's approved indirect cost rate or 5%.

The Audit also states WAYS failed to comply with these statutory requirements as follows:

A. Sign out sheets for the after school education and safety program did not include time student was released for 827 out of 896 days tested. It could not be determined if these students participated in the full day of the program or if they met early release policy of the LEA.

B. The Academy used an indirect cost rate of 5.26% which exceeds the allowable 5% for the program.

The multiple concerns of the FCMAT report, coupled with the deficiencies and conditions identified in the WAYS 2012 and 2013 Independent Audits, demonstrate the school's continued departure from GAAP and resulting fiscal mismanagement.

EC 47607(c)(1): WAYS committed a material violation of...the conditions, standards, or procedures set forth in the charter

A. WAYS Governing Board Failed to Exercise Fiscal and Institutional Control

The WAYS Governing Board (Board) committed material violations of Charter Element 4 (Governance)

Charter Element 4 (Governance Structure) establishes the Board's responsibilities to provide overall oversight of the school. Through the Board's lack of general oversight and its failure to monitor and evaluate the performance of the school's Executive Director and Director of Operations/On-Site Financial Manager, the WAYS Board failed to ensure that these administrators fulfilled the job duties specified in Charter Element 5 (Employee Qualifications and Rights); complied with Generally Accepted Accounting Principles (GAAP); and did not engage in and/or allow fiscal mismanagement of the school.

The Board's failure to follow the oversight provisions of the charter, Board bylaws, and Board policies, resulted in the school's failure to comply with GAAP and fiscal mismanagement as established under the EC 47607(c)(3) section, above.

Sections B and C, below, provide specific evidence of how the WAYS Board failed to exercise fiscal and institutional control, thereby materially violating the terms of its charter.

B. WAYS Board Violated Charter Element 4: Governance

The WAYS Board failed to provide adequate oversight of the charter school and its administrators as follows:

1. It failed to provide adequate fiscal oversight:
 - a. It did not establish a Finance Committee as required by the charter
 - b. It did not develop adequate Fiscal Policies
 - c. It relinquished its authority to approve contracts
 - d. It did not provide adequate oversight in the development of the school budget
 - e. It improperly authorize the expenditure of school funds
2. It did not establish and/or approve policies prior to implementation
3. It did not hold monthly meetings and did not follow its bylaws and the *Brown Act* with regard to meetings
4. It did not provide proper oversight of the school's Executive Director and Director of Operations/On-Site Financial Manager and did not conduct performance evaluations
5. The Board President did not provide an annual report to the WAYS Board as stipulated in the charter

The WAYS charter dated December 18, 2012,³ states:

WAYS shall comply with the Brown Act. The Governing Board of WAYS will meet monthly. The Notice of Governing Board Meetings, Notices, Agendas and Minutes will be posted in the main office on the information bulletin board as well as in common passing areas at a minimum of three days before the meeting....

...This board is responsible for developing and establishing a set of governing bylaws as required by laws that will apply to Wisdom Academy of Young Scientists.

Members of the WAYS' executive board, any administrators, managers or employees, and any other committees of the School shall comply with federal and state laws, nonprofit integrity standards and the County's Charter School policies and regulations regarding ethics and conflicts of interest....

The Board of Wisdom Academy for Young Scientists will be made up of 5 – 15 members that include community member representatives. Paid employees of WAYS may not sit on the Governing Board of WAYS. The board members are made up of the founding parents, educators, and community members. (see Appendix C). The County reserves the right to appoint a single representative to serve on the Board pursuant to Education Code section 47604 (b). The remaining members will be nominated from the school community and outer community members, based on their expertise and desire to promote a quality educational program. These individuals may have backgrounds in areas such as business, law, fundraising, community outreach, finance, mental health, etc., along with their willingness to serve a needed role on the WAYS Board. During the term of this charter, WAYS will comply with the provisions of the Brown Act and Government Code

³ A revised charter petition was additionally submitted to LACOE as a result of Arbitration on February 14, 2014. Element 4 (Governance) contains no material changes to the language contained in the charter petition submitted on December 18, 2012. On May 20, 2014, a new version of the charter petition was submitted, also as the result of Arbitration; LACOE has not yet reviewed this document.

section 1090, as those sections are amended from time to time. WAYS will fax a copy of all meeting notices to the County's Charter Schools Office.

The Governing Board ultimately will be charged with assessing how the school is doing overall. The President of the Governing Board will provide an annual report to the Board of Principals of the Merle Williamson Foundation in April of each year.... it will review the information [from administration] and ascertain whether recommendations need to be made or committees need to be formed to work on specific issues. These committees may examine closely the curriculum and staffing priorities for maximum effectiveness; identifying budgetary priorities involving the use of discretionary funds; evaluating the academic effectiveness of the school program, its administration and staff, and make recommendations for improvement, accordingly. These committees are established to implement the business of the Governing Board and to facilitate it's functioning. Furthermore, the Governing Board facilitates communication and team building and acts as negotiator for disagreements.

Matters that arise concerning budgets, curriculum, school discipline, and other school matters will begin at the level of teachers and parents. The Governing Board may, from time to time, establish committees and working groups to develop a policy for the school regarding specific issues and present its findings to the Governing Board and the School Community. WAYS has adapted a set of detailed procedures and policies for all fiscal matters, which are outlined in Element I. Core policies that the board will adopt include:

- Fiscal Policies – how the school's budget is drafted, approved and monitored; budget development calendar; staff roles related to fiscal issues.*
- Instructional Program Policies – when necessary, establish formal policies to clarify or add specific/amend specific charter elements*
- Personnel Policies – Establishes how the school recruits, hires, monitors, compensates, and dismisses staff. Policies will also be adopted that address state and federal labor laws related to non-discrimination, leaves, sexual harassment, and other matters. These policies will be adopted prior to hiring staff and will be drafted with legal consultation.*
- Student and Parent Policies – how the school recruits orients, admit, disciplines, suspends, and expels students. These policies will also clarify parents' roles and responsibilities.*
- Legal Policies – Board members' legal responsibilities, including conflict of interest, duty of care, confidentiality (See Appendix E).*
- Internal Board Policies – Board composition and renewal/succession and to clarify any policy ambiguities*
- Policy, policy – this policy will help to keep the policy development process at a minimum and describe how policies are made and revised.*

The Governing Board will:

- Insure that the entire school is moving in the direction of the school vision.*
- Serve as a clearinghouse for information to facilitate communication.*
- Monitor committees to ensure progress toward goals and accomplishment of duties.*
- Assist Administration in dealing with incoming information to the school and disseminating information to the School Community.*

Analysis:

1. The WAYS Board failed to provide adequate fiscal oversight, which contributed to fiscal mismanagement of the school.

a. It did not establish a Finance Committee as required by the charter:

- i. A review of WAYS Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13⁴) shows there has never been a report from the Finance Committee to the WAYS Board and there was no posting of a Budget or Finance Committee meeting on the school's website.
- ii. The October 24, 2013 WAYS Board agenda contains the item, "Formation of the Board's Finance and Budget Committee" indicating such a committee had not been in place. (Exhibit 13)
- iii. The January 6, 2014 WAYS Board agenda contains item "13092601: Monthly Budget Update for 2013-14 School Year..." The audio recording of the meeting contains a discussion between the Board President and Bali Business Management (Bali), the school's contracted back-office provider, in which the Bali consultant explains he believes there had been a Finance Committee when the school had been authorized by LAUSD, but that "something happened" indicating there had been no Finance Committee since the school had been operating under the authority of the County Board. (Exhibit 13)
- iv. The January 29, 2014 WAYS Board agenda states there was to be a meeting of the Budget and Finance Committee meeting on that date; however neither a time nor place is identified and no meeting minutes were submitted to LACOE. (Exhibit 13)

b. It did not develop adequate Fiscal Policies:

- i. The 2011 Independent Audit (Exhibit 14) identified "material weaknesses" and "significant deficiencies" with the school's "internal control over financial reporting" and indicated "This problem was systemic" (p. 28)
- ii. The 2012 Independent Audit (Exhibit 8) identified "one or more significant deficiencies with the school's internal control over financial reporting" (p. 29)

The Independent Audit states the school's response is that it will review and monitor the conditions identified in the report and correct as applicable. (pp. 30-37)

- iii. The WAYS Board agendas and meeting minutes fail to indicate any discussion and/or action on revising Fiscal Policies until July 31, 2012. The agenda for this meeting lists Item IV. G "Approval of Revised Fiscal Policy." (Exhibit 13)

The audio recording for this meeting documents that the Board Chair stated, "This is going to be moved to a future agenda item." There was no discussion on the item. The Board did not take action to amend its Fiscal Policies until January 31, 2013, six (6) months later.

⁴ Exhibit 13 contains a copy of all WAYS Board Meeting Agendas and Minutes that were submitted to LACOE from July 2011 through March 2014.

- iv. LACOE asked the WAYS administrators for revised Fiscal Policies on at least three (3) separate occasions beginning in November 2011. (Exhibit 15)
- v. Subsequent to WAYS Board approving the Revised Fiscal Policies on January 31, 2013, those policies were submitted to LACOE. The Controller's Office reviewed the Revised Fiscal Policies and on April 18, 2013, provided WAYS with specific feedback as to where "additional measures" were needed to "strengthen internal control and safeguard assets of WAYS Charter School." (Exhibit 16) The school did not respond to LACOE's letter.
- vi. The 2013 Independent Audit (Exhibit 9) found "*One or more material weakness(es)*" and "*One or more significant deficiencies*" with WAYS' "*Internal control over financial reporting*" and "*One or more material weakness(es)*" with "*Internal control over major programs*". (p. 28)

The Independent Audit further notes that WAYS did not fully implement all recommendations from its previous audit. (p. 39)

The school's response is that they will "review this recommendation and subsequently establish necessary procedures." (pp. 29-34)

- vii. The February 27, 2014 WAYS Board agenda contains item, "IX. m. Response to Annual Audit findings – Discussion." A copy of WAYS Fiscal Policies and Procedures Handbook and a copy of a document entitled Fiscal Policies and Procedures Handbook "Charter School" with the logo for ExED on each page was submitted to LACOE with the agenda as board materials.

Meeting minutes for that February 27, 2014 state, "VIII. q. Response to Annual Audit findings – Discussion i. Discussion by Jason Okonkwo and Halilu of Bali Business Management regarding changes to WAYS' Financial Policies in the future Board Meetings." Neither the agenda nor meeting minutes indicate any revisions to Fiscal Policies were discussed or made. (Exhibit 13)

- viii. The FCMAT Audit (Exhibit 6) states in part:

The failure to establish adequate internal controls...coupled with the lack of accountability to the governing board created an environment for fraud and misappropriation to occur. (p. 11)

FCMAT's findings are consistent with the independent auditor's reports for WAYS for the fiscal years ending June 30, 2012 and June 30, 2013. Both FCMAT and independent auditors find that WAYS has significant internal control conditions and has failed to ensure that adequate internal controls are in place. (p. 31)

*Based on the evidence presented to FCMAT, there is sufficient documentation to demonstrate that fraud, mismanagement and misappropriation of the charter school funds and assets may have occurred. There exists a significant material weakness in the charter school's internal control environment, which increases the probability of fraud and/or abuse. **These findings should be of great concern to the WAYS governing board and the LACOE governing board and require***

***immediate intervention to limit the risk of fraud and/or
misappropriation of assets in the future.*** (p. 45 Emphasis added)

c. It limited its authority to approve contracts:

- i. The WAYS Board has not reserved the right, by its charter, bylaws, or Fiscal Policy, to review or approve contracts in advance of their execution. Article VII, Section 1. GENERAL POWERS of the 2011 bylaws (Exhibit 17) states:

The Board may delegate the management of the corporation's activities to any person(s), management company, or committees, however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

- ii. WAYS 2002 Board bylaws (Exhibit 18) assigned broader authority to the Board with respect to contract approval; these bylaws were submitted to LAUSD with the renewal petition. However, the Board revised its bylaws in March 2011, after the charter petition was submitted to LAUSD and before the appeal was submitted to LACOE. As an appeal of a denied petition, the County Board was only able to consider the bylaws submitted to LAUSD (dated 2002). Findings pursuant to those 2002 bylaws are documented in the staff report to the County Board. (Exhibit 19) The report states in part:

The governance structure fails to provide adequate oversight of the school's operation and fiscal management. Failure of the articles of incorporation and bylaws to state the purpose of the corporation is to provide for the operation of a publicly funded charter school is further evidence that the structure lacks a seriousness of purpose. The bylaws states the board has only one regularly scheduled meeting, which is insufficient to provide for effective governing of a public charter school. The governing board's lack of effective oversight has jeopardized the school's charter status and there is no evidence that the board can implement the proposed educational program stated in the petition. (pp. 9-10)

The WAYS Board has been operating under the 2011 bylaws, although it materially revised the responsibility of the WAYS Board and significantly increased the authority of the school's administration.

- iii. The WAYS Board is inconsistent in its oversight with respect to approving contracts and purchases.

A review of the WAYS Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) show key contracts did not receive prior Board approval, and the delegation of the signing of contracts to the school's administrators resulted in the Board's failure to "exercise its ultimate direction." Examples include:

Major Facilities Improvement (Air Conditioning) of Leased Buildings – The WAYS Board did not approve the contracts (approximately \$10,000 each) to install air conditioning at 706 East Manchester facilities building A (DeDe Dance Studio) and building D.

The agenda (Exhibit 13) and audio recording of the July 31, 2012 WAYS Board meeting, documents that the Director of Operations/On-Site Financial Manager stated to the WAYS Board that the school had “started early, before approval” on an air conditioning construction project.

When the item for the over \$20,000 project was brought to the WAYS Board for action, the audio recording documents that a Board member questioned the purpose of the vote by commenting, “They’ve already started.”

Site Lease for Salvation Army Facility – The agenda (Exhibit 13) and audio recording for July 31, 2012, WAYS Board meeting documents that the Director of Operations/On-Site Financial Manager informed the Board that the lease for the Salvation Army site was still in negotiations and was not available for the Board to approve at that time. However, the minutes of that meeting state, “*Approval of Salvation Army 2012-13 FY Property Lease – Approved 5/0.*”

The lease was signed by the school’s Executive Director on August 1, 2012.

Board approval of the contract was not listed as an item on any subsequent agenda or meeting minutes through June 2013, the remainder of the 2012-13 school year.

On February 3, 2014, the WAYS Board approved a resolution for the Board to enter into a lease for the Salvation Army site for 2013-14. The resolution reads, “*...the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to enter a Commercial Property Lease 2013-14 Fiscal Year – 7651 South Central Ave Los Angeles, Ca on behalf of said corporation.*” However, the lease was signed by the Executive Director in October 2013. (Exhibit 20) Therefore, the Executive Director entered into the lease without the approval of the WAYS Board.

Vehicle Purchase and Sale –

Purchase: The July 31, 2012 WAYS Special Board meeting (Exhibit 13), lists as Item “VII. H. Approval of Resolution to Purchase/Lease a Vehicle for School Business;” however, the audio recording documents that the actual motion was to “look into vehicles for the school.” This motion was approved unanimously.

The signed Board Resolution does not reflect the motion made by the Board member, but erroneously reflects the language on the agenda as cited above. The actual motion did not give approval to purchase or lease a vehicle, but rather to “look into” that possibility. Therefore, the school’s administrators entered into a contract to purchase a vehicle without proper Board approval. (Exhibit 21)

Sale: On November 30, 2013, the Director of Operations/On-Site Financial Manager sold a school vehicle prior to Board approval of the sale. The sale was initiated, and completed on January 28, 2014, according to documents provided to the WAYS Board for its February 3, 2014 meeting. (Exhibit 22) The sale of the school vehicle was not approved by the WAYS Board until its February 3, 2014 special meeting. (Exhibit 13)

Contract for 2013 Independent Audit – On November 18, 2013, the Director of Operations/On-Site Financial Manager signed the contract for the 2013 Independent

Audit (Exhibit 23) more than two (2) months prior to the Board approving the selection of that Auditor at its February 3, 2014 special meeting. (Exhibit 24)

Employment Contracts for Executive Director and Director of Operations/On-Site Financial Manager – The 2013-14 employment contract for the Executive Director was not approved until February 3, 2014 Board meeting (Exhibit 13) and a review of Board meeting agendas and minutes (Exhibit 13) provide no evidence that the Board approved an employment contract for the Director of Operations/On-Site Financial Manager since 2011.

A November 20, 2013 email from Board President Tolbert to the Executive Director states the lack of *“The review/approval of a contract for the Executive Director; if one had been provided. In fact, no contracts for this school year have been presented to the Board for review, approval or denial.”* (Exhibit 25)

The February 27, 2014 WAYS Board agenda (Exhibit 13) and audio recording documents that 2013-14 employment agreements for WAYS staff other than the Executive Director, including contracts for the Director of Operations/Onsite Financial Manager (who reports to and is evaluated by the Board), Principal and Assistant Principal were not approved by the WAYS Board even though it was eight (8) months into the school year.

The Board’s failure to approve major dollar contracts before they were executed and its general assignment of this responsibility to the school’s administration results in a lack of checks and balances necessary to reduce the likelihood of fiscal mismanagement. This action shows the board relinquished one of its key fiduciary responsibilities, allowing the school’s administrators to enter into contracts without the Board’s prior approval.

- d. It did not provide adequate oversight in the development and approval of the school’s budget.

WAYS Director of Operations/On-site Financial Manager submitted the WAYS budget to LACOE on July 3, 2013, prior to its approval by the WAYS Board. The following chronology establishes the Board’s lack of oversight of the budget development and approval process:

- i. June 6, 2013 Board Meeting: Agenda (Exhibit 13) lists 2013-14 Budget as discussion item. Written materials in the Board packet and the audio recording of the meeting document that the discussion with Bali centered on the 2012-13 Budget as of April 30, 2013.

The discussion related to the 2013-14 Budget was that WAYS’ administration and Bali were currently developing the budget and that a Board meeting would need to take place before the end of June to approve that budget.

- ii. June 26, 2013 Board Meeting: Agenda (Exhibit 13) lists 2013-14 Budget approval as action item; meeting cancelled due to lack of quorum.
- iii. July 3, 2013: LACOE received WAYS 2013-14 Budget.
- iv. July 26, 2013 Board Meeting: Agenda (Exhibit 13) lists adoption of 2013-14 Budget as action item; minutes state item tabled until next Board meeting.

- v. August 9, 2013 Board Meeting: Agenda (Exhibit 13) lists adoption of 2013-14 Budget as action item; the meeting was cancelled due to lack of quorum.
- vi. August 29, 2013 Board Meeting: Agenda (Exhibit 13) lists 2013-14 Budget as action item; audio recording documents that the Board asked questions about revenue and expenditures. Board Member Espinoza asked the Bali Consultant about the reason line item 5890 (Other services and operating expenses) increased from \$10,000 in 2012-13 to \$128,724 in 2013-14. He asked what services were included in this line item and why the increase was so dramatic.

The audio recording documents that The Bali Consultant stated he was only prepared to give a summary report and did not have the information to answer the question. The Board requested an explanation be presented at its next meeting.

The Board stated it was aware of the necessity of approving the budget as it was late August and the school needed to spend money to start the school year.

The Board took action to have line item 5890 restored to \$10,000 and instructed Bali to hold the difference of \$118,000 in reserve until the Board received an explanation of the expenditures contained in the line item. The Board voted to approve the budget with the change stated, above.

- vii. September 26, 2013 Board Meeting: Agenda (Exhibit 13) lists 2013-14 Budget approval as action item; minutes state, "Unable to address this item at this time as presenter has not yet arrived."
- viii. October 24, 2013 Board Meeting:

Minutes from August 29, 2013 presented for approval did not indicate that 2013-14 Budget was approved with the stipulation that line item 5890 was returned to \$10,000. (Exhibit 13)

The audio recording of the meeting documents that the Board, in its approval of the Minutes, amended them to reflect Mr. Espinoza's motion that the budget was approved with line item 5890 restored to \$10,000 until further clarification of that line item could be provided. Revised meeting minutes were never received by LACOE.

Agenda (Exhibit 13) lists discussion and possible action on 2013-14 Budget with presentation from Bali Business Management. A review of the audio recording documents that no discussion or action took place. The meeting minutes (Exhibit 13) state, "A DISRUPTION OCCURRED AT THE END [of] CLOSED SESSION BY AN ADMISTRATIVE EMPLOYEE. NO OTHER BOARD BUSINESS WAS ABLE TO BE CONDUCTED." A November 12, 2013 letter from the Executive Director to LACOE that accompanied the audio recording corroborates that the meeting ended abruptly. (Exhibit 26)

- ix. February 4, 2014 email from LACOE Controller's Office to Director of Operations/On-Site Financial Manager: The communication requests evidence of board approval of the annual budget due in July each year and other items. (Exhibit 27)

- x. February 5, 2014, Response from Director of Operations/On-Site Financial Manager: Email with August 29, 2013 Board minutes of the attached. (Exhibit 28)

The document sent by the Director of Operations/On-Site Financial Manager to LACOE was the first page of the August 29, 2013 minutes, signed by Board Members Valenti and Johnson and dated February 3, 2014.

The minutes show the budget was approved, but does not reflect the approved amendments to the budget made on August 29, 2013 (e.g., restoration of line item 5890 to \$10,000), which was further documented through the audio recording of the October 24, 2013 meeting.

While the February 3, 2014 Agenda lists Board action to approve Minutes for the August 29, 2013 meeting, these Minutes had been approved on October 24, 2013. Additionally, the Board lacked a quorum at the point in this meeting when this action took place.

The WAYS Board did not establish sufficient policies and/or approve policies prior to implementation.

- e. It improperly authorized the expenditure of school funds.

- i. It authorized staff stipends without appropriate criteria or supporting documents. On February 27, 2014, the Board approved Item IX. b. *“Performance Based 2013-14 School Year Stipends Round One – Action.”* (Exhibit 13)

The audio recording of that Board meeting indicates the Board Chair asked the Executive Director about classroom observation used to substantiate these *“Performance Based Stipends.”* The Executive Director said the stipends were for staff that performed extra duties, not for their classroom performance. The Board committed two (2) errors in approving these stipends as follows:

First, the item was improperly stated on the agenda in violation of the *Brown Act*. Performance based stipends are not the same as extra duty compensation; and

Second, without written criteria and supporting documentation to justify the payments, they may constitute a gift of public funds.

- ii. It approved the expenditure of funds to the founder/former executive director without evidence the funds were owed. WAYS Board paid the founder/former executive director for alleged unused vacation and time-off without proper documentation as previously described on page 8 of this report and in the FCMAT Audit. (Exhibit 6, p. 21)

- 2. The WAYS Board did not establish and/or approve policies prior to implementation.

- a. The Board did not develop and approve sufficient Fiscal Policies as documented above.
- b. The Board did not develop Personnel Policies. A review of Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) indicates the WAYS Board did not develop or approve Personnel Policies, and Personnel Policies were not submitted to

LACOE. If such policies existed, they were required to be submitted to LACOE per the fully executed LACOE MOU.

- c. The Board did not approve policies before implementation and/or submission to LACOE. A review of Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) does not indicate that the Board had approved policies the school's administration had submitted to LACOE. A November 20, 2013 email from Board President Tolbert to the Executive Director states her concern that the Board had not approved policies that needed to be submitted to LACOE. (Exhibit 25)

3. The WAYS Board did not hold monthly meetings and did not follow its bylaws and the *Brown Act* with regard to meetings.

The charter dated December 18, 2012 states, "*The Governing Board of WAYS will meet monthly.*"

Section 15 of the WAYS 2011 bylaws states, "*Regular meetings of the Board of Directors, including annual meetings, shall be held monthly...*"

Section 18 of the WAYS 2011 bylaws states, "*QUORUM. A majority of the directors then in office shall constitute a quorum. All acts or decisions of the Board of Directors will be by majority vote based upon the presence of a quorum. Should there be less than a majority of the directors present at any meeting, the meeting shall be adjourned. Directors may not vote by proxy.*"

- a. The Board held an insufficient number of Regular Meetings to effectively govern the school and provide necessary oversight. Between July 2011 and March 2014, the Board held 33% of the Regular Monthly Meetings stated in the charter and bylaws (11 of a possible 33). Regular Meetings were cancelled, postponed, or rescheduled 20 times.
- b. The school does not publish a schedule of Regular Meetings for parents, staff, or the community through its website or school calendar. It does submit a yearly list of Regular Meeting dates to LACOE as required by the MOU. The school does not comply with the requirements of the *Brown Act* with regard to establishing a Regular Meeting schedule, although the charter states the school will comply with the *Brown Act*.

The *Brown Act* differentiates between Regular and Special Meetings:

Regular Meetings are held at a preset time and place. Each local agency must establish a regular meeting schedule by resolution or ordinance; 72-hour notice is required.

Special Meetings are held for a specific purpose. Special meetings may be called by the presiding officer or a majority of the members of the legislative body; 24-hour notice is required⁵.

- c. The WAYS Board relies on Special Meetings to conduct its regular business, which is a violation of the *Brown Act* and the school's charter.

The chart below provides information regarding the Regular Meeting schedule of the WAYS Board based on the yearly list of dates it submits to LACOE in August each year and/or as amended. Special Meetings that were scheduled and/or held are provided under Notes.

Analysis of WAYS Regular and Special Board Meetings: July 2011 – March 2014

⁵ A Public Official's Guide to the Brown Act, Neumiller & Beardsee, January 2013. Retrieved 2/10/2014 from www.toddb.ca.gov/images/2013_Additional_Material/Brown_Act_2013...

Calendared Regular Meeting Dates	Meeting Held	Notes
July 28-29, 2011	Yes	Meeting held in Orange County, which is outside the jurisdiction of the authorizer in violation of the bylaws and Charter.
August 19, 2011	No	Agenda received for <u>Special Meeting</u> on this date; however, LACOE did not receive audio recording or minutes.
September 16, 2011	Cannot Confirm	Agenda received; however, LACOE did not receive audio recording or minutes. Special Meeting scheduled for September 22, 2011; however, 9/12/11 email from Board Member Lewis stated meeting cancelled for lack of quorum.
October 21, 2011	No	10/20/11 email from Director of Operations stated meeting postponed. Special Meeting scheduled for October 5, 2011; however, 10/5/11 email from Board Member Lewis stated meeting cancelled. Special Meetings held October 8, October 14, and 29, 2011.
November 18, 2011	No	11/16/11 email from Director of Operations stated meeting to be rescheduled. Special Meetings held November 3, and November 30, 2011. The November 11 meeting was held at a restaurant in Marina Del Rey.
December 2011: None	No	Special Meeting held December 15, 2011.
January 20, 2012	Yes	
February 17, 2012	No	2/16/12 email from Executive Director stated, "until further notice board meetings will be set according to the announced monthly available days common for all Board members." Special Meeting held February 29, 2012.
March 16, 2012	No	LACOE did not receive an agenda, minutes, or an audio recording for this date.
April 20, 2012	No	Special Meeting held April 25, 2012.
May 18, 2012	No	Special Meeting held May 24, 2012.
June 22, 2012	No	Special Meeting held June 28, 2012.
2011-12 Summary:	Calendared Regular Meetings held 2 of 12 months	
July 26, 2012	No	7/26/12 email from Executive Director stated meeting postponed to July 31, 2012 for lack of quorum. Special Meeting held July 31, 2012.
August 30, 2012	No	8/28/12 email from Executive Director stated meeting postponed to September 5, 2012, for lack of quorum; 9/5/12 email from Executive Director stated meeting cancelled for lack of quorum.
September 27, 2012	Yes	
October 25, 2012	No	10/23/12 email from Director of Operations stated meeting moved to October 26. Special Meeting held October 26, 2013.
November 29, 2012	No	LACOE did not receive agenda, minutes, or audio recording. Special Meeting scheduled for November 30, 2012; 11/30/12 email from Director of Operations stated meeting postponed until further notice due to illness and weather.
December 2012: None	No	Special Meeting scheduled for December 11, 2012; 12/11/12 email from Executive Director stated meeting cancelled due to lack of a quorum.
January 31, 2013	Yes	

Analysis of WAYS Regular and Special Board Meetings: July 2011 – March 2014

Calendared Regular Meeting Dates	Meeting Held	Notes
February 28, 2013	Yes	
March 28, 2013	No	LACOE did not receive an agenda, minutes, or an audio recording for this date. A <u>Regular Meeting</u> was held March 22, 2013.
April 25, 2013	Yes	
May 30, 2013	No	5/30/12 email from Executive Director stated meeting postponed until the following week for anticipated lack of a quorum.
June 27, 2013	No	Agenda for June 6, 2013 not identified as regular or special meeting. LACOE did not receive agenda, minutes, or audio recording for June 27, 2012 meeting. LACOE received an agenda for <u>June 26, 2013 Regular Meeting</u> ; however, 6/27/2013 email from Executive Director stated meeting cancelled for lack of quorum. Special Meeting scheduled for June 28, 2012; LACOE did not receive minutes or audio recording.
2012-13 Summary:	Calendared Regular Meetings held 4 of 12 months	
July 25, 2013	No	Special Meeting and Board Retreat held at the Radisson Hotel, LAX on July 26, 2013.
August 29, 2013	Yes	Special Meeting scheduled for August 9, 2013; 8/28/13 email from Director of Operations stated meeting cancelled for lack of quorum.
September 26, 2013	Yes	
October 24, 2013	Yes*	Special Meeting scheduled for October 9, 2013; 10/23/13 email from Director of Operations stated meeting cancelled due to lack of a quorum. *Per minutes, meeting did not resume to Open Session due to “disruption...by an administrative employee.” Meeting not properly adjourned.
November 21, 2013	No	11/19/2013 email from Executive Director stated meeting was postponed.
December 2013: None	No	
January 30, 2014	Yes	Special Meeting held January 6, 2014. Agenda received for January 27, 2014; 2/7/14 email from Director of Operations stated meeting cancelled due to lack of a quorum. Agenda received for January 29; LACOE attended and can confirm the meeting was held and an audio recording was received. January 30, 2014 Meeting Posted as a Special Meeting, not a Regular Meeting. 1/30/14 email from Executive Director states meeting changed because agenda not posted with 72-hour notice.
February 27, 2014	Yes	Special Meeting held February 3, 2014.
March 27, 2014	No	Special Meeting held March 13, 2014 Agenda received for March 27, 2014; LACOE staff was in attendance to present to WAYS Board, but meeting did not occur; 3/31/14 email from Executive Director stated the meeting cancelled due to lack of a quorum.
2013-14 Summary: (through March 2014)	Calendared Regular Meetings held 5 of 9 months	

4. The WAYS Board did not provide proper oversight of the school’s Executive Director and Director of Operations/On-Site Financial Manager and did not conduct performance evaluations.

Charter Element 5: Employee Qualifications (Section 5.2) of the WAYS charter dated December 18, 2012, states:

“Evaluation: The Executive Director reports to and is evaluated by WAYS Board of Directors....”

“Evaluation: The Director of Operations reports to and is evaluated by the Board of Directors.”

“Evaluation: The On-Site Financial Manager reports to and is evaluated by the Board of Directors.”

- a. The WAYS Board did not provide proper oversight of the school’s Executive Director and Director of Operations/On-Site Financial Manager and did not conduct performance evaluations.

Failure to provide oversight of its key administrators is evidence the Board did not assume its duty of care or fulfill the terms of the charter with respect to oversight of its administrative employees.

- i. It failed to properly oversee the activities of the founder/former executive director, which resulted in an improper Professional Liability Settlement. On December 4, 2012, a former WAYS teacher was awarded \$566,803 in a judgment against MWF for wrongful termination. The settlement was the result of actions by the founder/former executive director. (Exhibit 6, p. 22; Exhibit 10)
- ii. A review of WAYS Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) shows the WAYS Board did not evaluate these administrators, although the charter petition states each of these positions “reports to and is evaluated by WAYS Board of Directors....”
- iii. At the May 24, 2012 Special Board Meeting, the Board directed the school’s administrators to bring it options for hiring a Business Management Consultant (e.g., back office provider). The request was made again at the June 28, 2013 Board meeting. (Exhibit 13)

To date, there is no evidence through Board agendas, minutes, or audio recordings that staff complied with this request.

- iv. It failed to ensure the school’s conditions of employment were being enforced. The WAYS Vice Principal operated a private school during paid hours as an employee of the charter school in violation of employment contract language, which states:

2. Work Schedule

*Although teachers are contracted for 8 hours per day, the minimum on-site hours re listed below. From time to time, **Vice Principal** is expected to fulfill regular contracted hours in order to accommodate parents’ schedules, and school activities.*

*Minimum on-site hours: **M, T, W, Th, Fr: 7:30a. – 4:30pm***

Workdays for the Employee shall be consistent with the applicable calendar of work days for this position for the period of one school year in accordance

with the provisions of this Agreement. Employment is at-will as specified in Section [C] below.

Employee will not render services in person or by electronic means, paid or otherwise, for any other person or entity during contracted work hours with Wisdom Academy for Young Scientists. (Underlining added)

The WAYS Vice Principal made her affiliation with her private school, Innovative WAYS Academy, public through the private school's website and other Internet postings. The information documenting the WAYS Vice Principal's involvement with her private school began as early as the summer of 2012. (Exhibit 29)

A private investigator documented that WAYS Vice Principal spent time at her private school during the "Minimum on-site hours" stipulated in her employment contract. (Exhibit 6, p. 38)

5. The WAYS Board President did not provide an annual report to the WAYS Board as required by the charter. A review of WAYS Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) shows there has never been an annual report from the Board President to the WAYS Board.

C. The WAYS Board and its Employees Violated Charter Element 5: Employee Qualifications (Section 5.2)

The WAYS Executive Director violated his duties as specified in the charter. The WAYS charter dated December 18, 2012, states:

Evaluation: The Executive Director reports to and is evaluated by WAYS Board of Directors....

Governance: will work with the Board Chair to ensure that the Board of Directors fulfills its governance functions. She [sic] will be responsible for facilitating optimum performance of the Board, its committees, and individual members;

Financial Management: will oversee the financial systems of the organization, including the development of the annual Budget;

Compliance: is responsible for ensuring that the school follows all legal requirements implemented by the authorizing authority as well as the State of California. This includes Charter Renewal, WASC accreditation, required tracking of State and Federal funds...

The WAYS Director of Operations/On-Site Financial Manager violated his duties as specified in the charter. The WAYS charter dated December 18, 2012, states:

Evaluation: The Director of Operations reports to and is evaluated by the Board of Directors.

Safety: Ensure safety on campus by overseeing Emergency Preparedness, Environmental Health and Safety, Fire Prevention Services

Purchasing: purchases parts and materials at a reasonable quality and at a reasonable price. Monitor all interest, credit, and purchase order accounts.

Financial: Participates in the development and implementation of the annual budget related to personnel matters and position control, and authorizes expenditures in accordance with established limitations.

Programs: Collaborate with the principal to ensure that the school remains aligned to relevant programs including Title I, Special Ed, Prepares various reports and correspondence as needed or requested.

Contracts/Contractors management: management of contracts made with customers, vendors, partners, or employees. Including negotiating the terms and conditions in contracts, ensuring compliance with the terms and conditions, as well as documenting and agreeing on any changes that may arise during its implementation or execution.

Evaluation: The On-Site Financial Manager reports to and is evaluated by the Board of Directors.

Inform the Executive Director of the guidelines and procedures for the year's budget process. Provide the management staff with the formats and timelines for preparing the school budget.

Review the budget and check the calculations and the basis for the calculations.

Prepare a draft budget based on the requests by the Executive Director taking into account other operating expenses of the school, and all other contractual obligations of the school. This budget will include both capital and operating budgets for the fiscal year.

Meet with the Executive Director and review the budgets, their assumptions and computations related to both revenue projections and expenditure estimates. In reviewing the budgets for recommendation to the finance committee the priorities of the school, revenue availability and fiscal responsibility must be considered.

Prepare the final recommended budget based on agreements reached from the meeting with the Executive Director for presentation to the Finance Committee and Board of for approval.

Responsible for making sure the budgets are being implemented correctly. This includes working with the Accounting Staff to input the budgets into the accounting system to help monitor budgets to actual comparison. Also working with the Administrative Assistant and Staff Consultant to answer budget related questions and reporting any problems and proposed solutions to the Executive Director

Review budget to actual report prepared by Staff Consultant and make necessary adjustments and narratives or comments before presenting to Executive Director, and Board.

Revise the budget for board consideration when there is a material change in the approved budget.

Analysis:

1. The WAYS Executive Director violated his duties as specified in the charter. Evidence includes, but is not limited to the following:
 - a. The Executive Director failed to facilitate optimum performance of the Board, its committees, and individual members.
 - i. He did not provide the Board with timely and accurate information regarding federal tax filing (Form 990). At the February 27, 2014 (Exhibit 13) Board meeting, the Executive Director presented an unsigned 2012 Form 990 for Board approval.

However, the Form 990 had been signed by the Executive Director on November 14, 2013, and is date stamped as received on November 18, 2013. (Exhibit 30)

- ii. He failed to cooperate with and support the Board President. A November 20, 2013 email from WAYS Board President Tolbert to the Executive Director (Exhibit 25) indicates the Executive Director was not “working with the Board Chair.” President Tolbert’s email states:

...I read your [Executive Director’s] email unilaterally postponing the Board of Directors’ meeting; even though I emailed a draft agenda to you at 4:40 PM – in time for you to post it by 5:00 PM to meet the 72-hour deadline required by the Brown Act... However, you did find time to send out a scurrilous email requesting that the ‘new’ board members step down; and identifying me specifically.

a. Your administrative responsibilities do not give you the prerogative to postpone Board meetings... Moreover, you were keenly aware of the time-sensitive documents being requested by LACOE. We were to submit these documents below not later than November 22, 2013...

e. An overdue monthly budget presentation from Bali Business Management explaining to the Board a line item budget increase of \$118,000 from the previous school year in supplies. As you may recall, in August the Board ‘conditionally’ approved this year’s budget in order that some funds could be used to open the school-year, although LACOE would receive a ‘conditionally approved’ 2013-14 budget. Since August, the Board has not had an opportunity to review the school’s budget. In September, the contractor was called and instructed not to come. In October, when the contractor did come, the Board meeting was disrupted and the contractor was unable to present the budget, nor was the Board able to continue with the meeting as we were told to “get out”. In fact, was directly yelled at and threatened by the employee to, “Get out and don’t come back!” among his other verbal and physically menacing gestures.

f. Scheduling of Board Retreat that every board member agreed was needed for several reasons. (See Agenda)

g. Hearing critical Closed Session items

h. The review/approval of a contract for the Executive Director; if one had been provided. In fact, no contracts for this school year have been presented to the Board for review, approval or denial. Were the teachers’ contracts approved prior to the end of school? I know this current Board did approve their Salary Schedule.

Since there is no scheduled Board Meeting in December, I am recommending that the Board schedule a December meeting, due to ‘postponement’ of its November meeting.

- iii. He did not ensure the Board held Regular Board Meetings with the frequency necessary for the Board to fulfill its fiduciary responsibilities in a timely and responsible manner. He unilaterally cancelled meetings and held meetings that did not comply with the charter and the *Brown Act* as documented above.

- iv. He acted with the Director of Operations to remove two (2) Board members, improperly utilizing the WAYS School Site Council.
- ▶ On May 13, 2014, LACOE staff conducted a routine site visit to the WAYS Salvation Army and Manchester campuses. As a part of the visit, staff requested to see the School Site Council (SSC) binder for the current school year showing the roster of members, meeting agendas, and minutes. LACOE staff reviewed the agenda, minutes, sign-in sheets for each month a meeting was held, by-laws and roster of members. Review of these documents provide evidence that:
 - The January 23, 2014 WAYS SSC agenda identifies item III as “*New business-Resolve regarding WAYS governance-Jason Okonkwo, Mr. Cabil*” (Exhibit 31) Jason Okonkwo is the Director of Operations/Onsite Financial Manager; Mr. Cabil is the Executive Director. The only other item of business listed on the agenda was the review of minutes from the previous SSC meeting.
 - At that meeting a completed resolution was provided to the group for approval. (Exhibit 32) It was signed as approved by Tanya Castro, SSC Secretary and WAYS’ Office Manager.
 - LACOE staff reviewed the agendas and meeting minutes for SSC meetings prior to January 23, 2014, and saw no evidence that concerns about the WAYS Board Members or other governance related concerns were discussed.
 - The SSC’s resolution regarding removal of WAYS Board Members is outside the scope of purpose, responsibility, and duties of a SSC, which exists by state and federal law to provide input on and monitor the Single Plan for Student Achievement and use of Title 1 Funds.
 - ▶ A flier distributed to parents and posted at the school site corroborates the Executive Director’s efforts to remove the two (2) Board Members by name. (Exhibit 33)
- b. The Executive Director failed to oversee the financial systems of the organization. Examples include:
- i. Failure to appropriately oversee the development of the 2013-14 Annual Budget as described, above, and ensure that it was approved by the Board prior to its July 3, 2013 submission to LACOE.
 - ii. Failure to ensure that the Director of Operations/On-site Financial Manager and Bali complied with the Board’s August 29, 2013 request for information regarding Budget line item 5890 as described above.
 - iii. Failure to ensure WAYS’ compliance with the requirements for using State and Federal Funds as reported in the 2013 Independent Audit (Exhibit 9, pp. 35-36)
- c. The Executive Director failed to apprise the WAYS Board of all concerns communicated by LACOE, to whom the County Board delegates the administrative function of providing oversight to the charter schools it authorizes under Board Policy 0420.4.

Between January and June 2012, LACOE issued 18 letters to the WAYS Executive Director and governing board. A review of WAYS Board agendas for 2012 indicates

only the February 29, 2012 agenda reflects a communication from LACOE as a discussion item (under closed session). The May 24, 2012 Agenda documents a discussion about the County Board's May 1, 2012 action directing LACOE to mediation with WAYS. (Exhibit 13)

2. The WAYS Director of Operations/On-Site Financial Manager violated his duties as specified in the charter. Evidence includes, but is not limited to, the following:

- a. He failed to purchase parts and materials at a reasonable quality and at a reasonable price.
 - i. The audio recording of the July 31, 2012 WAYS Board meeting indicates the WAYS Board authorized school personnel to "look into" purchasing a vehicle for school business. Rather than researching and bringing back information on suitable vehicles for the Board for approval, the Director of Operations/On-Site Financial Manager entered into a contract to purchase a Lexus 350X for approximately \$40,000. The purchase of a luxury vehicle for school business is not reasonable; the same purpose could have been served by a less expensive vehicle. Additionally, the Director of Operations/On-Site Financial Manager did not have Board authorization to purchase any vehicle. In January 2014, Director of Operations/On-Site Financial Manager also sold the vehicle prior to obtaining Board authorization to do so as described previously in this report.

The FCMAT Audit identified the fiscal impact to the school. "The [FCMAT] team has determined that the sale of the Lexus resulted in a (\$4,187) loss to WAYS. The purchase price of the Lexus was \$41,163 on August 19, 2012 and the Bill of Sale dated December 17, 2013 states that the Lexus was sold for \$26,000 to an individual in Canada. The Lexus was owned by WAYS for approximately 16 months between August 19, 2012 and December 17, 2013. Depreciation of the vehicle is calculated over five years or 60 months at \$686 per month, and accumulated depreciation over 16 months is calculated as \$10,976." (Exhibit 6, p. 42)

- ii. The FCMAT Audit (Exhibit 6, p. 24) states that the Director of Operations/On-Site Financial Manager authorized payments to OSE Business Services on invoices that contained multiple irregularities including pricing and shipping charges, and did not include packing slips identifying the shipping contents and quantities. Additionally, WAYS failed to provide an IRS Form 1099 for OSE for 2011 or 2012.
- b. He failed to prepare final recommended budgets. Examples include but are not limited to the following:
 - i. The June 6, 2013 WAYS Board agenda (Exhibit 13) lists the 2013-14 Budget as a discussion item. The audio recording of that meeting documents that the Director of Operations/On-Site Financial Manager did not have the budget prepared in time to present it to the Board at that meeting. The budget was submitted to LACOE on July 3, 2013 without proper Board approval.
 - ii. On August 29, 2013, the WAYS Board took action to approve the 2013-14 Budget with adjustments to line item 5890. (Exhibit 13) These adjustments were not made and the Director of Operations failed to provide the Board with the detail requested regarding other operating expenses in the line item.

- iii. WAYS did not submit its 2013-14 Title I budget to LACOE by November 15, 2013, as required by the September 27, 2013 *Notice of Concern Regarding Student Achievement*. (Exhibit 34) To date, LACOE has not received the requested budget.
- c. He failed to participate in the development and implementation of the annual budget related to personnel matters and position control, did not authorize expenditures in accordance with established limitations, and did not revise the budget for board consideration when there was a material change in the approved budget. For example:
 - i. The February 27, 2014 WAYS Board agenda (Exhibit 13) lists 2013-14 School Year Employment Agreements as an action item. The Report to the Board was co-prepared with the Executive Director. The Report states in part, “...*salary increases for seven classified and two certificated employee [sic] were not considered in the operating budget that received Board approval on July 26, 2013. ... All salary increases total \$24,698. Additional staffing increases total \$60,534.*” (Exhibit 35)
 - ii. Additionally, the Report was inaccurate. The July 26, 2013, was a non-calendared Special Meeting and Board Retreat held at the Radisson Hotel, LAX. While the budget was on the agenda for this meeting, meeting minutes indicate the item was tabled until the next meeting held on August 29, 2013. (Exhibit 13)
 - iii. The audio recording of the February 27, 2014 Board meeting documents that the Bali Consultant cautioned the Board not to unconditionally approve the contracts until such time as the sufficiency in funds to cover the contracts could be verified; accordingly, the Board postponed action on approval of the contracts even though the school year was more than half over.
- d. He failed to ensure budgets were implemented correctly. The 2013 Independent Audit (Exhibit 9) presented multiple findings related to insufficient internal controls and budget practices. Specifically, bank statements and payroll were not appropriately reconciled and the budgets for Federal programs (National School lunch Program and Special Education Cluster) were not being kept separately and accounted for correctly. Additionally, the Auditor’s Report stated that the recommendations related to bank and payroll reconciliation from the prior year audit had not been fully implemented.
- e. He did not effectively work with the Accounting Staff to...help monitor the budgets to actual comparison or review budget to actual report prepared by Staff Consultant and make necessary adjustments and narratives or comments before presenting to Executive Director, and Board. For example:
 - i. In the WAYS “*Financial Reports and Narratives December 2012*” prepared by Bali and presented to the WAYS Board on January 31, 2013 (Exhibit 13), the narrative states “*Salaries and benefits is expected to be over budget by about \$30,000 based on the level of spending to date. Books and supplies is over budget by \$38,000 and is expected to be over budget by the end of the year by about \$70,000.*” The Bali narrative also advised WAYS management to review the related line items and revise the budget or cut back expenses in these areas. (Exhibit 36)
 - ii. The budget report prepared by Bali and presented to the Board on June 6, 2013 (Exhibit 13), states that as of April 30, 2013, the “*Salaries and Benefits are expected to be over budget by about \$30,000...Books and Supplies are already over budget and are expected to be over budget at the end of the year by about \$70,000.*” This

indicates that despite the recommendation of the Bali Consultant, WAYS management did not revise the budget or cut back on spending in the identified areas of concern. (Exhibit 37)

II. Concern Regarding the General Capacity to Operate a Charter School

In addition to and as confirmed by the specific violations described above, based on document review and interviews, LACOE has serious concerns regarding the lack of capacity and accountability demonstrated by the WAYS Board and administration, which raises larger questions about their ability to exercise sound judgment and conduct fiduciary oversight of the school.

First, it is a concern that WAYS Board lacks an understanding of its roles and responsibilities and has not taken a sufficiently active and proactive role in decision making and oversight. The Board lacks the breadth of knowledge necessary to oversee the use of public funds; it relies on the administration for its information. The evidence shows that the Executive Director and Director of Operations/Onsite Financial Manager, both of whom report to the Board, have not provided the Board with necessary and timely information that would allow it fulfill its oversight responsibilities, and in fact, have thwarted board efforts to obtain information when it has attempted to exercise its oversight responsibilities.

Second, in spite of multiple years of audit findings, the Board failed to make necessary changes to address and correct these findings. At the time of renewal and again in the summer and fall of 2013, specific board members attempted to institute necessary changes to the school's policies and procedures that might have led to correction of the fiscal and governance shortfalls cited in the Independent Audit Reports, FCMAT Audit, and this *Notice of Violation*. These board members met with sufficient resistance that they resigned or were terminated from their positions on the Board. (Exhibit 38 and Exhibit 13)

Third, the WAYS Board demonstrates questionable governance by failing to evaluate and discipline its administrators despite repeated evidence that they failed to fulfill the requirements of their job descriptions and repeated notice from the LACOE and the County Board that there were serious concerns about the school's operations, including its failure to fulfill the terms of authorization and mediation. By failing to evaluate these administrators and provide them with adequate direction and oversight, the Board demonstrated a lack of accountability on its part and failed to require accountability from its administrators.

Fourth, LACOE has grave concerns regarding the capacity of the WAYS Board to fulfill its responsibilities to the public due to its failure to establish and maintain a regular schedule of meetings, thereby depriving families, the community, and the general public of its right to express opinions and provide input on school matters. Additionally, board turnover and the lack of preparation and accurate information from administrators and consultants, has led to inconsistent Board practices and oversight, with matters needing timely action being deferred multiple times and over multiple month, leaving the administrators to make decisions and take actions without Board approval.

LACOE concurs with the 2010-11 Independent Auditor's Report, which states the problem is "systemic" and the FCMAT Audit, which states, "*There is little evidence of responsible governance by the board and clearly a lack of fiscal accountability by the administration. The governing board has failed and often been prevented from its ability to maintain and exercise its responsibilities, authority, and control.*" (p. 45)

Reasonable Period of Time to Remedy Violations

The violations contained herein need to be addressed and remedied **on or before June 30, 2014**. Please provide a detailed, written response addressing each of the specifically identified violations that has been

approved by the WAYS Board (and evidence of such approval). You may attach to your written response any supporting evidence of your refutation of the identified violations or remedial actions that have been taken by WAYS. Please submit your response to LACOE's Charter School Office:

Judy Higelin, Project Director
Charter School Office
Los Angeles County Office of Education
9300 Imperial Highway
Downey, 90242

Upon the conclusion of the reasonable time to remedy, the County Board shall evaluate WAYS' response and any supporting evidence. Should the County Board deem that WAYS has not taken the appropriate measures to address and remedy the above concerns and violations, a public hearing to consider issuance of a *Notice of Intent to Revoke* and a Report on the Findings of Fact pursuant to Education Code § 47607(e) shall be scheduled. WAYS is also placed on notice that pursuant to Education Code section 47607(i), should the County Board revoke the charter of WAYS based on failure to follow generally accepted accounting principles and/or fiscal mismanagement, the charter school shall cease operations pending appeal.

Service

Upon the County Board's approval of issuance of the *Notice of Violation* at the regularly scheduled board meeting, to be held in open session in accordance with the *Brown Act*, on June 3, 2014, the County Superintendent of Schools shall issue the *Notice of Violation* to:

Edward Cabil, Executive Director
Armando Espinoza, Board Chair
706 East Manchester Blvd.
Los Angeles, California 90001

Email: edcabil@sbcglobal.net and Armando.espinoza.10@my.csun.edu

Board Meeting – June 3, 2014

Item VIII. Recommendations

Approve the Superintendent's Recommendation to Issue a Notice of Violation to Wisdom Academy for Young Scientists (WAYS) Pursuant to *Education Code* section 47607(c) and (d) and Requesting Remedy by June 30, 2014

The Superintendent recommends that the Los Angeles County Board of Education (County Board) adopt the written finding of facts based on the evidence provided and take action to issue a *Notice of Violation* pursuant to *Education Code* 47607(c)(1) and (3).

The *Notice of Violation* to Wisdom Academy for Young Scientists is attached to the Report Item dated June 3, 2014.

Agenda

LOS ANGELES COUNTY BOARD OF EDUCATION 12830 Columbia Way, Downey, CA 90242 Phone (562) 922-6128 Fax (562) 940-1727

No. 33:2013-14

The full agenda is accessible through the receptionist at the northeast entrance of the above address. Enclosures to the agenda are available for review in the Board of Education's office during business hours 8:30 a.m. – 5:00 p.m. Any material related to an item on this Board Agenda distributed to the Board of Education is available for public inspection at our Office of Communications, Room EC 103 – LACOE Administrative Offices. Procedures for addressing the Board are in the wall receptacle in the entry to the Board Room and posted on the LACOE Board of Education website. To request a disability-related accommodation under the ADA, please call Ms. Beatrice Robles at (562) 922-6128 at least 24 hours in advance.

Board Meeting June 3, 2014 2:00 p.m. – ECW 606

I. BOARD COMMITTEE MEETINGS (none)

II. PRELIMINARY ACTIVITIES – 2:00 p.m.

Dr. Turrentine
Mr. Boyd
Dr. Delgado
Dr. Turrentine

- A. Call to Order
- B. Pledge of Allegiance
- C. Ordering of the Agenda
- D. Approval of the Minutes
 - 1. May 6, 2014
 - 2. May 13, 2014

III. COMMUNICATIONS: BOARD OF EDUCATION / SUPERINTENDENT / PUBLIC / ASSOCIATIONS / HEAD START POLICY COUNCIL

IV. PRESENTATIONS

Ms. Benitez

- A. Presentation of the Winners of Annual History Day 2014

V. HEARINGS (none)

VI. REPORTS / STUDY TOPICS

Ms. Benitez

Dr. Cherniss

- A. Report on the Wisdom Academy for Young Scientists: Notice of Violation to Wisdom Academy for Young Scientists (WAYS) Pursuant to *Education Code* section 47607(c) and (d) and Requesting Remedy by June 30, 2014 (Enclosure)
- B. Los Angeles County Office of Education's Proposed 2014-15 Budget Study Session (Enclosure)

VII. CONSENT CALENDAR RECOMMENDATIONS

- A. Approval of Annual Distribution of United States Forest Reserve Funds
- B. Approval for Disposal of Surplus Personal Property

VIII. RECOMMENDATIONS

Dr. Cherniss

Ms. Benitez

- A. Adoption of Board Resolution No. 16: Short-term Cash Loans to School Districts in Los Angeles County
- B. Approval of Head Start-Early Head Start Self-Assessment and Program Improvement Plan

- Ms. Benitez C. Approve the Superintendent's Recommendation to Issue a Notice of Violation to Wisdom Academy for Young Scientists (WAYS) Pursuant to *Education Code* section 47607 (c) and (d) and Requesting Remedy by June 30, 2014
- Dr. Delgado D. Approval of the Los Angeles County Board of Education Schedule, 2014-15, Establishment of meeting times, future agenda items, follow up

IX. INFORMATIONAL ITEMS

- Dr. Delgado A. Governmental Relations
- Dr. Turrentine B. Board Committee / Liaison Reports
- Dr. Delgado C. Los Angeles County Board of Education Meeting Schedule, Establishment of Meeting Times, Future Agenda Items, Follow up

X. INTERDISTRICT AND EXPULSION APPEAL HEARINGS

- Dr. Turrentine A. Los Angeles County Board of Education's Decision on Interdistrict Attendance Appeals (Open Session) (Enclosure)
1. Chase K. v. Lawndale SD
 2. Isabella S. v. Las Virgenes USD
 3. Dean R. v. Las Virgenes USD
 4. Limor S. v. Beverly Hills USD
 5. Amaris M. v. Los Angeles USD
 6. Koshan D. v. Los Angeles USD
 7. Aliana T. v. Los Angeles USD
 8. Kaiya A. v. Los Angeles USD
 9. Kailyn A. v. Los Angeles USD
 10. Fernando E. v. Los Angeles USD

Dr. Turrentine **XI. ADJOURNMENT**

**UNAPPROVED
NO. 30:2013-14**

**MINUTES
LOS ANGELES COUNTY BOARD OF EDUCATION
9300 Imperial Hwy
Downey, California 90242-2890
Tuesday, May 6, 2014**

A Board meeting of the Los Angeles County Board of Education was held on Tuesday, May 6, 2014, in the Board Room of the Los Angeles County Education Center, 9300 Imperial Highway, Downey, CA 90242-2890.

PRESENT: Mr. Douglas Boyd, Ms. Katie Braude, Dr. Jose Z. Calderon, Mrs. Rudell S. Freer, Dr. Ray Reisler, and Dr. Rebecca Turrentine

UNCOMPENSATED: Mr. Thomas A. Saenz

OTHERS PRESENT: Superintendent Dr. Arturo Delgado; Administrative staff; Ms. Beatrice Robles, Senior Executive Assistant

PRELIMINARY ACTIVITIES

CALL TO ORDER

Dr. Turrentine called the meeting to order at 2:09 p.m.

PLEDGE OF ALLEGIANCE

Ms. Braude led the Pledge of Allegiance to the Flag.

ORDERING OF THE AGENDA

Dr. Delgado indicated that there was a change to the Board agenda. It included interdistrict appeal No. 1, which was released by the district.

It was **MOVED** by Ms. Braude, **SECONDED** by Mrs. Freer, to approve the agenda as presented.

Dr. Reisler called a point of order and asked when there might be a time for the County Board to ask questions regarding Weekly Board Memo items.

Dr. Delgado indicated that most items in the Weekly Board Memo are for the County Board's information only and are usually administrative functions of the Office of the Superintendent. He indicated that the item is one that needs the County Board action, that type of matter would be agendized at a future Board meeting.

Dr. Reisler specifically asked about the Report of Contracts.

Dr. Delgado indicated that the Report of Contracts is an administrative function and is shared with the County Board for informational purposes and is not an item that should be agendized. If a County Board member had a question regarding a particular contract, the County Board could contact his office.

It was **MOVED** by Ms. Braude, **SECONDED** by Mrs. Freer, to approve the agenda as presented. There were 5 ayes (Mr. Boyd arrived at 2:25 p.m. after this item was presented.)

APPROVAL OF THE MINUTES

- **April 1, 2014:** The minutes were approved with corrections.
 - Add a title for Ms. Kamela Harris, California Attorney General.
- **April 8, 2014** – The minutes were approved as presented.
- **April 15, 2014** – The minutes were approved as amended.
 - On page 9, add the following language:

Dr. Reisler asked that if the County Board had a question regarding a charter school item the week prior to the County Board meeting, whether the Board could contact the Charter School Office with their question.

Dr. Delgado indicated that if the County Board found it helpful to clarify a charter school item on the posted Board agenda, the County Board may contact the Charter School Office directly, prior to the Board meeting.

Mr. Boyd arrived at 2:25 p.m.

COMMUNICATIONS: BOARD / SUPERINTENDENT

Dr. Turrentine

- Dr. Turrentine indicated that last week she visited three County Community Schools: **Willows Academy, Long Beach** - Dr. Turrentine spoke to Michael Baird, assistant principal, and had a nice visit. She said she also attended the **County Community School** and spoke to teacher Donna Marie Givens, who was appreciative for computers that were recently provided to the school and are helping her to be more effective as a teacher. Ms. Givens mentioned that she was excited and interested in project-based learning. Dr. Turrentine also visited **Jonas Salk CDS, Hawthorne** where she met with Peggy Dunn, principal, and Tedrick Johnson, teacher. She said that the site is shared by Special Education programs and it is a program that is run well.

Mrs. Freer

- Mrs. Freer indicated that she attended the reception for the Career Technical Education (CTE) Student Recognition. She said that guest speakers David Metzler spoke to students and families about motivation and his own personal life and experiences.
- Mrs. Freer said she got back from a 12-day vacation in Hawaii.

Dr. Delgado

- Dr. Delgado indicated that he sent an article to the County Board about discussions within the Juvenile Court Schools (JCS) program. He said that since then, there have been additional articles where LACOE is mentioned in a positive manner. He is happy that the work at JCS schools, as well as teachers, paraprofessionals and classified staff are doing great. Because of their work, schools are being recognized and noticed.

Dr. Delgado

- Dr. Delgado indicated that another project that has been recognized at the state level is the E-LCAP, which is led by Dr. Lindner. There is a template that has been created for LCAP reporting plan and LACOE has been invited by the State Board of Education to present the template.

Dr. Delgado

- Dr. Delgado indicated that Ms. Yolanda Benitez, Assistant Superintendent, Educational Services will be staying on board with LACOE for another year.

COMMUNICATIONS: PUBLIC

There were several public speakers who spoke in support of Opportunities Unlimited Charter High School, Grades 9-12: Mr. Juan Rodriguez, parent; Ms. Tamara Stapleton, parent; Ms. Toreen McGee, student; Mr. Christopher Rodriguez, student; and Ms. Latera Goldstein, student. (Mr. Freddy Salcedo provided Spanish interpreter services.)

COMMUNICATIONS: ASSOCIATIONS

COMMUNICATIONS: HEAD START POLICY COUNCIL

PRESENTATIONS

CAREER TECHNICAL EDUCATION (CTE) STUDENT RECOGNITION PRESENTATION

The Superintendent and County Board recognized the Career Technical Education Program's Outstanding Student Recognition recipients of gold and silver medals.

The eight gold medal recipients and 31 silver medal recipients being honored represent over 38,000 students trained annually by the Los Angeles County Career Technical Education Program.

Students nominated by LACOROP's 23 school districts and the Division of Student Programs competed and submitted resumes and employment applications, and were interviewed by business and industry representatives.

In recognition of their outstanding performance, the students were introduced to the County Board and presented with gold or silver medals, certificates, and monetary awards.

Dr. Delgado and Dr. Turrentine thanked Mr. Jimmy Benavides and staff for their work with the Career Technical Education for their hard work, dedication and support of the program.

(TIME: 3:11 p.m.)

Dr. Turrentine indicated that it was time for the County Board to have the scheduled 3:00 p.m. Hearing item.

HEARINGS

INITIAL STUDY/MITIGATION NEGATIVE DECLARATION PROPOSED 4.265 MW SOLAR PANEL CARPORT AND ROOFTOP PROJECT

The Superintendent recommended that a public hearing on the initial student/mitigated Negative Declaration for a Proposed 4.265 Megawatt Solar Panel Carport and Rooftop Project be held today at 3:00 p.m.

In accordance with Education Code Section 35147 and Section 15072 of Title 24 California Code of Regulations, Chapter 3: Guidelines for the Implementation of the California Environment Quality Act (CEQA), the Los Angeles County Board of Education conducted a public hearing.

On April 6, 2014, an appropriate Notice of Public Hearing, was posted in the Press Telegram newspaper, LACOE website, and delivered to the surrounding businesses and residences.

The purpose of the public hearing was to receive the public's feedback, if any, on the Initial Study/Mitigated Negative Declaration on the future approval of the Proposed 4.265 Megawatt Solar Panel Carport and Rooftop Project.

There were no public speakers.

Dr. Turrentine closed the public hearing at 3:11 p.m.

PRESENTATIONS (cont.)

“DAY OF THE TEACHER” 2014

On April 14, 2014, the Los Angeles County Board of Education adopted Resolution No. 10, thereby joining with the California State Legislature, the Association of Mexican-American Educators, and educational agencies throughout the state in proclaiming Wednesday, May 14, 2014, as “Day of the Teacher” in Los Angeles County.

In honor of all teachers, and especially LACOE's own corps of teachers, Resolution No. 10 was presented to both Mr. Chris Obieje and Ms. Elena Johnson, teachers and members of the Los Angeles County Employees Association (LACEA). Both Mr. Obieje and Ms. Johnson thanked the County Board and Superintendent for their support of teachers and accepted the resolution on behalf of all LACOE teachers.

Dr. Delgado thanked both Mr. Obieje and Ms. Johnson for accepting the resolution. Dr. Delgado indicated that staff meets regularly for Roundtable discussions with the leadership of the various union associations to talk about what is happening at LACOE and school sites. He said that he sees a huge partnership forming with LACEA and one where good ideas are coming forward from teachers in the classroom. He thanked LACEA and Brian Christian for the work that he is doing and he looks forward to continuing on a trajectory of success.

Dr. Turrentine expressed her thanks to LACOE teachers and the work that they do year-round keeping LACOE as a great environment for students to do well and succeed.

REPORTS / STUDY TOPICS

REPORT ON THE RENEWAL PETITION FOR OPPORTUNITIES UNLIMITED CHARTER HIGH SCHOOL, GRADES 9-12, PURSUANT TO EDUCATION CODE SECTION 47607

A report was presented to the County Board on the renewal petition for Opportunities Unlimited Charter High School (Opportunities), Grades 9-12, pursuant to Education Code Section 47607. The renewal process requires the authorizer to evaluate both the past performance of the charter school and whether the renewal petition meets the criteria for approval.

Ms. Yolanda Benitez gave an overview of the Opportunities and indicated that the school has been authorized to operate by the County Board since 2009. Ms. Benitez introduced Mr. Joaquin Hernandez, Coordinator from the Charter Schools Office, who reviewed the report with the County Board, including background information, renewal requirements, renewal criteria, academic criteria in comparison to resident schools, academic criteria in comparison to comparable district schools, renewal requirements, and ability to implement.

A document entitled, *Opportunities Unlimited Charter High School* was provided to the County Board.

A discussion by the County Board followed.

CONSENT CALENDAR RECOMMENDATIONS

It was **MOVED** by Mrs. Freer, **SECONDED** by Ms. Braude, and **CARRIED** to approve Consent Calendar Recommendations. There were 6 ayes.

ADOPTION OF BOARD RESOLUTION NO. 12: TO RECOGNIZE MAY 7, 2014, AS NATIONAL SCHOOL NURSE DAY

The Superintendent recommended that the County Board adopt Resolution No. 12 as part of the regular County Board meeting and further recommended that the County Board

recognize May 7, 2014, as National School Nurse Day in order to salute the vital role that school nurses play in the success of our public schools and the health of our children.

ACCEPTANCE OF PROJECT FUNDS NO. 3

The Superintendent recommended that the County Board accept the following gifts:

The California Department of Education requested proposals in 2012-13 with award amounts to be determined later. Awardees were granted \$80,000 in 2013-14 for Linked Learning Pilot for the funding period of July 1, 2013 through June 30, 2014.

RECOMMENDATIONS

APPROVE THE SUPERINTENDENT'S RECOMMENDATION TO DENY CHARTER RENEWAL FOR OPPORTUNITIES UNLIMITED CHARTER HIGH SCHOOL, GRADES 9-12, PURSUANT TO EDUCATION CODE SECTION 47607

The Superintendent recommends that the County Board adopt the written findings of fact stated in the report and take action to deny the charter for Opportunities Unlimited Charter High School, Grades 9-12.

There were several individuals who spoke in support of Opportunities: Mr. Bob Nelson, board of directors, treasurer; Mr. Kevin Simmons, principal, Ms. Henrietta Fortson, consultant, principle consultants; Ms. Maryam Sullivan, teacher; and Ms. Greta Proctor, attorney for Procorpio Law Firm.

There were three letters of support dated April 30, 2014, that were presented to the County Board and provided to the public (Ms. Elsa Pantoja, Ms. Sofia Garcia, Ms. Conception Renteria, Ms. Eustolia Rodriguez, and Ms. Josephine Tyler).

It was **MOVED** by Mr. Boyd, **SECONDED** by Ms. Braude, and **CARRIED** to approve the Superintendent's recommendation to deny the charter school renewal for Opportunities Unlimited Charter High School, Grades 9-12.

The Board had a discussion regarding the item.

Dr. Reisler indicated that he had a conflict of interest that might cause him to have to abstain from voting on this issue. He said he did not have a comprehensive overview of the types of schools that had been approved or denied over a period of time. Dr. Reisler requested information of all charter schools for the last five years for appeals denied, appeals approved, all first-time applications approved, and all first-time applications denied with dates.

Dr. Delgado asked for clarification from Dr. Reisler as to his comment and asked if he needed the information prior to making a decision on the Opportunities matter.

Dr. Reisler said that the information would be helpful to him in order to cast a vote responsibly.

Dr. Delgado indicated that the information would be provided, but since Dr. Reisler was asking for five years of information, he was not sure how long it would take staff to put a report together for the County Board.

After listening to the timeliness of the charter item before the County Board, Dr. Reisler indicated that he would move forward and proceed with the item.

There was a MOTION by Ms. Braude, SECONDED by Dr. Calderon, to reopen the Report section on the Board agenda in order that the County could ask questions directly to Opportunities staff.

The County Board held a discussion regarding the motion.

A roll-call vote was taken on the motion to reopen the Report section on the Board agenda in order that the County could ask questions directly to Opportunities staff: Voting yes were Ms. Braude, Dr. Calderon and Mrs. Freer. Voting no were Mr. Boyd, Dr. Reisler and Dr. Turrentine. The motion did not carry.

The original motion was restate:

It was **MOVED** by Mr. Boyd, **SECONDED** by Ms. Braude, and **CARRIED** to approve the Superintendent's recommendation to deny the charter school renewal for Opportunities Unlimited Charter High School, Grades 9-12. A roll-call vote was taken. Voting yes were Mr. Boyd, Dr. Reisler, Ms. Braude, Dr. Calderon, Mrs. Freer and Dr. Turrentine. The item carried to approve the Superintendent's recommendation to deny the charter school renewal for Opportunities Unlimited Charter High School, Grades 9-12. The item carried.

INFORMATIONAL ITEMS

GOVERNMENTAL RELATIONS

Dr. Delgado provided a reported on AB 1851 (Bradford) - School attendance: Interdistrict attendance, and AB 1531 (Chau) - Charter schools: operating as or by a nonprofit public benefit corporation.

Dr. Reisler requested an update on SB 923 (Pavley) and AB 1444 (Buchanan).
Dr. Calderon requested an update on AB 1005 (Ducheny).

Dr. Calderon asked for the process for reviewing bills and taking a position on bills with the County Board.

Dr. Delgado shared with the County Board that he is reviewing a number of bills sent by Government Relations. He may also get information from the California School Boards Association (CSBA) or California County Superintendents Educational Services Association (CCSESA). He said that he speaks with staff about how a particular bill may affect or impact LACOE and then prepares a response as to whether he supports or does

not support the bill. These are the bills that are brought to the County Board for their review and whether they would like to join the Superintendent and take a position on these particular bills.

Dr. Delgado indicated that if the County Board had a particular interest in a bill, they could bring it up during the Governmental Relations portion of the meeting or contact his office and he would have staff research the bill and get back to the Board with an update.

Mrs. Freer indicated that as the CCBE and CSBA Legislative Committee representative, she often checks with Governmental Relations regarding LACOE's position on a particular bill as they related to educational bills. She indicated that she is also available to provide any information on bills should a County Board member have a question.

Mr. Boyd urged that the County Board focus on LACOE's mission more narrowly and on the core business as a County Board.

BOARD COMMITTEE/LIAISON REPORTS

Dr. Turrentine reported that at the last Los Angeles County Education Foundation (LACEF) meeting, there was a recommendation to surrender Blue Sky Meadows to The Wildlands Conservancy, with the understanding that if there is new information with regards to funding opportunities at an upcoming future sub-committee meeting, that the matter would be brought back for reconsideration.

Dr. Reisler congratulated staff regarding Linked Learning and how it came about. He said that Linked Learning is a wonderful addition and hopes to hear about its success.

LOS ANGELES COUNTY BOARD OF EDUCATION MEETING SCHEDULE, ESTABLISHMENT OF MEETING TIMES, FUTURE AGENDA ITEMS, FOLLOW-UP

Dr. Delgado reviewed the Board calendar with the County Board for May 13, 2014, at 2:00 p.m.

Dr. Delgado mentioned that starting in June, the Los Angeles County Board of Education meetings would be taking place in the Education Center West building for a couple of months. The temporary relocation is necessary as the Board room and foyer would be renovated.

Dr. Delgado shared with the County Board that the 2014 California School Boards Association meeting this year would be scheduled from Sunday through Tuesday, December 14-16, 2014.

The County Board indicated that they would review the December Board meeting dates when the Recommendation to approve the calendar is presented to the County Board.

Dr. Delgado and Dr. Calderon indicated that they would not be present at the May 20, County Board meeting.

The County Board requested that the May 13th Board meeting start at 2:00 p.m.

Dr. Calderon asked if the May 20th Report on Head Start-Early Head Start Self-Assessment and Program Improvement Plan could be moved to June 3.

Ms. Benitez indicated that she would check and see if they could move.

Board Discussion on Stationery

The County Board had a discussion on stationery.

Mr. Boyd indicated that the County Board should have Los Angeles County Board of Education stationery for their own use.

Dr. Reisler indicated that he would like stationery without the LACOE logo.

Mr. Boyd indicated that the LACOE County Board is a part of LACOE and therefore should have the LACOE logo.

Due to time constraints, the County Board requested a continued discussion on stationery on May 13, 2014.

(The County Board took a 5-minute recess: 5:35-5:40 p.m.)

Mr. Boyd left the County Board meeting 5:35 p.m.

INTERDISTRICT AND EXPULSION APPEAL HEARINGS

~~Sonya A. v. Los Angeles Unified School District~~— District released

~~Daisone H. v. Los Angeles Unified School District~~ – Item postponed

Anthony M. v. Los Angeles Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his father Dr. Mario Mata. Ms. Debra Villescas, Pupil Services and Attendance Counselor, represented Los Angeles Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant

were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting no were Dr. Reisler, Ms. Braude, Mrs. Freer and Dr. Turrentine. Voting yes was Dr. Calderon. The appeal was denied.

Briggs A. v. Los Angeles Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his father Mr. Daniel Arellano. Ms. Debra Villescas, Pupil Services and Attendance Counselor, represented Los Angeles Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting no were Dr. Reisler, Dr. Calderon, Mrs. Freer and Dr. Turrentine. Voting yes was Ms. Braude. The appeal was denied.

Charles M. v. Los Angeles Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his mother Mrs. Retta Mefford. Ms. Debra Villescas, Pupil Services and Attendance Counselor, represented Los Angeles Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting no were Dr. Reisler, Dr. Calderon, Mrs. Freer and Dr. Turrentine. Voting yes was Ms. Braude. The appeal was denied.

Jennifer T. v. Los Angeles Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by her mother Mrs. Pamela Tomlinson. Ms. Debra Villescas, Pupil Services and Attendance Counselor, represented Los Angeles Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting no were Dr. Reisler, Ms. Braude, Dr. Calderon, Mrs. Freer and Dr. Turrentine. The appeal was denied.

**LOS ANGELES COUNTY BOARD OF EDUCATION'S DECISION ON AN
EXPULSION APPEAL**

Case No. 1314-003 v. Los Angeles Unified School District

The proceedings were conducted in closed session to reach a decision on the expulsion appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Division of Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by Mr. James Kosnett, Esq. attorney for student. Ms. Kate Collins, Esq., Assistant General Counsel, represented Los Angeles Unified School District.

A designated Administrative Hearing Panel heard this matter. A copy of the findings and recommended decision along with the record were provided to all parties. The representative from the district addressed the Board.

The County Board adjourned to executive closed session on this matter at 7:15 p.m. There was no action taken in closed session. The County Board returned to open session at 7:45 p.m. to render a decision.

It was **MOVED** by Ms. Braude, **SECONDED** by Dr. Calderon, and **CARRIED** to remand Expulsion Case No. 1314-003 back to the Los Angeles Unified School District on the grounds that irrelevant material evidence was improperly excluded under EC 48923A1.

Four affirmative votes of the Board are required to remand Expulsion Case No. 1314-003 back to the Los Angeles Unified School District on the grounds that irrelevant material evidence was improperly excluded under EC 48923A1. A roll-call vote was taken.

Voting yes were Dr. Reisler, Ms. Braude, Dr. Calderon, and Dr. Turrentine. Voting no was Mrs. Freer. A decision was made by the County Board to remand expulsion Case No. 1314-003 back to the Los Angeles Unified School District.

ADJOURNMENT

Dr. Turrentine adjourned the meeting at 7:47 p.m.

It was **MOVED** by Mrs. Freer, **SECONDED** by Dr. Calderon, and **CARRIED** to adjourn the meeting. There were 5 ayes.

**UNAPPROVED
NO. 31:2013-14**

**MINUTES
LOS ANGELES COUNTY BOARD OF EDUCATION
9300 Imperial Hwy
Downey, California 90242-2890
Tuesday, May 13, 2014**

A Board meeting of the Los Angeles County Board of Education was held on Tuesday, May 13, 2014, in the Board Room of the Los Angeles County Education Center, 9300 Imperial Highway, Downey, CA 90242-2890.

PRESENT: Mr. Douglas Boyd, Ms. Katie Braude, Dr. Jose Z. Calderon, Mrs. Rudell S. Freer, Dr. Ray Reisler, Mr. Thomas A. Saenz and Dr. Rebecca Turrentine

OTHERS PRESENT: Superintendent Dr. Arturo Delgado; Administrative staff; Ms. Beatrice Robles, Senior Executive Assistant

PRELIMINARY ACTIVITIES

CALL TO ORDER

Dr. Turrentine called the meeting to order at 2:06 p.m.

PLEDGE OF ALLEGIANCE

Dr. Calderon led the Pledge of Allegiance to the Flag.

ORDERING OF THE AGENDA

Dr. Delgado indicated that there was a change to the Board agenda. It included interdistrict appeal No. 8, which was released by the district.

It was **MOVED** by Mr. Saenz, **SECONDED** by Dr. Calderon, to approve the agenda with the change. There were 6 ayes.

COMMUNICATIONS: BOARD / SUPERINTENDENT

Mrs. Freer

- Mrs. Freer indicated that she attended the 3rd Annual L.A. Gang Violence Prevention and Intervention Conference on May 12 at the California Endowment. She said there were many participants, including international attendees. She also mentioned that Ms. Tina Vartarian, Senior Program Specialist in Educational Programs, was on a panel representing LACOE. She also said that Mr. Jesus Corral, who is now with the Probation Department and is a Liaison between the Probation Department and LACOE, was also on the panel. One of the highlights of the event was Carlos Santana Charter School, authorized by LAUSD. She said that students compose their own songs. She said she would like to visit the charter school as a result of what she saw at the event. Mrs. Freer also mentioned Ms. Rasheena Buchanan, who

was a speaker and told her story about transformation, which was very touching and moving. She was very glad she attended the conference.

- Mrs. Freer indicated that she saw in the May Channels Newsletter that Dr. Vicente Bravo and Ms. Tana Donaghy were recently honored at the April 30th Association of California School Administrators for Region 14. Dr. Bravo was named Pupil Personnel Administrator of the Year and Ms. Donaghy was named Special Education Administrator of the Year.

Dr. Calderon

- Dr. Calderon indicated that on May 8, he participated in a 25-mile walk from Carson City Hall and it was in support of Day Labor Centers. After the walk, Dr. Calderon and others met with Council Member Gil Cedillo. Dr. Calderon urged that the public and LACOE contact city council members and stress the importance of Day Labor Centers. He said that Day Labor Centers help to provide jobs for individuals who are skilled in a trade but are undocumented.

Dr. Reisler

- Dr. Reisler talked about an article by David E. Hayes-Bautista: *Cinco de Mayo: A Truly Mexican American Holiday*. He had copies of the article to share with the County Board.

Dr. Delgado

- Dr. Delgado wanted to remind the County Board that starting June 3, 2014, the County Board meetings would be temporarily relocated to the Education Center West building for a couple of months as the Board room will be renovated.
- Dr. Delgado mentioned that on Friday and Saturday, May 16-17, there would be an RTSA Summit Training from 8:00 a.m. – 3:00 p.m. at the Almansor Court. Dr. Delgado invited the Board to attend to see the type of work teachers are engaged in, how teachers are collaborating and the quality of work being produced for students.

Mr. Boyd arrived at 2:30 p.m.

COMMUNICATIONS: PUBLIC (none)

PRESENTATIONS

ACADEMIC BOWL 2014

Dr. Avila introduced Dr. Tina Vartarian, who gave a presentation and highlights of the 2014 Academic Bowl, which was held on March 20, 2014 at the Autry National Center in Los Angeles. The first place winners of the 2014 Academic Bowl were the student team at Road to Success Academy (RTSA) at Camp Scott.

This year's theme was, "Stem to SteAm: Full Steam Ahead." The participating schools included Barry J. Nidorf High School and RTSA. A couple of students from RTSA

spoke about their experience in participating in the Academic Bowl this year and thanked their teacher and staff at the school for their support.

RECOGNITION OF CLASSIFIED SCHOOL EMPLOYEES WEEK

On April 15, 2014, the Los Angeles County Board of Education adopted Resolution No. 11, proclaiming May 18-24, 2014, to be Classified School Employees Week in Los Angeles County.

In honor of the County Office of Education's classified support staff, Resolution No. 11 was presented to representatives of the California School Employees Association, Chapter 624, and Service Employees International Union, Local 99.

HEARINGS (none)

REPORTS / STUDY TOPICS

LOS ANGELES COUNTY OFFICE OF EDUCATION'S PROPOSED 2014-15 BUDGET STUDY SESSION

Dr. Alex Cherniss, Chief Business Officer, Business Services, presented the following 2014-15 Proposed Budgets to the County Board: Board of Education, Superintendent and Related Offices, Business Services, Human Resources, Technology Services, and Personnel Commission.

A Board discussion followed the report.

The Board requested the following information from the Superintendent:

- The projected estimated actuals for 2013-14.
- A monthly report of Board members expenditures.
- Health and Welfare percentage increase and PERS Reduction percentage increase.
- Information on Federal Lobbyist moved to Government Relations budget.
- Monthly update on issues occurring in Sacramento.
- List of expenditures for outside consultants by department.
- Itemized expenses in Other Outgo category.
- Superintendent's Salary item to be broken out as a stand-alone item.
- Institutional Memberships for 2014-15.

The Board took a break 3:58 – 4:10 p.m.

PROGRAMS AND INTERVENTIONS MONITORING UPDATE

Dr. Avila, Assistant Superintendent, Educational Programs and staff presented to the County Board the monitoring update for Datawise, Northwest Evaluation Association Measures of Academic Progress (NWEA MAP), and Achieving Recovery of Credits (ARC).

The County Board asked about ARC and whether LACOE tracks students after they have left juvenile camps. The Board requested that staff take a look at the After Care Program

and develop a comprehensive plan to track camp students released to ensure education plan is followed.

Dr. Avila acknowledged and thanked his staff for taking the time to put the data and reports together for the County Board.

CONSENT CALENDAR RECOMMENDATIONS

It was **MOVED** by Mr. Saenz, **SECONDED** by Mr. Boyd, and **CARRIED** to approve Consent Calendar Recommendations. There were 7 ayes.

APPROVAL OF THE SUFFICIENCY OF INSTRUCTIONAL MATERIALS WAIVER REQUEST

The Superintendent recommended that the County Board approve the waiver request for the sufficiency of instructional materials.

RECOMMENDATIONS

ADOPTION OF BOARD RESOLUTION NOS. 13: 2013-14; 14: 2013-14; AND 15: 2013-14 EXCEPTION TO THE CALPERS 180-DAY WAIT PERIOD (GOVERNMENT CODE SECTION 7522.56, 21229, AND 20610)

The Superintendent recommended that the County Board adopt Resolution Nos. 13, 14 and 15, as part of the regular County Board meeting on Tuesday, May 13, 2014, to provide exception to the 180-day CalPERS wait period.

Ms. Stella Kabelitz spoke in support of the adoption of Board Resolution No. 15.

It was **MOVED** by Ms. Braude, **SECONDED** by Mr. Boyd, and **CARRIED** to approve the Superintendent's recommendation to adopt Resolution Nos. 13, 14 and 15, to provide exception to the 180-day CalPERS wait period. There were 7 ayes.

INFORMATIONAL ITEMS

GOVERNMENTAL RELATIONS

Dr. Delgado spoke about the Governor's May Budget Revise and said that it really does signal a positive support to public education. He provided an update on the State Rainy Day fund. He also indicated that the Governor's proposal is \$2.4 M higher than his January 2014 proposal. He also indicated that there is a \$4.5 B commitment to LCFF.

Dr. Delgado said that he invited Ms. Pam Gibbs to come to the June 17th County Board meeting to give a report to the County Board.

Dr. Delgado provided an update on several bills that the County Board asked about the previous week, which included SB 923 (watching bill as it has some implications to CTE

programs); SB 1263 (watching bill as it has some support) and SB 1005 (not specific to education).

Dr. Calderon indicated that he would send to the County Board some information regarding the number of students in the Los Angeles County who would be affected by SB 1005.

Dr. Delgado gave an update to the County Board on the Inglewood USD situation.
Dr. Delgado gave an update to the County Board on the Centinela Superintendent situation.

Dr. Calderon asked the public and the County Board to support SB 923. He said he is working with Pomona USD on this bill as an individual.

BOARD COMMITTEE/LIAISON REPORTS

Dr. Calderon gave a report on the Head Start Policy Council meeting held today and the issues that were discussed. He said he is impressed with the Technical Assistance teams that are being developed by the HS Policy Council to work with troubled Delegate agencies.

Mrs. Freer indicated that she will be attending the CSBA Delegate Assembly this week and will be representing the County Board. She also will be attending a CCBE Assembly meeting on Sunday, May 18. She has also RSVP'd to attend the next Los Angeles County School Trustees Association (LACSTA) meeting on May 29 and urged the County Board to attend.

LOS ANGELES COUNTY BOARD OF EDUCATION MEETING SCHEDULE, ESTABLISHMENT OF MEETING TIMES, FUTURE AGENDA ITEMS, FOLLOW-UP

Dr. Delgado reviewed the Board calendar with the County Board for May 20, 2014 and indicated that there is a Board Curriculum, Instruction, and Assessment Committee meeting at 2:00 p.m. followed by the regular Board meeting at 3:00 p.m. He indicated that Dr. Ybarra would be participating in the County Board meeting.

Dr. Reisler asked about chairing the CIA Committee meeting on behalf of Dr. Calderon as he will be absent on May 20.

Dr. Turrentine indicated that it has been past practice and protocol that the County Board President chairs any Committee meeting in the absence of the Chair.

Mr. Boyd asked that the History Day presentation be changed from June 10 back to June 3.

Dr. Calderon reminded the County Board that he would not be attending the County Board meeting on May 20.

Dr. Reisler asked that on the Board Follow Ups page, his request for charter school information be captured and to include a request for all charter schools in the last five years: Charter school appeals denied; charter school appeals approved; first time applications approved and dates; and first time applications denied and dates.

Board Continued Discussion on Stationery

The County Board had a continued discussion on stationery.

Dr. Delgado provided examples of stationery and notecards.

Mr. Boyd indicated that the examples look great, but that the LACOE logo is missing and that it would be appropriate to include the logo on the stationery.

Dr. Reisler indicated that he liked the sample notecards that include the Board Member title.

Dr. Delgado indicated that he needs to know from the County Board as to whether they would like to move forward with the stationery. He said that he will put together another stationery sample with the logo for the County Board to review.

Mr. Boyd indicated that the LACOE County Board is a part of LACOE and therefore the stationery should have the LACOE logo.

(The County Board took a 5 minute recess: 5:35-5:45 p.m.)

INTERDISTRICT AND EXPULSION APPEAL HEARINGS

Yael G. v. Los Angeles Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his mother Ms. Maria Meza. Ms. Debra Villegas, Pupil Services and Attendance Counselor, represented Los Angeles Unified School District. Ms. Pam Carreon served as a Spanish interpreter.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting no were Mr. Boyd, Dr. Reisler, Ms. Braude, Dr. Calderon, Mrs. Freer, Mr. Saenz and Dr. Turrentine. The appeal was denied.

Mr. Saenz and Mrs. Freer left at 6:04 p.m.

Ruffy D. v. Torrance Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his mother Ms. Robelyn DeVilla. Ms. Patty Girgis, Assistant Principal, represented Torrance Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting no were Mr. Boyd, Ms. Braude and Dr. Turrentine. Voting yes were Dr. Reisler and Dr. Calderon. The appeal was denied.

Abigail G. v. Alhambra Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by her father Mr. Bobby Goy. Mr. Jeremy Infranca, Student Services/CWA, Coordinator, represented Alhambra Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting no were Mr. Boyd, Dr. Reisler, Dr. Calderon and Dr. Turrentine. Voting yes was Ms. Braude. The appeal was denied.

Abel G. v. Alhambra Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his father Mr. Bobby Goy. Mr. Jeremy Infranca, Student Services/CWA, Coordinator, represented Alhambra Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting no were Mr. Boyd, Dr. Reisler, Dr. Calderon and Dr. Turrentine. Voting yes was Ms. Braude. The appeal was denied.

Ashtin A. v. Los Angeles Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by her mother Dr. Tangelia Alfred. Ms. Debra Villegas, Pupil Services and Attendance Counselor, represented Los Angeles Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting no were Mr. Boyd, Dr. Reisler, Ms. Braude, Dr. Calderon and Dr. Turrentine. The appeal was denied.

Anjaliyah H. v. Los Angeles Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by her mother Ms. Anjanette Williams. Ms. Debra Villegas, Pupil Services and Attendance Counselor, represented Los Angeles Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting no were Mr. Boyd, Dr. Reisler, Ms. Braude, Dr. Calderon and Dr. Turrentine. The appeal was denied.

Justin F. v. Los Angeles Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his father Mr. Terry Foster. Ms. Debra Villescás, Pupil Services and Attendance Counselor, represented Los Angeles Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Mr. Boyd, Ms. Braude, Dr. Calderon and Dr. Turrentine. Voting no was Dr. Reisler. The appeal was granted.

~~Maiya J. v. Los Angeles Unified School District~~ – District released

Bryce R. v. Hughes Elizabeth Lakes Union Elementary School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his parents Mr. Robert Rocha and Mrs. Aarin Rocha. Ms. Diane Parkins, Principal/Superintendent, represented Hughes Elizabeth Lakes Union Elementary School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Mr. Boyd, Dr. Reisler, Ms. Braude, Dr. Calderon and Dr. Turrentine. The appeal was granted.

Jacey R. v. Hughes Elizabeth Lakes Union Elementary School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his parents Mr. Robert Rocha and Mrs. Aarin Rocha. Ms. Diane Parkins, Principal/Superintendent, represented Hughes Elizabeth Lakes Union Elementary School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Mr. Boyd, Dr. Reisler, Ms. Braude, Dr. Calderon and Dr. Turrentine. The appeal was granted.

Parker R. v. Hughes Elizabeth Lakes Union Elementary School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his parents Mr. Robert Rocha and Mrs. Aarin Rocha. Ms. Diane Parkins, Principal/Superintendent, represented Hughes Elizabeth Lakes Union Elementary School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Mr. Boyd, Dr. Reisler, Ms. Braude, Dr. Calderon and Dr. Turrentine. The appeal was granted.

Maddison G. v. Hughes Elizabeth Lakes Union Elementary School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his parents Mr. Beto Garcia and Mrs. Brandi Garcia. Ms. Diane Parkins, Principal/Superintendent, represented Hughes Elizabeth Lakes Union Elementary School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Mr. Boyd, Dr. Reisler, Ms. Braude, Dr. Calderon and Dr. Turrentine. The appeal was granted.

Alexander G. v. Hughes Elizabeth Lakes Union Elementary School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his parents Mr. Beto Garcia and Mrs. Brandi Garcia. Ms. Diane Parkins, Principal/Superintendent, represented Hughes Elizabeth Lakes Union Elementary School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Mr. Boyd, Dr. Reisler, Ms. Braude, Dr. Calderon and Dr. Turrentine. The appeal was granted.

Jazmine G. v. Hughes Elizabeth Lakes Union Elementary School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his parents Mr. Beto Garcia and Mrs. Brandi Garcia. Ms. Diane Parkins, Principal/Superintendent, represented Hughes Elizabeth Lakes Union Elementary School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Mr. Boyd, Dr. Reisler, Ms. Braude, Dr. Calderon and Dr. Turrentine. The appeal was granted.

ADJOURNMENT

Dr. Turrentine adjourned the meeting at 8:04 p.m.

It was **MOVED** by Ms. Braude, **SECONDED** by Mr. Boyd, and **CARRIED** to adjourn the meeting. There were 5 ayes.

Board Meeting – June 3, 2014

Item IV. Presentations

A. Presentation of the Winners of Annual History Day 2014

The Superintendent and County Board will recognize the students and Azusa Pacific University for their outstanding participation and support of history education.

Michelle Herczog, Ed.D. Consultant III, History-Social Science will make a presentation about History Day L.A. and introduce two students Adrianna Banks and Jaylene Dewey from Marshall Fundamental School in the Pasadena Unified School District who participated in the Junior Group Exhibit Category.; and also recognize Dr. Paul Gray, Vice Provost for Graduate Programs and Research and Dean of the University Libraries at Azusa Pacific University for the active support of History Day L.A. by Azusa Pacific University.

Raynette Sanchez, Director, Division of Curriculum and Instructional Services (CIS) and Michelle Herczog, Ed.D., Consultant III, History-Social Science, CIS will be available during the recognition.

Board Meeting – June 3, 2014

Item VI. Reports / Study Topics

- A. Report on the Wisdom Academy for Young Scientists: Notice of Violation to Wisdom Academy for Young Scientists (WAYS) Pursuant to *Education Code* section 47607(c) and (d) and Requesting Remedy by June 30, 2014 (Enclosure)

Issuing a *Notice of Violation* notifies a charter school that the authorizer has significant concerns regarding the operation of that school.

The Superintendent reports there is a substantial showing of evidence that Wisdom Academy for Young Scientists (WAYS) has engaged in activities and/or committed violations pursuant to *Education Code (EC)* section 47607(c) as follows:

- WAYS failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement (*EC* 47607(c)(3))
- WAYS committed a material violation of...the conditions, standards, or procedures set forth in the charter (*EC* 47607(c)(1))

A *Notice of Violation* to WAYS providing the findings of fact and substantial evidence that supports issuing the *Notice* pursuant to *EC* 47607(c)(1) and (3) is attached.

The charter school shall have a reasonable opportunity to cure the violations by June 30, 2014, as stated in the *Notice*.

LACOE staff will present the report to the County Board.

Notice of Violation to Wisdom Academy for Young Scientists (WAYS)
Pursuant to Education Code Section 47607(c) and (d)
and Requesting Remedy by June 30, 2014

This Notice of Violation will issue upon approval by the Los Angeles County Board of Education

June 3, 2014

Background Information

On December 20, 2013, the Los Angeles County Office of Education (LACOE) Superintendent of Schools Dr. Arturo Delgado issued a *Notice of Concern* to WAYS (Exhibit 1) for Noncompliance with Law, Charter, Terms and Conditions of Authorization. The *Notice of Concern* identified that WAYS had:

- *Violated provisions of law*, including EC 47604.3, which requires a charter school to respond to reasonable requests for information due to its failure to fulfill reporting requirements of the LACOE Monitoring and Oversight Memorandum of Understanding (MOU).
- *Committed a material violation of any of the conditions, standards, or procedures set forth in the charter* (EC 47607(c)(1)) through its failure to comply with Element 9 (Annual Financial Audits) and Element 4 (Governance) of the WAYS charter petition submitted to LACOE on December 18, 2012.

These violations are grounds for revocation of a charter pursuant to Education Code (EC) 47607(c). The *Notice of Concern* provided the specific evidence used to substantiate the violations.

Superintendent Delgado's letter stated, "I am hopeful the **WAYS Board** will take action to correct the violations documented in this letter and prevent future violations. Such a plan, and **definitive Board actions** that document its implementation, should be submitted to the CSO [Charter School Office] by January 20, 2014." (Emphasis added)

On January 21, 2014, two (2) separate responses were received from the school: one (1) from the WAYS Board President and one (1) from the WAYS Executive Director. The responses contained contradictory information and conflicting timelines for submitting the action plan beyond the January 20, 2014 timeline. (Exhibit 2)

On January 24, 2014, the CSO sent the WAYS Board and Executive Director a letter requesting the school submit its response to the Superintendent's *Notice of Concern* by January 31, 2014. (Exhibit 3)

On January 31, 2014, a written response was received from the school's Executive Director. (Exhibit 4) There is no evidence the WAYS Board took action to approve the response: it is not signed by any member of the governing board, there is no board resolution, agenda item, or meeting minutes indicating the board reviewed and approved the submission. Superintendent Delgado's letter specifically asked the "WAYS Board" to take action.

The response from the WAYS Executive Director failed to address LACOE's evidence of material violations of the charter and offered no action taken or to be taken by the school that could be considered responsive.

Superintendent Delgado's December 20, 2013 letter also stated:

Based on the school's continued failure to comply with law, the terms and conditions of its charter, and the LACOE MOU, I will be recommending that the County Board issue a *Notice of Violation* under EC 47607(c)...

Additionally, due to ongoing fiscal concerns documented in the school's 2011-12 Independent Audit and other evidence, I authorized an audit under EC 1241.5(c) and informed the school of such on May 17, 2013. (Exhibit 5)

Should the results of the audit conducted under EC 1241.5(c) provide evidence of the school's failure to meet generally accepted accounting principles or fiscal mismanagement, the *Notice of Violation* may be broadened to encompass EC 47607(c)(3).

Assembly Bill (AB) 139 Extraordinary Audit request by the Los Angeles County Office of Education Superintendent of Schools

As stated in the December 20, 2013 *Notice of Concern*, and pursuant to EC 1241.5, the County Superintendent requested that the Fiscal Crisis and Management Assistance Team (FCMAT¹) conduct an AB 139 Extraordinary Audit of WAYS in May 2013.

The request was based on received allegations of multiple fiscal irregularities, questionable expenditures and inappropriate related party transactions at WAYS charter school. Concerned that these allegations may have violated various government and education codes related to fraud and/or misappropriation of assets, the County Superintendent initiated an investigation to determine whether sufficient evidence of fraud, misappropriation of funds or other illegal activities may have occurred to report the matter to the local district attorney's office for further investigation. Under the provisions of EC 1241, FCMAT entered into a contract with LACOE to conduct an AB 139 Extraordinary Audit.

Authority to Request an AB 139 Extraordinary Audit

EC 1241.5(b)(c) permits a county superintendent of schools to review or audit the expenditures and internal controls of any charter school in his or her county if there is reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. The review or audit conducted by the county superintendent will focus on the alleged fraud, misappropriation of funds, or other illegal fiscal practices and is to be conducted in a timely and efficient manner.

This is in accordance with EC 42638(b), which states:

If the county superintendent determines that there is evidence that fraud or misappropriation of funds has occurred, the county superintendent shall notify the governing board of the school district, the State Controller, the Superintendent of Public Instruction, and the local district attorney.

WAYS AB 139 Extraordinary Audit Report

On March 19, 2014, FCMAT published its AB 139 Extraordinary Audit (Audit) on WAYS conducted pursuant to EC 1241.5(c). (Exhibit 6)

On March 21, 2014, Superintendent Delgado provided the FCMAT Audit to the WAYS Board and Executive Director and informed the school that pursuant to statute, the “**governing board** of the charter school shall, no later than 15 calendar days after receipt of the report, notify the county superintendent and its chartering authority of its proposed response to the recommendations.” (Emphasis Added)

¹ FCMAT was created in 1992 to help California's local educational agencies fulfill their financial and management responsibilities by providing fiscal advice, management assistance, training and other related school business services. The Kern County Superintendent of Schools office exists as the administrative and fiscal agent for FCMAT which currently operates within the context of several areas of the California Education Code including management studies for school districts, county offices of education, charter schools and community colleges that request them. There are several defined “fiscal crises” that can prompt a county office of education to intervene in a charter school pursuant to EC 1241.5(c). When FCMAT intervenes in this manner it is considered an AB 139 Extraordinary Audit. FCMAT is funded through appropriations in the state budget and a modest fee schedule for charges to requesting agencies. (Source: FCMAT Website; *Los Angeles County Office of Education regarding the Wisdom Academy for Young Scientists AB 139 Extraordinary Audit*, March 19, 2014; California Education Code.)

On April 5, 2014, the Superintendent received a response from the WAYS Executive Director by email. There is no indication the response was approved by the WAYS Board, either by signature, resolution, agenda or meeting minutes. The response did not contain the referenced supporting documents; those were received via US Postal Service on April 14, 2014, nine (9) days after the statutory timeline to respond had expired. (Exhibit 7)

LACOE reviewed the response from the school's Executive Director and determined that it does not alleviate the concerns identified in the FCMAT Audit findings and recommendation.

Issuance of a *Notice of Violation*

Based on the failure of the WAYS Board to provide an adequate action plan to cure the material violations of the charter identified in Superintendent Delgado's December 20, 2013 *Notice of Concern* and its failure to alleviate the concerns contained in the findings and recommendation of the FCMAT Audit, the accompanying *Notice of Violation* provides the County Board with findings and substantial evidence in support of issuing a *Notice of Violation* to WAYS pursuant to the standards and procedures of EC 47607 and the California Code of Regulations, Title 5 (5 CCR) section 11968.5.2.

Pursuant to its oversight obligations, the County Board issues this *Notice of Violation* to Wisdom Academy for Young Scientists ("WAYS" or "Charter School") and its Governing Board for committing material breaches of the charter and failing to meet generally accepted accounting principles or engaging in fiscal mismanagement.

Legal Authority

Pursuant to California Education Code (EC) section 47607(d), the authorizing entity is required to notify the charter school in writing of any violation and give the charter school a reasonable opportunity to remedy the violation prior to revocation. Pursuant to EC section 47607(c), the authorizing entity may revoke the charter of a charter school if it finds, through a showing of substantial evidence, that the charter school did any of the following:

- (1) *Committed a material violation of any of the conditions, standards, or procedures set forth in the charter.*
- (2) *Failed to meet or pursue any of the pupil outcomes identified in the charter.*
- (3) *Failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement.*
- (4) *Violated any provision of law.*

The County Board hereby places WAYS on notice of its intent to revoke the school's charter if it fails to remedy the violations enumerated below. The County Board reserves its right to immediately revoke the charter upon its written determination that any violations constitute a severe and imminent threat to the health and safety of the pupils (EC 47607(d)). The County Board also reserves the right to consider additional evidence presented to substantiate violations listed below.

The County Board issues this *Notice of Violation* to WAYS based on the grounds for revocation set forth below:

EC 47607(c)(3): *WAYS failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement*

EC 47607(c)(1): *WAYS committed a material violation of ... the conditions, standards, or procedures set forth in the charter*

Grounds and Evidence in Support of Issuing a Notice of Violation Pursuant to EC 47607

I. Facts and Evidence

EC 47607(c)(3): WAYS failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement

Generally Accepted Accounting Principles (GAAP) is a set of standard guidelines, rules and procedures for financial accounting used in the preparation of financial statements. The purpose is to ensure financial reporting is transparent and consistent from one organization to another. The authoritative source of GAAP is the Financial Accounting Standards Board (FASB).

A. WAYS Failed to Follow Generally Accepted Accounting Principles and Engaged in Fiscal Mismanagement

The FCMAT Audit states WAYS failed to follow generally accepted accounting principles (GAAP), lacked sufficient and effective internal controls, and engaged in fiscal mismanagement including concerns regarding occupational fraud and related party transactions. It states, *“Based on the evidence presented to FCMAT, there is sufficient documentation to demonstrate that fraud, mismanagement and misappropriation of the charter school funds and assets may have occurred.”* (Exhibit 6, p. 45)

Occupational fraud, also called “internal fraud,” occurs when owners, managers and/or employees of an organization misuse or abuse their position for their own enrichment. Occupational fraud has three (3) primary classifications: schemes related to asset misappropriation, corruption, and financial statements. Internal controls are the principal mechanism for preventing and/or deterring occupational fraud. The FCMAT audit demonstrates that WAYS does not have effective internal controls necessary to prevent occupational fraud. (Exhibit 6, p. 9²).

Independent Audit Reports (for fiscal years ending 2012 and 2013) contain findings that WAYS failed to follow (GAAP) and engaged in fiscal mismanagement including related party transactions, inadequate internal controls, and violations of California Education Code. (Exhibit 8 and Exhibit 9)

1. WAYS lacks effective internal controls.

a. The FCMAT Audit (Exhibit 6) contains the following concerns:

- i. *“There exists a significant material weakness in the charter school’s internal control environment, which increases the probability of fraud and/or abuse.”* (p. 45)
- ii. *“Although WAYS had a fiscal policies and procedures handbook, the organization failed to implement or monitor several of the adopted policies and procedures. Recent board minutes document that when board members expressed the need to review and approve certain financial transactions or asked for the back office provider to present the financial statements during open board meetings, management repeatedly ignored these requests. In some cases, management canceled board meetings and caused major disruptions that ended board meetings prematurely.”*(pp. 10-11)

² Source: <http://www.surveillance.com/en/services/fraud-detection/occupational-fraud.html> Retrieved May 27, 2014

- iii. *“WAYS’ executive management team failed in their fiduciary duty to obtain contracts, failed to have authorized signatures prior to entering contracts, failed to obtain governing board approval for contracts, and failed to ensure that documents are safeguarded.” (p. 34)*
 - iv. *“[T]here is an integral relationship between appointed board members and related family members and business associates...that created an environment that allowed and continues to allow access, opportunity and motivation for occupational fraud to occur.” (p. 9)*
 - v. *“To further demonstrate the lack of effective internal controls, independent audit reports for the last three fiscal years report 15 instances of significant and/or combined internal control conditions. Several of these finding have not been addressed by management and the governing board; therefore, these findings are repeated each year.” (p. 11)*
- b. The 2012 Independent Audit (Exhibit 8) contains, but is not limited to, the following findings:
- i. Bank reconciliations. *“Bank reconciliations were not properly reviewed resulting in inconsistent bank to book balances and lack of oversight over the bank reconciliation process.... The Organization [WAYS] has not established adequate procedures to ensure that bank reconciliations were reviewed monthly by a supervisor....a transaction material to the cash account might not be recorded properly, resulting in a material misstated financial statements.” (p. 30)*
 - ii. Account receivable reconciliation. *“The accounts receivable general ledger balance was not reconciled to the accounts receivable subsidiary ledger balances....The Organization has not adequately established written policies and procedures to ensure that the general ledger accounts receivable balance is properly reconciled to subsidiary ledger balances and that difference are investigated and cleared in a timely manner. [This]...could result in materially errors or possible fraudulent activities going undetected resulting in materially misstated financial statements.” (p. 34)*
 - iii. Recording transactions without complete supporting documentation. *“During the examination it was noted that supporting documentation for several disbursements were not complete.... The Organization [WAYS] has not adequately established written policies and procedures and oversight to ensure that all check requests are accompanied by proper and complete supporting documentation. [This]...could result in payments made for goods or services not received, duplicate payments, or payments that are incorrect or fraudulent.... ” (p. 35)*
 - iv. Payroll expense reconciliation. *“Payroll expenses were not consistently reconciled to the general ledger...The Organization has not adequately written policies and procedures to ensure the timely reconciliation of payroll expenses. [This]...could result in materially misstated financial statements.” (p. 36)*
 - v. Written asset capitalization policy. *“The Organization has no written asset capitalization policies or procedures. As such, costs were expensed in the in the financial records that should have been capitalized and depreciated over lives in excess on one year.... The Organization has not adequately established policies and*

procedures to ensure that fixed assets are properly capitalized and classified in the financial records. [This]...could result in unreliable financial reporting and compliance with applicable laws and regulations.” (p.37)

The school’s response to the 2012 Independent Audit was that it would review and address the concerns.

- c. The 2013 Independent Audit (Exhibit 9) contains, but is not limited to, the following findings:
- i. Bank reconciliations. *“Upon completion of bank reconciliations each month an adjustment is made to the financial statements for any amounts that are unknown as to the nature of the transaction. These amounts are being posted into suspense accounts with the intent of subsequently posting a journal entry to record the transactions into the correct expenditure or revenue account. At year-end these items were not reconciled and posted into the proper accounts. In addition, these items are not supported by any documentation that verifies the amounts are appropriate or approved.... The Academy has not established adequate procedures to ensure that supporting documentation is provided for all transactions associated with the bank accounts.... Management officials from the school site are not providing information necessary to post correcting journal entries. In addition, these items are not being reviewed subsequent to completion of bank reconciliations. Questioned Costs: \$13,735 recorded in suspense account” (p. 29)*
 - ii. Payroll Expense Reconciliation. *“Payroll expenses were not consistently reconciled to the general ledger....The financial statements were misstated by a material amount....The Academy [WAYS] has not adequately established written policies and procedures to ensure the timely reconciliation of payroll expenses and liabilities.” (p. 30)*
 - iii. Year-end Accruals and Closing Process. *“The Academy did not record closing transactions for accounts receivable, accounts payable, prepaid expenses, and capital assets. In addition, journal entries were posted to the financial statements resulting in recording differences between the trial balance provided for audit purposes and the amounts reported to the Los Angeles County Office of Education for inclusion in their unaudited actuals submitted to the California Department of Education.... The financial statements were misstated by a material amount....The Academy has not adequately established written policies and procedures for year-end closing and recording of accruals.” (pp. 30-31)*
 - iv. Payroll Documentation. *“Personnel Action Forms which document employee’s position and approved pay rates are not complete. In 100% of Personnel Action Forms reviewed there were missing approval signatures on the forms. In addition, in 9 out of 10 I-9’s reviewed the forms are not being completed correctly. The I-9 forms were either missing the documentation of what items were reviewed to verify eligibility for employment, missing employer signature of verification, or both.... The Academy is exposed to risk of noncompliance with I-9 requirements. In addition, the Academy is exposed to risk of paying individuals who are not approved by management.... The Academy has not established adequate procedures which require hiring documentation be completed and reviewed prior to filing away in the employee file.” (p. 31)*

- v. Capital assets. *“The Academy is unable to provide a detail of Capital Assets or a depreciation schedule to support amounts recorded in the financial statements.... purchases of capital assets were inappropriately recorded as expenses rather than increases to capital assets. The Academy did not calculate and record depreciation.... There is not sufficient audit evidence to determine if amounts recorded in capital assets are correct or if there is a material misstatement in the financial statements.... the Academy is exposed to risk associated with disappearance of capital assets as there is not a tracking system for such items.... The Academy has not adequately established policies for tracking capital assets and ensuring that they are appropriately recorded in the financial statements.... The Academy has not established procedures for disposal of capital assets.”* (p. 32)
- vi. Credit card supporting documentation. *“The school is using credit cards to purchase some items and subsequently repaying the credit cards with a check. The credit card statements are being used as supporting documentation for the check written; however, the credit card statements do not include receipts for all expenditures for which they were used.... Expense items paid with credit cards are not adequately supported by itemized receipts and approval documentation. The Academy is exposed to risk of misappropriation of assets.... The Academy has not established adequate written procedures requiring attachment of supporting invoices or receipts for credit card transactions.... Questioned Costs: \$5,858 known credit card expenses from sample selected.”* (p. 33)
- vii. Beginning net assets. *“Beginning net assets were not in agreement with prior year audited ending net assets. The Academy was unable to provide reconciling items that supported adjustments to beginning net assets.... Amounts reported by the Academy as beginning net assets varied from the prior year audit report by \$9,727. An adjustment was posted to bring the beginning balance in agreement with prior year audit report.... Beginning net assets were not in agreement with prior year audited ending net assets.... The Academy did not have procedures to reconcile beginning net assets with prior year audit report and did not have procedures in place to track prior year adjustments.”* (pp. 33-34)
- viii. Federal award findings. *“The Academy did not separately track expenditures for federal programs in their financial software.... OMB Circular A-133 requires the presentation of a schedule of expenditures of federal awards for any agency expending greater than \$500,000 of federal awards.... The Academy has not established policies and procedures requiring separate tracking of federal expenditures. There are not adequate internal controls in place to evaluate federal expenditures to ensure that they are accurately reported, meet program requirements, and are not used to supplant existing services.... Questioned Costs: 2012-13 National School Lunch Program (10.555) - \$212,061; 2012-13 Special Education Cluster (84.027) - \$99,925”* (pp. 35-36)

The 2013 Independent Audit (Exhibit 9, p. 39) concludes that the school partially addressed the previous year’s finding regarding bank reconciliation; no other findings were addressed.

WAYS’ response to the 2013 Independent Audit was that it would review the recommendations and subsequently establish necessary procedures to address the concerns.

2. WAYS engaged in related party transactions and violated conflict of interest statutes.

a. Transactions involving Founder/Former Executive Director:

Lease Agreement – “The denial by LAUSD included concerns that WAYS failed to comply with the terms of the charter by allowing the charter school to enter “into a self-dealing transaction” with the founder/former executive director and her privately owned facilities that were leased to two of the three schools.

In an attempt to address the conflict of interest with the facility lease agreements for the properties occupied by the schools, the founder/former executive director placed the properties in a revocable trust named OCI Development Corporation in 2010-11. It was subsequently determined and concurred by the WAYS legal counsel that transferring the property to a holding company through a revocable trust did not ultimately transfer property ownership under California law and therefore did not resolve the conflict of interest concern.” (Exhibit 6, p. 19)

Settlement Agreement – WAYS Board paid the founder/former executive director for alleged unused vacation and time-off without proper documentation. “The settlement agreement does not provide any documentation to support this claim; therefore, FCMAT cannot substantiate that the \$58,434.78 paid for 90 days of vacation leave and 30 days of unused time off was substantiated with independent records by the business provider in accordance with the employment contract.” (Exhibit 6, p. 21)

Employment Lawsuit – “Documents from a lawsuit settled against the Merle Williamson Foundation (MWF) for wrongful termination of a former teacher at WAYS against the school show that the founder/former executive director traveled to Omtsha, Nigeria and directed one of the school’s teachers to go with her to marry her sister’s husband (brother-in-law) for the purposes of making the brother-in-law a United States citizen.” (Exhibit 6, p. 22; Exhibit 10)

“On December 4, 2012, a jury found in favor of the teacher plaintiff and subsequent judgment was awarded of \$566,803.” (Exhibit 6, p. 22)

b. Transactions involving the Director of Operations/On-Site Financial Manager:

The FCMAT Audit states, “...transactions authorized by the director of operations do not represent an arm’s-length transaction.” (Exhibit 6, p. 37) Transactions include, but are not limited to the following:

Procurement and Purchases with OSE – The FCMAT Audit states, “...During the [FCMAT] team’s joint interview with the executive director and director of operations, the team was told that none of the WAYS vendors were related. The team made further inquiries regarding any relationship between WAYS management team or family members and OSE. The director of operations said that OSE Business Services was a legitimate business with many customers and that no relationship existed between these two entities.” (Exhibit 6, p. 25)

“...OSE is owned by Obiesie Enwezor, who is related to other WAYS vendors: Godfrey Okonkwo, Emeka Enwezor, and DeDe Dance Studio and bears the same last name as the founder/former executive director’s brother-in-law, Joseph Njor Enwezor.” (Exhibit 6, p. 22)

“During the fiscal years 2011-12 and 2012-13, WAYS paid \$57,533 and \$101,338 respectively to OSE, totaling \$158,871 for the two-year period.” (Exhibit 6, p. 23)

“A total of 20 invoices were issued by OSE and paid by WAYS. All invoices were approved by the director of operations – the founder/former executive director’s son, along with the current executive director/former board president.” (Exhibit 6, p. 23)

A document LACOE received after the FCMAT Audit was published provides further evidence that the owner of OSE is the cousin of the Director of Operations/On-Site Financial Manager for WAYS. (Exhibit 11)

The FCMAT Audit states, *“OSE address printed on their invoices... is identified as the mailing address of Innovative WAYS Academy. The CEO of Innovative WAYS Academy is: The founder of DeDe Dance Studio and vice principal of WAYS; The daughter of the founder/former executive director of WAYS; The sister of WAYS’ director of operations, and; The CEO of DeDe Dance Studio that operates business at the WAYS school site.”* (Exhibit 6, p. 25)

Additionally, the FCMAT Audit states that OSE was not registered with the Internal Revenue Service and State Franchise Tax Board at the time WAYS made purchases from OSE and WAYS did not issue a Form 1099 or a W-9 to OSE as required by law. Additional details are provided in the FCMAT Audit. (Exhibit 6, p. 26)

The FCMAT Audit also states, *“Obiesie Enwezor, owner of OSE, refused to meet with FCMAT; therefore, the team cannot confirm that OSE is a legitimate business that properly reported income and sales taxes totaling \$158,871 from WAYS to the taxing authorities, or that merchandise was actually delivered by OSE and received by WAYS.”* (Exhibit 6, p. 26)

“According to OSE’s email dated December 16, 2013, the owner states that OSE does not buy or resell... ‘...OSE Business Services is not a resale company or store, OSE is a service provider. We do not buy or resale. We provide and coordinate purchasing and delivery services to various agencies.’ The owner’s statement that OSE is a service provider and is “not in the resale business” is not supported by the presentation of the paid invoices to his company.” (Exhibit 6, p. 27)

“The irregularities described in this report attributable to alleged supplies purchased from OSE raise serious concerns about the OSE and WAYS business relationship and whether OSE actually sold any supplies to WAYS.” (Exhibit 6, p. 31)

Further, the manner in which OSE was chosen as a service provider and the manner in which purchases were paid conflicts with WAYS’ 2006 adopted fiscal policies (Exhibit 12) as follows:

- (1) There is no evidence of a competitive bidding process;
- (2) Prior to initiating at least one order, the school failed to ensure there were sufficient funds to cover the expenditure based on the Director of Operations/On-Site Financial Manager’s statement to FCMAT (Exhibit 6, p. 23) that OSE was paid by cashier’s check because they had *“bounced a check”*;
- (3) Purchases were not initiated by a purchase order; and
- (4) The procedures for receipt of order were not followed. Additionally, there is no evidence the WAYS’ Board approved OSE as a vendor, to provide a “check-and-balance” to the related party transaction.

A review of WAYS 2011, 2012, and 2013 Wells Fargo bank statements do not indicate any insufficient funds or returned checks. This contradicts the Director of Operations/On-Site Financial Manager's statement to FCMAT that cashier's checks were used because WAYS *"bounced a check and OSE only wanted to be paid by cashier's check."* (Exhibit 6, p. 23)

Payments to DeDe Dance Studio – The WAYS vice principal (daughter of founder/former executive director) is the owner of...a non-profit corporation known as DeDe Dance Studio" and "DeDe Dance Studio was paid a total of \$73,800 by WAYS between April 2009 and April 2013."

"The director of operations and brother of the WAYS vice principal and owner of DeDe Dance Studio authorized the checks from WAYS totaling \$73,800 that were paid to DeDe Dance Studio."

"During the [FCMAT] team interview of the WAYS vice principal on November 15, 2013, she stated that DeDe Dance Studio was paid from the ASES [After School Education and Safety] program funds for dance study during the after school program..." (Exhibit 6, p. 38)

The 2012 independent Audit Report also identifies the payments to DeDe Dance Studio as related party transaction. It states, *"DeDe Dance Studio, a non-profit organization, provided after school program service to WAYS. WAYS' assistant principal is the executive director of the DeDe Dance Studio and is related to the WAYS' Director of Operations. During the year-ended June 30, 2012, DeDe Dance Studio received payments of \$36,000 from WAYS."* (Exhibit 8, p. 15)

Further, the manner in which DeDe Dance Studio was chosen as a service provider for the ASES Grant is in conflict with WAYS' 2006 adopted fiscal policies (Exhibit 12) as there is no evidence of a competitive bidding process. Additionally, there is no evidence the WAYS governing board approved the selection of DeDe Dance Studio as the ASES service provider to provide a "check-and-balance" to the related bylaws transaction.

Additional Related Party Transactions – The FCMAT Audit (Exhibit 6, p. 39) identifies additional related party transactions that occurred between the Director of Operations/On-Site Financial Manager and Godfrey Okonkwo and Emeka Enwezor related to the lease of a van. These individuals are the Director of Operations/On-Site Financial Managers' father and cousin, respectively. The Director of Operations/On-Site Financial Manager *"is the individual authorizing the check requests and financial transactions for WAYS.... WAYS failed to obtain a signed contract and board authorization to lease the van."* (Exhibit 6, p. 37)

FCMAT concluded, *"Failure to disclose related party transaction may be considered a departure from GAAP that could result in a qualified or adverse audit opinion and the potential for civil and criminal prosecution."* (Exhibit 6, p. 36)

3. WAYS violated provisions of law

Violations of law identified in the school's 2012 and 2013 Independent Audits include, but are not limited to the following:

- a. Late submission of Independent Audits. The Independent Audits for 2012 and 2013 identify a lack of compliance with EC 47605(m), which specifies the date by which a school's Independent Audit is to be submitted. WAYS failed to submit its Independent Audits to the

State Controller's Office, CDE, and LACOE by the statutory due date of December 15.
(Exhibit 8, p. 4; Exhibit 9, p. 2)

- b. Failure to comply with state requirements of the After School Education and Safety (ASES) Program.

The 2013 Independent Audit (Exhibit 9, p. 37), states:

A. Education Code 8483(a)(2) states that it is the intent of legislature that elementary school students attend the full day of the program every day in which students participate, except as consistent with the LEA's early release policy.

B. Education Code Criteria 8483.9(a) limits indirect costs to the lesser of the LEA's approved indirect cost rate or 5%.

The Audit also states WAYS failed to comply with these statutory requirements as follows:

A. Sign out sheets for the after school education and safety program did not include time student was released for 827 out of 896 days tested. It could not be determined if these students participated in the full day of the program or if they met early release policy of the LEA.

B. The Academy used an indirect cost rate of 5.26% which exceeds the allowable 5% for the program.

The multiple concerns of the FCMAT report, coupled with the deficiencies and conditions identified in the WAYS 2012 and 2013 Independent Audits, demonstrate the school's continued departure from GAAP and resulting fiscal mismanagement.

EC 47607(c)(1): WAYS committed a material violation of...the conditions, standards, or procedures set forth in the charter

A. WAYS Governing Board Failed to Exercise Fiscal and Institutional Control

The WAYS Governing Board (Board) committed material violations of Charter Element 4 (Governance)

Charter Element 4 (Governance Structure) establishes the Board's responsibilities to provide overall oversight of the school. Through the Board's lack of general oversight and its failure to monitor and evaluate the performance of the school's Executive Director and Director of Operations/On-Site Financial Manager, the WAYS Board failed to ensure that these administrators fulfilled the job duties specified in Charter Element 5 (Employee Qualifications and Rights); complied with Generally Accepted Accounting Principles (GAAP); and did not engage in and/or allow fiscal mismanagement of the school.

The Board's failure to follow the oversight provisions of the charter, Board bylaws, and Board policies, resulted in the school's failure to comply with GAAP and fiscal mismanagement as established under the EC 47607(c)(3) section, above.

Sections B and C, below, provide specific evidence of how the WAYS Board failed to exercise fiscal and institutional control, thereby materially violating the terms of its charter.

B. WAYS Board Violated Charter Element 4: Governance

The WAYS Board failed to provide adequate oversight of the charter school and its administrators as follows:

1. It failed to provide adequate fiscal oversight:
 - a. It did not establish a Finance Committee as required by the charter
 - b. It did not develop adequate Fiscal Policies
 - c. It relinquished its authority to approve contracts
 - d. It did not provide adequate oversight in the development of the school budget
 - e. It improperly authorize the expenditure of school funds
2. It did not establish and/or approve policies prior to implementation
3. It did not hold monthly meetings and did not follow its bylaws and the *Brown Act* with regard to meetings
4. It did not provide proper oversight of the school's Executive Director and Director of Operations/On-Site Financial Manager and did not conduct performance evaluations
5. The Board President did not provide an annual report to the WAYS Board as stipulated in the charter

The WAYS charter dated December 18, 2012,³ states:

WAYS shall comply with the Brown Act. The Governing Board of WAYS will meet monthly. The Notice of Governing Board Meetings, Notices, Agendas and Minutes will be posted in the main office on the information bulletin board as well as in common passing areas at a minimum of three days before the meeting....

...This board is responsible for developing and establishing a set of governing bylaws as required by laws that will apply to Wisdom Academy of Young Scientists.

Members of the WAYS' executive board, any administrators, managers or employees, and any other committees of the School shall comply with federal and state laws, nonprofit integrity standards and the County's Charter School policies and regulations regarding ethics and conflicts of interest....

The Board of Wisdom Academy for Young Scientists will be made up of 5 – 15 members that include community member representatives. Paid employees of WAYS may not sit on the Governing Board of WAYS. The board members are made up of the founding parents, educators, and community members. (see Appendix C). The County reserves the right to appoint a single representative to serve on the Board pursuant to Education Code section 47604 (b). The remaining members will be nominated from the school community and outer community members, based on their expertise and desire to promote a quality educational program. These individuals may have backgrounds in areas such as business, law, fundraising, community outreach, finance, mental health, etc., along with their willingness to serve a needed role on the WAYS Board. During the term of this charter, WAYS will comply with the provisions of the Brown Act and Government Code

³ A revised charter petition was additionally submitted to LACOE as a result of Arbitration on February 14, 2014. Element 4 (Governance) contains no material changes to the language contained in the charter petition submitted on December 18, 2012. On May 20, 2014, a new version of the charter petition was submitted, also as the result of Arbitration; LACOE has not yet reviewed this document.

section 1090, as those sections are amended from time to time. WAYS will fax a copy of all meeting notices to the County's Charter Schools Office.

The Governing Board ultimately will be charged with assessing how the school is doing overall. The President of the Governing Board will provide an annual report to the Board of Principals of the Merle Williamson Foundation in April of each year.... it will review the information [from administration] and ascertain whether recommendations need to be made or committees need to be formed to work on specific issues. These committees may examine closely the curriculum and staffing priorities for maximum effectiveness; identifying budgetary priorities involving the use of discretionary funds; evaluating the academic effectiveness of the school program, its administration and staff, and make recommendations for improvement, accordingly. These committees are established to implement the business of the Governing Board and to facilitate it's functioning. Furthermore, the Governing Board facilitates communication and team building and acts as negotiator for disagreements.

Matters that arise concerning budgets, curriculum, school discipline, and other school matters will begin at the level of teachers and parents. The Governing Board may, from time to time, establish committees and working groups to develop a policy for the school regarding specific issues and present its findings to the Governing Board and the School Community. WAYS has adapted a set of detailed procedures and policies for all fiscal matters, which are outlined in Element I. Core policies that the board will adopt include:

- Fiscal Policies – how the school's budget is drafted, approved and monitored; budget development calendar; staff roles related to fiscal issues.*
- Instructional Program Policies – when necessary, establish formal policies to clarify or add specific/amend specific charter elements*
- Personnel Policies – Establishes how the school recruits, hires, monitors, compensates, and dismisses staff. Policies will also be adopted that address state and federal labor laws related to non-discrimination, leaves, sexual harassment, and other matters. These policies will be adopted prior to hiring staff and will be drafted with legal consultation.*
- Student and Parent Policies – how the school recruits orients, admit, disciplines, suspends, and expels students. These policies will also clarify parents' roles and responsibilities.*
- Legal Policies – Board members' legal responsibilities, including conflict of interest, duty of care, confidentiality (See Appendix E).*
- Internal Board Policies – Board composition and renewal/succession and to clarify any policy ambiguities*
- Policy, policy – this policy will help to keep the policy development process at a minimum and describe how policies are made and revised.*

The Governing Board will:

- Insure that the entire school is moving in the direction of the school vision.*
- Serve as a clearinghouse for information to facilitate communication.*
- Monitor committees to ensure progress toward goals and accomplishment of duties.*
- Assist Administration in dealing with incoming information to the school and disseminating information to the School Community.*

Analysis:

1. The WAYS Board failed to provide adequate fiscal oversight, which contributed to fiscal mismanagement of the school.

a. It did not establish a Finance Committee as required by the charter:

- i. A review of WAYS Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13⁴) shows there has never been a report from the Finance Committee to the WAYS Board and there was no posting of a Budget or Finance Committee meeting on the school's website.
- ii. The October 24, 2013 WAYS Board agenda contains the item, "Formation of the Board's Finance and Budget Committee" indicating such a committee had not been in place. (Exhibit 13)
- iii. The January 6, 2014 WAYS Board agenda contains item "13092601: Monthly Budget Update for 2013-14 School Year..." The audio recording of the meeting contains a discussion between the Board President and Bali Business Management (Bali), the school's contracted back-office provider, in which the Bali consultant explains he believes there had been a Finance Committee when the school had been authorized by LAUSD, but that "something happened" indicating there had been no Finance Committee since the school had been operating under the authority of the County Board. (Exhibit 13)
- iv. The January 29, 2014 WAYS Board agenda states there was to be a meeting of the Budget and Finance Committee meeting on that date; however neither a time nor place is identified and no meeting minutes were submitted to LACOE. (Exhibit 13)

b. It did not develop adequate Fiscal Policies:

- i. The 2011 Independent Audit (Exhibit 14) identified "material weaknesses" and "significant deficiencies" with the school's "internal control over financial reporting" and indicated "This problem was systemic" (p. 28)
- ii. The 2012 Independent Audit (Exhibit 8) identified "one or more significant deficiencies with the school's internal control over financial reporting" (p. 29)

The Independent Audit states the school's response is that it will review and monitor the conditions identified in the report and correct as applicable. (pp. 30-37)

- iii. The WAYS Board agendas and meeting minutes fail to indicate any discussion and/or action on revising Fiscal Policies until July 31, 2012. The agenda for this meeting lists Item IV. G "Approval of Revised Fiscal Policy." (Exhibit 13)

The audio recording for this meeting documents that the Board Chair stated, "This is going to be moved to a future agenda item." There was no discussion on the item. The Board did not take action to amend its Fiscal Policies until January 31, 2013, six (6) months later.

⁴ Exhibit 13 contains a copy of all WAYS Board Meeting Agendas and Minutes that were submitted to LACOE from July 2011 through March 2014.

- iv. LACOE asked the WAYS administrators for revised Fiscal Policies on at least three (3) separate occasions beginning in November 2011. (Exhibit 15)
- v. Subsequent to WAYS Board approving the Revised Fiscal Policies on January 31, 2013, those policies were submitted to LACOE. The Controller's Office reviewed the Revised Fiscal Policies and on April 18, 2013, provided WAYS with specific feedback as to where "additional measures" were needed to "strengthen internal control and safeguard assets of WAYS Charter School." (Exhibit 16) The school did not respond to LACOE's letter.
- vi. The 2013 Independent Audit (Exhibit 9) found "*One or more material weakness(es)*" and "*One or more significant deficiencies*" with WAYS' "*Internal control over financial reporting*" and "*One or more material weakness(es)*" with "*Internal control over major programs*". (p. 28)

The Independent Audit further notes that WAYS did not fully implement all recommendations from its previous audit. (p. 39)

The school's response is that they will "review this recommendation and subsequently establish necessary procedures." (pp. 29-34)

- vii. The February 27, 2014 WAYS Board agenda contains item, "IX. m. Response to Annual Audit findings – Discussion." A copy of WAYS Fiscal Policies and Procedures Handbook and a copy of a document entitled Fiscal Policies and Procedures Handbook "Charter School" with the logo for ExED on each page was submitted to LACOE with the agenda as board materials.

Meeting minutes for that February 27, 2014 state, "VIII. q. Response to Annual Audit findings – Discussion i. Discussion by Jason Okonkwo and Halilu of Bali Business Management regarding changes to WAYS' Financial Policies in the future Board Meetings." Neither the agenda nor meeting minutes indicate any revisions to Fiscal Policies were discussed or made. (Exhibit 13)

- viii. The FCMAT Audit (Exhibit 6) states in part:

The failure to establish adequate internal controls...coupled with the lack of accountability to the governing board created an environment for fraud and misappropriation to occur. (p. 11)

FCMAT's findings are consistent with the independent auditor's reports for WAYS for the fiscal years ending June 30, 2012 and June 30, 2013. Both FCMAT and independent auditors find that WAYS has significant internal control conditions and has failed to ensure that adequate internal controls are in place. (p. 31)

*Based on the evidence presented to FCMAT, there is sufficient documentation to demonstrate that fraud, mismanagement and misappropriation of the charter school funds and assets may have occurred. There exists a significant material weakness in the charter school's internal control environment, which increases the probability of fraud and/or abuse. **These findings should be of great concern to the WAYS governing board and the LACOE governing board and require***

***immediate intervention to limit the risk of fraud and/or
misappropriation of assets in the future.*** (p. 45 Emphasis added)

c. It limited its authority to approve contracts:

- i. The WAYS Board has not reserved the right, by its charter, bylaws, or Fiscal Policy, to review or approve contracts in advance of their execution. Article VII, Section 1. GENERAL POWERS of the 2011 bylaws (Exhibit 17) states:

The Board may delegate the management of the corporation's activities to any person(s), management company, or committees, however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

- ii. WAYS 2002 Board bylaws (Exhibit 18) assigned broader authority to the Board with respect to contract approval; these bylaws were submitted to LAUSD with the renewal petition. However, the Board revised its bylaws in March 2011, after the charter petition was submitted to LAUSD and before the appeal was submitted to LACOE. As an appeal of a denied petition, the County Board was only able to consider the bylaws submitted to LAUSD (dated 2002). Findings pursuant to those 2002 bylaws are documented in the staff report to the County Board. (Exhibit 19) The report states in part:

The governance structure fails to provide adequate oversight of the school's operation and fiscal management. Failure of the articles of incorporation and bylaws to state the purpose of the corporation is to provide for the operation of a publicly funded charter school is further evidence that the structure lacks a seriousness of purpose. The bylaws states the board has only one regularly scheduled meeting, which is insufficient to provide for effective governing of a public charter school. The governing board's lack of effective oversight has jeopardized the school's charter status and there is no evidence that the board can implement the proposed educational program stated in the petition. (pp. 9-10)

The WAYS Board has been operating under the 2011 bylaws, although it materially revised the responsibility of the WAYS Board and significantly increased the authority of the school's administration.

- iii. The WAYS Board is inconsistent in its oversight with respect to approving contracts and purchases.

A review of the WAYS Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) show key contracts did not receive prior Board approval, and the delegation of the signing of contracts to the school's administrators resulted in the Board's failure to "exercise its ultimate direction." Examples include:

Major Facilities Improvement (Air Conditioning) of Leased Buildings – The WAYS Board did not approve the contracts (approximately \$10,000 each) to install air conditioning at 706 East Manchester facilities building A (DeDe Dance Studio) and building D.

The agenda (Exhibit 13) and audio recording of the July 31, 2012 WAYS Board meeting, documents that the Director of Operations/On-Site Financial Manager stated to the WAYS Board that the school had “started early, before approval” on an air conditioning construction project.

When the item for the over \$20,000 project was brought to the WAYS Board for action, the audio recording documents that a Board member questioned the purpose of the vote by commenting, “They’ve already started.”

Site Lease for Salvation Army Facility – The agenda (Exhibit 13) and audio recording for July 31, 2012, WAYS Board meeting documents that the Director of Operations/On-Site Financial Manager informed the Board that the lease for the Salvation Army site was still in negotiations and was not available for the Board to approve at that time. However, the minutes of that meeting state, “*Approval of Salvation Army 2012-13 FY Property Lease – Approved 5/0.*”

The lease was signed by the school’s Executive Director on August 1, 2012.

Board approval of the contract was not listed as an item on any subsequent agenda or meeting minutes through June 2013, the remainder of the 2012-13 school year.

On February 3, 2014, the WAYS Board approved a resolution for the Board to enter into a lease for the Salvation Army site for 2013-14. The resolution reads, “*...the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to enter a Commercial Property Lease 2013-14 Fiscal Year – 7651 South Central Ave Los Angeles, Ca on behalf of said corporation.*” However, the lease was signed by the Executive Director in October 2013. (Exhibit 20) Therefore, the Executive Director entered into the lease without the approval of the WAYS Board.

Vehicle Purchase and Sale –

Purchase: The July 31, 2012 WAYS Special Board meeting (Exhibit 13), lists as Item “VII. H. Approval of Resolution to Purchase/Lease a Vehicle for School Business;” however, the audio recording documents that the actual motion was to “look into vehicles for the school.” This motion was approved unanimously.

The signed Board Resolution does not reflect the motion made by the Board member, but erroneously reflects the language on the agenda as cited above. The actual motion did not give approval to purchase or lease a vehicle, but rather to “look into” that possibility. Therefore, the school’s administrators entered into a contract to purchase a vehicle without proper Board approval. (Exhibit 21)

Sale: On November 30, 2013, the Director of Operations/On-Site Financial Manager sold a school vehicle prior to Board approval of the sale. The sale was initiated, and completed on January 28, 2014, according to documents provided to the WAYS Board for its February 3, 2014 meeting. (Exhibit 22) The sale of the school vehicle was not approved by the WAYS Board until its February 3, 2014 special meeting. (Exhibit 13)

Contract for 2013 Independent Audit – On November 18, 2013, the Director of Operations/On-Site Financial Manager signed the contract for the 2013 Independent

Audit (Exhibit 23) more than two (2) months prior to the Board approving the selection of that Auditor at its February 3, 2014 special meeting. (Exhibit 24)

Employment Contracts for Executive Director and Director of Operations/On-Site Financial Manager – The 2013-14 employment contract for the Executive Director was not approved until February 3, 2014 Board meeting (Exhibit 13) and a review of Board meeting agendas and minutes (Exhibit 13) provide no evidence that the Board approved an employment contract for the Director of Operations/On-Site Financial Manager since 2011.

A November 20, 2013 email from Board President Tolbert to the Executive Director states the lack of *“The review/approval of a contract for the Executive Director; if one had been provided. In fact, no contracts for this school year have been presented to the Board for review, approval or denial.”* (Exhibit 25)

The February 27, 2014 WAYS Board agenda (Exhibit 13) and audio recording documents that 2013-14 employment agreements for WAYS staff other than the Executive Director, including contracts for the Director of Operations/Onsite Financial Manager (who reports to and is evaluated by the Board), Principal and Assistant Principal were not approved by the WAYS Board even though it was eight (8) months into the school year.

The Board’s failure to approve major dollar contracts before they were executed and its general assignment of this responsibility to the school’s administration results in a lack of checks and balances necessary to reduce the likelihood of fiscal mismanagement. This action shows the board relinquished one of its key fiduciary responsibilities, allowing the school’s administrators to enter into contracts without the Board’s prior approval.

- d. It did not provide adequate oversight in the development and approval of the school’s budget.

WAYS Director of Operations/On-site Financial Manager submitted the WAYS budget to LACOE on July 3, 2013, prior to its approval by the WAYS Board. The following chronology establishes the Board’s lack of oversight of the budget development and approval process:

- i. June 6, 2013 Board Meeting: Agenda (Exhibit 13) lists 2013-14 Budget as discussion item. Written materials in the Board packet and the audio recording of the meeting document that the discussion with Bali centered on the 2012-13 Budget as of April 30, 2013.

The discussion related to the 2013-14 Budget was that WAYS’ administration and Bali were currently developing the budget and that a Board meeting would need to take place before the end of June to approve that budget.

- ii. June 26, 2013 Board Meeting: Agenda (Exhibit 13) lists 2013-14 Budget approval as action item; meeting cancelled due to lack of quorum.
- iii. July 3, 2013: LACOE received WAYS 2013-14 Budget.
- iv. July 26, 2013 Board Meeting: Agenda (Exhibit 13) lists adoption of 2013-14 Budget as action item; minutes state item tabled until next Board meeting.

- v. August 9, 2013 Board Meeting: Agenda (Exhibit 13) lists adoption of 2013-14 Budget as action item; the meeting was cancelled due to lack of quorum.
- vi. August 29, 2013 Board Meeting: Agenda (Exhibit 13) lists 2013-14 Budget as action item; audio recording documents that the Board asked questions about revenue and expenditures. Board Member Espinoza asked the Bali Consultant about the reason line item 5890 (Other services and operating expenses) increased from \$10,000 in 2012-13 to \$128,724 in 2013-14. He asked what services were included in this line item and why the increase was so dramatic.

The audio recording documents that The Bali Consultant stated he was only prepared to give a summary report and did not have the information to answer the question. The Board requested an explanation be presented at its next meeting.

The Board stated it was aware of the necessity of approving the budget as it was late August and the school needed to spend money to start the school year.

The Board took action to have line item 5890 restored to \$10,000 and instructed Bali to hold the difference of \$118,000 in reserve until the Board received an explanation of the expenditures contained in the line item. The Board voted to approve the budget with the change stated, above.

- vii. September 26, 2013 Board Meeting: Agenda (Exhibit 13) lists 2013-14 Budget approval as action item; minutes state, "Unable to address this item at this time as presenter has not yet arrived."
- viii. October 24, 2013 Board Meeting:

Minutes from August 29, 2013 presented for approval did not indicate that 2013-14 Budget was approved with the stipulation that line item 5890 was returned to \$10,000. (Exhibit 13)

The audio recording of the meeting documents that the Board, in its approval of the Minutes, amended them to reflect Mr. Espinoza's motion that the budget was approved with line item 5890 restored to \$10,000 until further clarification of that line item could be provided. Revised meeting minutes were never received by LACOE.

Agenda (Exhibit 13) lists discussion and possible action on 2013-14 Budget with presentation from Bali Business Management. A review of the audio recording documents that no discussion or action took place. The meeting minutes (Exhibit 13) state, "A DISRUPTION OCCURRED AT THE END [of] CLOSED SESSION BY AN ADMISTRATIVE EMPLOYEE. NO OTHER BOARD BUSINESS WAS ABLE TO BE CONDUCTED." A November 12, 2013 letter from the Executive Director to LACOE that accompanied the audio recording corroborates that the meeting ended abruptly. (Exhibit 26)

- ix. February 4, 2014 email from LACOE Controller's Office to Director of Operations/On-Site Financial Manager: The communication requests evidence of board approval of the annual budget due in July each year and other items. (Exhibit 27)

- x. February 5, 2014, Response from Director of Operations/On-Site Financial Manager: Email with August 29, 2013 Board minutes of the attached. (Exhibit 28)

The document sent by the Director of Operations/On-Site Financial Manager to LACOE was the first page of the August 29, 2013 minutes, signed by Board Members Valenti and Johnson and dated February 3, 2014.

The minutes show the budget was approved, but does not reflect the approved amendments to the budget made on August 29, 2013 (e.g., restoration of line item 5890 to \$10,000), which was further documented through the audio recording of the October 24, 2013 meeting.

While the February 3, 2014 Agenda lists Board action to approve Minutes for the August 29, 2013 meeting, these Minutes had been approved on October 24, 2013. Additionally, the Board lacked a quorum at the point in this meeting when this action took place.

The WAYS Board did not establish sufficient policies and/or approve policies prior to implementation.

- e. It improperly authorized the expenditure of school funds.

- i. It authorized staff stipends without appropriate criteria or supporting documents. On February 27, 2014, the Board approved Item IX. b. *“Performance Based 2013-14 School Year Stipends Round One – Action.”* (Exhibit 13)

The audio recording of that Board meeting indicates the Board Chair asked the Executive Director about classroom observation used to substantiate these *“Performance Based Stipends.”* The Executive Director said the stipends were for staff that performed extra duties, not for their classroom performance. The Board committed two (2) errors in approving these stipends as follows:

First, the item was improperly stated on the agenda in violation of the *Brown Act*. Performance based stipends are not the same as extra duty compensation; and

Second, without written criteria and supporting documentation to justify the payments, they may constitute a gift of public funds.

- ii. It approved the expenditure of funds to the founder/former executive director without evidence the funds were owed. WAYS Board paid the founder/former executive director for alleged unused vacation and time-off without proper documentation as previously described on page 8 of this report and in the FCMAT Audit. (Exhibit 6, p. 21)

- 2. The WAYS Board did not establish and/or approve policies prior to implementation.

- a. The Board did not develop and approve sufficient Fiscal Policies as documented above.
- b. The Board did not develop Personnel Policies. A review of Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) indicates the WAYS Board did not develop or approve Personnel Policies, and Personnel Policies were not submitted to

LACOE. If such policies existed, they were required to be submitted to LACOE per the fully executed LACOE MOU.

- c. The Board did not approve policies before implementation and/or submission to LACOE. A review of Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) does not indicate that the Board had approved policies the school's administration had submitted to LACOE. A November 20, 2013 email from Board President Tolbert to the Executive Director states her concern that the Board had not approved policies that needed to be submitted to LACOE. (Exhibit 25)
3. The WAYS Board did not hold monthly meetings and did not follow its bylaws and the *Brown Act* with regard to meetings.

The charter dated December 18, 2012 states, "*The Governing Board of WAYS will meet monthly.*"

Section 15 of the WAYS 2011 bylaws states, "*Regular meetings of the Board of Directors, including annual meetings, shall be held monthly...*"

Section 18 of the WAYS 2011 bylaws states, "*QUORUM. A majority of the directors then in office shall constitute a quorum. All acts or decisions of the Board of Directors will be by majority vote based upon the presence of a quorum. Should there be less than a majority of the directors present at any meeting, the meeting shall be adjourned. Directors may not vote by proxy.*"

- a. The Board held an insufficient number of Regular Meetings to effectively govern the school and provide necessary oversight. Between July 2011 and March 2014, the Board held 33% of the Regular Monthly Meetings stated in the charter and bylaws (11 of a possible 33). Regular Meetings were cancelled, postponed, or rescheduled 20 times.
- b. The school does not publish a schedule of Regular Meetings for parents, staff, or the community through its website or school calendar. It does submit a yearly list of Regular Meeting dates to LACOE as required by the MOU. The school does not comply with the requirements of the *Brown Act* with regard to establishing a Regular Meeting schedule, although the charter states the school will comply with the *Brown Act*.

The *Brown Act* differentiates between Regular and Special Meetings:

Regular Meetings are held at a preset time and place. Each local agency must establish a regular meeting schedule by resolution or ordinance; 72-hour notice is required.

Special Meetings are held for a specific purpose. Special meetings may be called by the presiding officer or a majority of the members of the legislative body; 24-hour notice is required⁵.

- c. The WAYS Board relies on Special Meetings to conduct its regular business, which is a violation of the *Brown Act* and the school's charter.

The chart below provides information regarding the Regular Meeting schedule of the WAYS Board based on the yearly list of dates it submits to LACOE in August each year and/or as amended. Special Meetings that were scheduled and/or held are provided under Notes.

Analysis of WAYS Regular and Special Board Meetings: July 2011 – March 2014

⁵ A Public Official's Guide to the Brown Act, Neumiller & Beardsee, January 2013. Retrieved 2/10/2014 from www.toddb.ca.gov/images/2013_Additional_Material/Brown_Act_2013...

Calendared Regular Meeting Dates	Meeting Held	Notes
July 28-29, 2011	Yes	Meeting held in Orange County, which is outside the jurisdiction of the authorizer in violation of the bylaws and Charter.
August 19, 2011	No	Agenda received for <u>Special Meeting</u> on this date; however, LACOE did not receive audio recording or minutes.
September 16, 2011	Cannot Confirm	Agenda received; however, LACOE did not receive audio recording or minutes. Special Meeting scheduled for September 22, 2011; however, 9/12/11 email from Board Member Lewis stated meeting cancelled for lack of quorum.
October 21, 2011	No	10/20/11 email from Director of Operations stated meeting postponed. Special Meeting scheduled for October 5, 2011; however, 10/5/11 email from Board Member Lewis stated meeting cancelled. Special Meetings held October 8, October 14, and 29, 2011.
November 18, 2011	No	11/16/11 email from Director of Operations stated meeting to be rescheduled. Special Meetings held November 3, and November 30, 2011. The November 11 meeting was held at a restaurant in Marina Del Rey.
December 2011: None	No	Special Meeting held December 15, 2011.
January 20, 2012	Yes	
February 17, 2012	No	2/16/12 email from Executive Director stated, "until further notice board meetings will be set according to the announced monthly available days common for all Board members." Special Meeting held February 29, 2012.
March 16, 2012	No	LACOE did not receive an agenda, minutes, or an audio recording for this date.
April 20, 2012	No	Special Meeting held April 25, 2012.
May 18, 2012	No	Special Meeting held May 24, 2012.
June 22, 2012	No	Special Meeting held June 28, 2012.
2011-12 Summary:	Calendared Regular Meetings held 2 of 12 months	
July 26, 2012	No	7/26/12 email from Executive Director stated meeting postponed to July 31, 2012 for lack of quorum. Special Meeting held July 31, 2012.
August 30, 2012	No	8/28/12 email from Executive Director stated meeting postponed to September 5, 2012, for lack of quorum; 9/5/12 email from Executive Director stated meeting cancelled for lack of quorum.
September 27, 2012	Yes	
October 25, 2012	No	10/23/12 email from Director of Operations stated meeting moved to October 26. Special Meeting held October 26, 2013.
November 29, 2012	No	LACOE did not receive agenda, minutes, or audio recording. Special Meeting scheduled for November 30, 2012; 11/30/12 email from Director of Operations stated meeting postponed until further notice due to illness and weather.
December 2012: None	No	Special Meeting scheduled for December 11, 2012; 12/11/12 email from Executive Director stated meeting cancelled due to lack of a quorum.
January 31, 2013	Yes	

Analysis of WAYS Regular and Special Board Meetings: July 2011 – March 2014

Calendared Regular Meeting Dates	Meeting Held	Notes
February 28, 2013	Yes	
March 28, 2013	No	LACOE did not receive an agenda, minutes, or an audio recording for this date. A <u>Regular Meeting</u> was held March 22, 2013.
April 25, 2013	Yes	
May 30, 2013	No	5/30/12 email from Executive Director stated meeting postponed until the following week for anticipated lack of a quorum.
June 27, 2013	No	Agenda for June 6, 2013 not identified as regular or special meeting. LACOE did not receive agenda, minutes, or audio recording for June 27, 2012 meeting. LACOE received an agenda for <u>June 26, 2013 Regular Meeting</u> ; however, 6/27/2013 email from Executive Director stated meeting cancelled for lack of quorum. Special Meeting scheduled for June 28, 2012; LACOE did not receive minutes or audio recording.
2012-13 Summary:	Calendared Regular Meetings held 4 of 12 months	
July 25, 2013	No	Special Meeting and Board Retreat held at the Radisson Hotel, LAX on July 26, 2013.
August 29, 2013	Yes	Special Meeting scheduled for August 9, 2013; 8/28/13 email from Director of Operations stated meeting cancelled for lack of quorum.
September 26, 2013	Yes	
October 24, 2013	Yes*	Special Meeting scheduled for October 9, 2013; 10/23/13 email from Director of Operations stated meeting cancelled due to lack of a quorum. *Per minutes, meeting did not resume to Open Session due to “disruption...by an administrative employee.” Meeting not properly adjourned.
November 21, 2013	No	11/19/2013 email from Executive Director stated meeting was postponed.
December 2013: None	No	
January 30, 2014	Yes	Special Meeting held January 6, 2014. Agenda received for January 27, 2014; 2/7/14 email from Director of Operations stated meeting cancelled due to lack of a quorum. Agenda received for January 29; LACOE attended and can confirm the meeting was held and an audio recording was received. January 30, 2014 Meeting Posted as a Special Meeting, not a Regular Meeting. 1/30/14 email from Executive Director states meeting changed because agenda not posted with 72-hour notice.
February 27, 2014	Yes	Special Meeting held February 3, 2014.
March 27, 2014	No	Special Meeting held March 13, 2014 Agenda received for March 27, 2014; LACOE staff was in attendance to present to WAYS Board, but meeting did not occur; 3/31/14 email from Executive Director stated the meeting cancelled due to lack of a quorum.
2013-14 Summary: (through March 2014)	Calendared Regular Meetings held 5 of 9 months	

4. The WAYS Board did not provide proper oversight of the school’s Executive Director and Director of Operations/On-Site Financial Manager and did not conduct performance evaluations.

Charter Element 5: Employee Qualifications (Section 5.2) of the WAYS charter dated December 18, 2012, states:

“Evaluation: The Executive Director reports to and is evaluated by WAYS Board of Directors....”

“Evaluation: The Director of Operations reports to and is evaluated by the Board of Directors.”

“Evaluation: The On-Site Financial Manager reports to and is evaluated by the Board of Directors.”

- a. The WAYS Board did not provide proper oversight of the school’s Executive Director and Director of Operations/On-Site Financial Manager and did not conduct performance evaluations.

Failure to provide oversight of its key administrators is evidence the Board did not assume its duty of care or fulfill the terms of the charter with respect to oversight of its administrative employees.

- i. It failed to properly oversee the activities of the founder/former executive director, which resulted in an improper Professional Liability Settlement. On December 4, 2012, a former WAYS teacher was awarded \$566,803 in a judgment against MWF for wrongful termination. The settlement was the result of actions by the founder/former executive director. (Exhibit 6, p. 22; Exhibit 10)
- ii. A review of WAYS Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) shows the WAYS Board did not evaluate these administrators, although the charter petition states each of these positions “reports to and is evaluated by WAYS Board of Directors....”
- iii. At the May 24, 2012 Special Board Meeting, the Board directed the school’s administrators to bring it options for hiring a Business Management Consultant (e.g., back office provider). The request was made again at the June 28, 2013 Board meeting. (Exhibit 13)

To date, there is no evidence through Board agendas, minutes, or audio recordings that staff complied with this request.

- iv. It failed to ensure the school’s conditions of employment were being enforced. The WAYS Vice Principal operated a private school during paid hours as an employee of the charter school in violation of employment contract language, which states:

2. Work Schedule

*Although teachers are contracted for 8 hours per day, the minimum on-site hours re listed below. From time to time, **Vice Principal** is expected to fulfill regular contracted hours in order to accommodate parents’ schedules, and school activities.*

*Minimum on-site hours: **M, T, W, Th, Fr: 7:30a. – 4:30pm***

Workdays for the Employee shall be consistent with the applicable calendar of work days for this position for the period of one school year in accordance

with the provisions of this Agreement. Employment is at-will as specified in Section [C] below.

Employee will not render services in person or by electronic means, paid or otherwise, for any other person or entity during contracted work hours with Wisdom Academy for Young Scientists. (Underlining added)

The WAYS Vice Principal made her affiliation with her private school, Innovative WAYS Academy, public through the private school's website and other Internet postings. The information documenting the WAYS Vice Principal's involvement with her private school began as early as the summer of 2012. (Exhibit 29)

A private investigator documented that WAYS Vice Principal spent time at her private school during the "Minimum on-site hours" stipulated in her employment contract. (Exhibit 6, p. 38)

5. The WAYS Board President did not provide an annual report to the WAYS Board as required by the charter. A review of WAYS Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) shows there has never been an annual report from the Board President to the WAYS Board.

C. The WAYS Board and its Employees Violated Charter Element 5: Employee Qualifications (Section 5.2)

The WAYS Executive Director violated his duties as specified in the charter. The WAYS charter dated December 18, 2012, states:

Evaluation: The Executive Director reports to and is evaluated by WAYS Board of Directors....

Governance: will work with the Board Chair to ensure that the Board of Directors fulfills its governance functions. She [sic] will be responsible for facilitating optimum performance of the Board, its committees, and individual members;

Financial Management: will oversee the financial systems of the organization, including the development of the annual Budget;

Compliance: is responsible for ensuring that the school follows all legal requirements implemented by the authorizing authority as well as the State of California. This includes Charter Renewal, WASC accreditation, required tracking of State and Federal funds...

The WAYS Director of Operations/On-Site Financial Manager violated his duties as specified in the charter. The WAYS charter dated December 18, 2012, states:

Evaluation: The Director of Operations reports to and is evaluated by the Board of Directors.

Safety: Ensure safety on campus by overseeing Emergency Preparedness, Environmental Health and Safety, Fire Prevention Services

Purchasing: purchases parts and materials at a reasonable quality and at a reasonable price. Monitor all interest, credit, and purchase order accounts.

Financial: Participates in the development and implementation of the annual budget related to personnel matters and position control, and authorizes expenditures in accordance with established limitations.

Programs: Collaborate with the principal to ensure that the school remains aligned to relevant programs including Title I, Special Ed, Prepares various reports and correspondence as needed or requested.

Contracts/Contractors management: management of contracts made with customers, vendors, partners, or employees. Including negotiating the terms and conditions in contracts, ensuring compliance with the terms and conditions, as well as documenting and agreeing on any changes that may arise during its implementation or execution.

Evaluation: The On-Site Financial Manager reports to and is evaluated by the Board of Directors.

Inform the Executive Director of the guidelines and procedures for the year's budget process. Provide the management staff with the formats and timelines for preparing the school budget.

Review the budget and check the calculations and the basis for the calculations.

Prepare a draft budget based on the requests by the Executive Director taking into account other operating expenses of the school, and all other contractual obligations of the school. This budget will include both capital and operating budgets for the fiscal year.

Meet with the Executive Director and review the budgets, their assumptions and computations related to both revenue projections and expenditure estimates. In reviewing the budgets for recommendation to the finance committee the priorities of the school, revenue availability and fiscal responsibility must be considered.

Prepare the final recommended budget based on agreements reached from the meeting with the Executive Director for presentation to the Finance Committee and Board of for approval.

Responsible for making sure the budgets are being implemented correctly. This includes working with the Accounting Staff to input the budgets into the accounting system to help monitor budgets to actual comparison. Also working with the Administrative Assistant and Staff Consultant to answer budget related questions and reporting any problems and proposed solutions to the Executive Director

Review budget to actual report prepared by Staff Consultant and make necessary adjustments and narratives or comments before presenting to Executive Director, and Board.

Revise the budget for board consideration when there is a material change in the approved budget.

Analysis:

1. The WAYS Executive Director violated his duties as specified in the charter. Evidence includes, but is not limited to the following:
 - a. The Executive Director failed to facilitate optimum performance of the Board, its committees, and individual members.
 - i. He did not provide the Board with timely and accurate information regarding federal tax filing (Form 990). At the February 27, 2014 (Exhibit 13) Board meeting, the Executive Director presented an unsigned 2012 Form 990 for Board approval.

However, the Form 990 had been signed by the Executive Director on November 14, 2013, and is date stamped as received on November 18, 2013. (Exhibit 30)

- ii. He failed to cooperate with and support the Board President. A November 20, 2013 email from WAYS Board President Tolbert to the Executive Director (Exhibit 25) indicates the Executive Director was not “working with the Board Chair.” President Tolbert’s email states:

...I read your [Executive Director’s] email unilaterally postponing the Board of Directors’ meeting; even though I emailed a draft agenda to you at 4:40 PM – in time for you to post it by 5:00 PM to meet the 72-hour deadline required by the Brown Act... However, you did find time to send out a scurrilous email requesting that the ‘new’ board members step down; and identifying me specifically.

a. Your administrative responsibilities do not give you the prerogative to postpone Board meetings... Moreover, you were keenly aware of the time-sensitive documents being requested by LACOE. We were to submit these documents below not later than November 22, 2013...

e. An overdue monthly budget presentation from Bali Business Management explaining to the Board a line item budget increase of \$118,000 from the previous school year in supplies. As you may recall, in August the Board ‘conditionally’ approved this year’s budget in order that some funds could be used to open the school-year, although LACOE would receive a ‘conditionally approved’ 2013-14 budget. Since August, the Board has not had an opportunity to review the school’s budget. In September, the contractor was called and instructed not to come. In October, when the contractor did come, the Board meeting was disrupted and the contractor was unable to present the budget, nor was the Board able to continue with the meeting as we were told to “get out”. In fact, was directly yelled at and threatened by the employee to, “Get out and don’t come back!” among his other verbal and physically menacing gestures.

f. Scheduling of Board Retreat that every board member agreed was needed for several reasons. (See Agenda)

g. Hearing critical Closed Session items

h. The review/approval of a contract for the Executive Director; if one had been provided. In fact, no contracts for this school year have been presented to the Board for review, approval or denial. Were the teachers’ contracts approved prior to the end of school? I know this current Board did approve their Salary Schedule.

Since there is no scheduled Board Meeting in December, I am recommending that the Board schedule a December meeting, due to ‘postponement’ of its November meeting.

- iii. He did not ensure the Board held Regular Board Meetings with the frequency necessary for the Board to fulfill its fiduciary responsibilities in a timely and responsible manner. He unilaterally cancelled meetings and held meetings that did not comply with the charter and the *Brown Act* as documented above.

- iv. He acted with the Director of Operations to remove two (2) Board members, improperly utilizing the WAYS School Site Council.
- ▶ On May 13, 2014, LACOE staff conducted a routine site visit to the WAYS Salvation Army and Manchester campuses. As a part of the visit, staff requested to see the School Site Council (SSC) binder for the current school year showing the roster of members, meeting agendas, and minutes. LACOE staff reviewed the agenda, minutes, sign-in sheets for each month a meeting was held, by-laws and roster of members. Review of these documents provide evidence that:
 - The January 23, 2014 WAYS SSC agenda identifies item III as “*New business-Resolve regarding WAYS governance-Jason Okonkwo, Mr. Cabil*” (Exhibit 31) Jason Okonkwo is the Director of Operations/Onsite Financial Manager; Mr. Cabil is the Executive Director. The only other item of business listed on the agenda was the review of minutes from the previous SSC meeting.
 - At that meeting a completed resolution was provided to the group for approval. (Exhibit 32) It was signed as approved by Tanya Castro, SSC Secretary and WAYS’ Office Manager.
 - LACOE staff reviewed the agendas and meeting minutes for SSC meetings prior to January 23, 2014, and saw no evidence that concerns about the WAYS Board Members or other governance related concerns were discussed.
 - The SSC’s resolution regarding removal of WAYS Board Members is outside the scope of purpose, responsibility, and duties of a SSC, which exists by state and federal law to provide input on and monitor the Single Plan for Student Achievement and use of Title 1 Funds.
 - ▶ A flier distributed to parents and posted at the school site corroborates the Executive Director’s efforts to remove the two (2) Board Members by name. (Exhibit 33)
- b. The Executive Director failed to oversee the financial systems of the organization. Examples include:
- i. Failure to appropriately oversee the development of the 2013-14 Annual Budget as described, above, and ensure that it was approved by the Board prior to its July 3, 2013 submission to LACOE.
 - ii. Failure to ensure that the Director of Operations/On-site Financial Manager and Bali complied with the Board’s August 29, 2013 request for information regarding Budget line item 5890 as described above.
 - iii. Failure to ensure WAYS’ compliance with the requirements for using State and Federal Funds as reported in the 2013 Independent Audit (Exhibit 9, pp. 35-36)
- c. The Executive Director failed to apprise the WAYS Board of all concerns communicated by LACOE, to whom the County Board delegates the administrative function of providing oversight to the charter schools it authorizes under Board Policy 0420.4.

Between January and June 2012, LACOE issued 18 letters to the WAYS Executive Director and governing board. A review of WAYS Board agendas for 2012 indicates

only the February 29, 2012 agenda reflects a communication from LACOE as a discussion item (under closed session). The May 24, 2012 Agenda documents a discussion about the County Board's May 1, 2012 action directing LACOE to mediation with WAYS. (Exhibit 13)

2. The WAYS Director of Operations/On-Site Financial Manager violated his duties as specified in the charter. Evidence includes, but is not limited to, the following:

- a. He failed to purchase parts and materials at a reasonable quality and at a reasonable price.
 - i. The audio recording of the July 31, 2012 WAYS Board meeting indicates the WAYS Board authorized school personnel to "look into" purchasing a vehicle for school business. Rather than researching and bringing back information on suitable vehicles for the Board for approval, the Director of Operations/On-Site Financial Manager entered into a contract to purchase a Lexus 350X for approximately \$40,000. The purchase of a luxury vehicle for school business is not reasonable; the same purpose could have been served by a less expensive vehicle. Additionally, the Director of Operations/On-Site Financial Manager did not have Board authorization to purchase any vehicle. In January 2014, Director of Operations/On-Site Financial Manager also sold the vehicle prior to obtaining Board authorization to do so as described previously in this report.

The FCMAT Audit identified the fiscal impact to the school. "The [FCMAT] team has determined that the sale of the Lexus resulted in a (\$4,187) loss to WAYS. The purchase price of the Lexus was \$41,163 on August 19, 2012 and the Bill of Sale dated December 17, 2013 states that the Lexus was sold for \$26,000 to an individual in Canada. The Lexus was owned by WAYS for approximately 16 months between August 19, 2012 and December 17, 2013. Depreciation of the vehicle is calculated over five years or 60 months at \$686 per month, and accumulated depreciation over 16 months is calculated as \$10,976." (Exhibit 6, p. 42)

- ii. The FCMAT Audit (Exhibit 6, p. 24) states that the Director of Operations/On-Site Financial Manager authorized payments to OSE Business Services on invoices that contained multiple irregularities including pricing and shipping charges, and did not include packing slips identifying the shipping contents and quantities. Additionally, WAYS failed to provide an IRS Form 1099 for OSE for 2011 or 2012.
- b. He failed to prepare final recommended budgets. Examples include but are not limited to the following:
 - i. The June 6, 2013 WAYS Board agenda (Exhibit 13) lists the 2013-14 Budget as a discussion item. The audio recording of that meeting documents that the Director of Operations/On-Site Financial Manager did not have the budget prepared in time to present it to the Board at that meeting. The budget was submitted to LACOE on July 3, 2013 without proper Board approval.
 - ii. On August 29, 2013, the WAYS Board took action to approve the 2013-14 Budget with adjustments to line item 5890. (Exhibit 13) These adjustments were not made and the Director of Operations failed to provide the Board with the detail requested regarding other operating expenses in the line item.

- iii. WAYS did not submit its 2013-14 Title I budget to LACOE by November 15, 2013, as required by the September 27, 2013 *Notice of Concern Regarding Student Achievement*. (Exhibit 34) To date, LACOE has not received the requested budget.
- c. He failed to participate in the development and implementation of the annual budget related to personnel matters and position control, did not authorize expenditures in accordance with established limitations, and did not revise the budget for board consideration when there was a material change in the approved budget. For example:
 - i. The February 27, 2014 WAYS Board agenda (Exhibit 13) lists 2013-14 School Year Employment Agreements as an action item. The Report to the Board was co-prepared with the Executive Director. The Report states in part, "...salary increases for seven classified and two certificated employee [sic] were not considered in the operating budget that received Board approval on July 26, 2013. ... All salary increases total \$24,698. Additional staffing increases total \$60,534." (Exhibit 35)
 - ii. Additionally, the Report was inaccurate. The July 26, 2013 meeting was a non-calendared Special Meeting and Board Retreat held at the Radisson Hotel, LAX. While the budget was on the agenda for this meeting, meeting minutes indicate the item was tabled until the next meeting held on August 29, 2013. (Exhibit 13)
 - iii. The audio recording of the February 27, 2014 Board meeting documents that the Bali Consultant cautioned the Board not to unconditionally approve the contracts until such time as the sufficiency in funds to cover the contracts could be verified; accordingly, the Board postponed action on approval of the contracts even though the school year was more than half over.
- d. He failed to ensure budgets were implemented correctly. The 2013 Independent Audit (Exhibit 9) presented multiple findings related to insufficient internal controls and budget practices. Specifically, bank statements and payroll were not appropriately reconciled and the budgets for Federal programs (National School lunch Program and Special Education Cluster) were not being kept separately and accounted for correctly. Additionally, the Auditor's Report stated that the recommendations related to bank and payroll reconciliation from the prior year audit had not been fully implemented.
- e. He did not effectively work with the Accounting Staff to...help monitor the budgets to actual comparison or review budget to actual report prepared by Staff Consultant and make necessary adjustments and narratives or comments before presenting to Executive Director, and Board. For example:
 - i. In the WAYS "*Financial Reports and Narratives December 2012*" prepared by Bali and presented to the WAYS Board on January 31, 2013 (Exhibit 13), the narrative states "*Salaries and benefits is expected to be over budget by about \$30,000 based on the level of spending to date. Books and supplies is over budget by \$38,000 and is expected to be over budget by the end of the year by about \$70,000.*" The Bali narrative also advised WAYS management to review the related line items and revise the budget or cut back expenses in these areas. (Exhibit 36)
 - ii. The budget report prepared by Bali and presented to the Board on June 6, 2013 (Exhibit 13), states that as of April 30, 2013, the "*Salaries and Benefits are expected to be over budget by about \$30,000...Books and Supplies are already over budget and are expected to be over budget at the end of the year by about \$70,000.*" This

indicates that despite the recommendation of the Bali Consultant, WAYS management did not revise the budget or cut back on spending in the identified areas of concern. (Exhibit 37)

II. Concern Regarding the General Capacity to Operate a Charter School

In addition to and as confirmed by the specific violations described above, based on document review and interviews, LACOE has serious concerns regarding the lack of capacity and accountability demonstrated by the WAYS Board and administration, which raises larger questions about their ability to exercise sound judgment and conduct fiduciary oversight of the school.

First, it is a concern that WAYS Board lacks an understanding of its roles and responsibilities and has not taken a sufficiently active and proactive role in decision making and oversight. The Board lacks the breadth of knowledge necessary to oversee the use of public funds; it relies on the administration for its information. The evidence shows that the Executive Director and Director of Operations/Onsite Financial Manager, both of whom report to the Board, have not provided the Board with necessary and timely information that would allow it fulfill its oversight responsibilities, and in fact, have thwarted board efforts to obtain information when it has attempted to exercise its oversight responsibilities.

Second, in spite of multiple years of audit findings, the Board failed to make necessary changes to address and correct these findings. At the time of renewal and again in the summer and fall of 2013, specific board members attempted to institute necessary changes to the school's policies and procedures that might have led to correction of the fiscal and governance shortfalls cited in the Independent Audit Reports, FCMAT Audit, and this *Notice of Violation*. These board members met with sufficient resistance that they resigned or were terminated from their positions on the Board. (Exhibit 38 and Exhibit 13)

Third, the WAYS Board demonstrates questionable governance by failing to evaluate and discipline its administrators despite repeated evidence that they failed to fulfill the requirements of their job descriptions and repeated notice from the LACOE and the County Board that there were serious concerns about the school's operations, including its failure to fulfill the terms of authorization and mediation. By failing to evaluate these administrators and provide them with adequate direction and oversight, the Board demonstrated a lack of accountability on its part and failed to require accountability from its administrators.

Fourth, LACOE has grave concerns regarding the capacity of the WAYS Board to fulfill its responsibilities to the public due to its failure to establish and maintain a regular schedule of meetings, thereby depriving families, the community, and the general public of its right to express opinions and provide input on school matters. Additionally, board turnover and the lack of preparation and accurate information from administrators and consultants, has led to inconsistent Board practices and oversight, with matters needing timely action being deferred multiple times and over multiple month, leaving the administrators to make decisions and take actions without Board approval.

LACOE concurs with the 2010-11 Independent Auditor's Report, which states the problem is "systemic" and the FCMAT Audit, which states, "*There is little evidence of responsible governance by the board and clearly a lack of fiscal accountability by the administration. The governing board has failed and often been prevented from its ability to maintain and exercise its responsibilities, authority, and control.*" (p. 45)

Reasonable Period of Time to Remedy Violations

The violations contained herein need to be addressed and remedied **on or before June 30, 2014**. Please provide a detailed, written response addressing each of the specifically identified violations that has been

approved by the WAYS Board (and evidence of such approval). You may attach to your written response any supporting evidence of your refutation of the identified violations or remedial actions that have been taken by WAYS. Please submit your response to LACOE's Charter School Office:

Judy Higelin, Project Director
Charter School Office
Los Angeles County Office of Education
9300 Imperial Highway
Downey, 90242

Upon the conclusion of the reasonable time to remedy, the County Board shall evaluate WAYS' response and any supporting evidence. Should the County Board deem that WAYS has not taken the appropriate measures to address and remedy the above concerns and violations, a public hearing to consider issuance of a *Notice of Intent to Revoke* and a Report on the Findings of Fact pursuant to Education Code § 47607(e) shall be scheduled. WAYS is also placed on notice that pursuant to Education Code section 47607(i), should the County Board revoke the charter of WAYS based on failure to follow generally accepted accounting principles and/or fiscal mismanagement, the charter school shall cease operations pending appeal.

Service

Upon the County Board's approval of issuance of the *Notice of Violation* at the regularly scheduled board meeting, to be held in open session in accordance with the *Brown Act*, on June 3, 2014, the County Superintendent of Schools shall issue the *Notice of Violation* to:

Edward Cabil, Executive Director
Armando Espinoza, Board Chair
Wisdom Academy for Young Scientists
706 East Manchester Blvd.
Los Angeles, California 90001

EXHIBIT 1



Los Angeles County Office of Education

Leading Educators • Supporting Students • Serving Communities

December 20, 2013

*Via First Class Mail
and E-mail: kids@civicpride.net*

Arturo Delgado, Ed.D.
Superintendent

Los Angeles County
Board of Education

Rebecca J. Turrentine
President

Katie Braude
Vice President

Douglas R. Boyd

José Z. Calderón

Rudell S. Freer

Raymond Relsler

Thomas A. Saenz

Hon. Carol Lee Tolbert, President
Wisdom Academy for Young Scientists Board
Ms. Kimberly Daniels
Ms. Saundra Davis
Mr. Armando Espinosa
Mr. Norman Golden
Ms. Cherly Johnson
Ms. Eleanor Jones
Ms. Dorothy Valenti
5106 Genoa Street
Oakland, CA 94608

Hon. Tolbert and Members of the Wisdom Academy for Young Scientists Board:

Notice of Concern: Noncompliance with Law, Charter and Terms and Conditions of Authorization

This *Notice of Concern (Notice)* documents ongoing areas in which Wisdom Academy for Young Scientists (WAYS) has failed to comply with the law, its charter, and the Los Angeles County Office of Education (LACOE) Monitoring and Oversight Memorandum of Understanding (MOU).

Failure to Fulfill Reporting Requirements: WAYS has not been responsive to reasonable requests from the authorizer (*Education Code (EC) 47604.3*) for fiscal information and other reporting requirements as follows:

1. **Monthly financial reporting:** WAYS has not submitted its monthly financial statements for October, November, and December 2013. While there have been multiple requests from the Controller's Office for these reports, the school has been nonresponsive.

Resulting Violations: EC 47604.3; Charter Element 4 Section 4.6 (Governance: Responding to Inquiries); and MOU Section 3.4 (Revenue and Expenditure Reporting) and Attachment B (Fiscal Oversight Requirements and Financial Reporting).

2. **First Interim Financial Report:** The First Interim Financial Report was due December 2, 2013 (*EC 47604.33*). There were multiple requests from the Controller's Office, with a communication from the school on December 5, 2013, indicating WAYS would submit on December 6, 2013; it was not received. As of the writing of this letter, the signed certification for the First Interim Financial Report has not been received.

Resulting Violations: EC 47604.3 and 47604.33; Charter Element 4, Section 4.6 (Governance: Responding to Inquiries); Charter Element 9 (Annual Financial Audits) paragraph 2; and MOU Section 3.4 (Revenue and Expenditure Reporting).

Hon. Carol Lee Tolbert, President
Wisdom Academy for Young Scientists Board
December 20, 2013
Page 2

3. Title I Budget: The September 27, 2013 *Notice of Concern Regarding Student Achievement* requested that WAYS submit "...a copy of the school's Title I budget to the Charter School Office (CSO) by November 15, 2013. LACOE will review the budget to ensure funds are correctly allocated and monitor expenditures to ensure they are aligned with the SPSA/SSDP." The school's principal was reminded to submit the budget during a site visit on October 17, 2013, and again during a meeting with WAYS on November 21, 2013. To date, the budget, which must be approved by the School Site Council and Governing Board, has not been submitted. A November 20, 2013 email from the WAYS Board President states the school's Governing Board has not approved the expenditure plan and a review of board meeting agendas/minutes provides no evidence of approval.

Resulting Violations: Federal Title I Requirements; EC 47604.3; Charter Element 4, Section 4.6 (Governance: Responding to Inquiries); and Charter Element 7, Section 7.3 (Means to Achieve a Racial and Ethnic Balance: Federal Compliance).

4. Previously Documented Reporting Failures for School Year 2013-14: In addition to the current issues of non-compliance, WAYS received the following formal and informal communications regarding its failure to comply with the reporting requirements:

- a. Valid Unaudited Actual Report for 2012-13: On October 3, 2013, LACOE's Chief Financial Officer, Dr. Alex Cherniss, sent a letter to the WAYS Board regarding the school's failure to submit a valid unaudited actual report for 2012-13 by the September 15, 2013 due date.

Resulting Violations: EC 47604.33(a)(4), 42100(b), and 47604.3; Charter Element 4, Section 4.6 (Governance: Responding to Inquiries); Charter Element 9 (Annual Financial Audits) paragraph 2; and MOU Section 3.4 (Revenue and Expenditure Reporting).

- b. Student Exit Reports: On November 21, 2013, CSO staff met with WAYS' principal and support staff to discuss submission of the Student Exit Reports required under its MOU. A meeting summary was sent to WAYS by email on December 2, 2013, regarding the specific reporting issues discussed at this meeting. That meeting constituted the third communication on this reporting requirement. On November 30, 2013, an email was sent to WAYS' Executive Director outlining the school's failure to comply with the reporting requirements subsequent to two (2) prior verbal communications.

Resulting Violations: EC 47604.3; Charter Element 4, Section 4.6 (Governance: Responding to Inquiries); Charter Element 9 (Annual Financial Audits – Audit and Inspection of Records); and MOU Section 3.3 (Student Attendance Accounting and Reporting).

Failure to Comply with Other Charter Terms:

1. Element 9, Annual Financial Audits: The WAYS charter dated December 18, 2012 states, "*Board Finance Committee will develop a contract that includes the scope of the audit and requirements in the form of a Request for Application (RFA) to seek qualified applicants.*" A review of WAYS Board Agendas/minutes and board meeting audio recordings do not reflect compliance with the Charter for the change in the Auditor used in school year 2011-12 to the Auditor identified for school year 2012-13. Additionally, there is no indication the board approved the contract with the current auditor.

2. Element 4, Governance:

- a. Monthly Board Meetings: The WAYS charter dated December 18, 2012 states, "*The Governing Board of WAYS will meet monthly.*" Since July 2013, the WAYS Board held regular meetings in July and September, special meetings in August and October (due to lack of a quorum on regular

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Hon. Carol Lee Tolbert, President
Wisdom Academy for Young Scientists Board
December 20, 2013
Page 3

meeting dates), and no meeting in November or December. On November 19, 2013, at 4:45 p.m., the CSO received an email from the Executive Director that the November meeting [calendared for November 21, 2013] was "postponed." No reason was provided, WAYS did not respond to the CSO's inquiry as to the reason for the "postponement," and no board meeting was held in November. No regular meeting was scheduled for December, and no special meeting was held.

b. Provide Overall Oversight: The WAYS charter dated December 18, 2012 states,

The Governing Board ultimately will be charged with assessing how the school is doing overall. The President of the Governing Board will provide an annual report to the Board of Principals of the Merle Williamson Foundation in April of each year.... it will review the information [from administration] and ascertain whether recommendations need to be made or committees need to be formed to work on specific issues. These committees may examine closely the curriculum and staffing priorities for maximum effectiveness; identifying budgetary priorities involving the use of discretionary funds; evaluating the academic effectiveness of the school program, its administration and staff, and make recommendations for improvement, accordingly. These committees are established to implement the business of the Governing Board and to facilitate it's functioning. Furthermore, the Governing Board facilitates communication and team building and acts as negotiator for disagreements.

Matters that arise concerning budgets, curriculum, school discipline, and other school matters will begin at the level of teachers and parents. The Governing Board may, from time to time, establish committees and working groups to develop a policy for the school regarding specific issues and present its findings to the Governing Board and the School Community. WAYS has adapted a set of detailed procedures and policies for all fiscal matters, which are outlined in Element I. Core policies that the board will adopt include:

- *Fiscal Policies – how the school's budget is drafted, approved and monitored; budget development calendar; staff roles related to fiscal issues.*
- *Instructional Program Policies – when necessary, establish formal policies to clarify or add specific/amend specific charter elements*
- *Personnel Policies – Establishes how the school recruits, hires, monitors, compensates, and dismisses staff. Policies will also be adopted that address state and federal labor laws related to non-discrimination, leaves, sexual harassment, and other matters. These policies will be adopted prior to hiring staff and will be drafted with legal consultation.*
- *Student and Parent Policies – how the school recruits orients, admit, disciplines, suspends, and expels students. These policies will also clarify parents' roles and responsibilities.*
- *Legal Policies – Board members' legal responsibilities, including conflict of interest, duty of care, confidentiality (See Appendix E).*
- *Internal Board Policies – Board composition and renewal/succession and to clarify any policy ambiguities*
- *Policy, policy – this policy will help to keep the policy development process at a minimum and describe how policies are made and revised.*

The Governing Board will:

- *Insure that the entire school is moving in the direction of the school vision.*
- *Serve as a clearinghouse for information to facilitate communication.*

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Hon. Carol Lee Tolbert, President
Wisdom Academy for Young Scientists Board
December 20, 2013
Page 4

- *Monitor committees to ensure progress toward goals and accomplishment of duties.*
- *Assist Administration in dealing with incoming information to the school and disseminating information to the School Community.*

A November 20, 2013 email from the WAYS Board President to the Executive Director states,

... I read your email unilaterally postponing the Board of Directors' meeting; even though I emailed a draft agenda to you at 4:40 PM – in time for you to post it by 5:00 PM to meet the 72-hour deadline required by the Brown Act... However, you did find time to send out a scurrilous email requesting that the 'new' board members step down; and identifying me specifically.

a. Your administrative responsibilities do not give you the prerogative to postpone Board meetings... Moreover, you were keenly aware of the time-sensitive documents being requested by LACOE. We were to submit these documents below not later than November 22, 2013. I will list them for you:

- 1. Board Policy on Admissions/Enrollment/Lottery*
- 2. Board Policy on Student Fees*
- 3. Board Policy on Suspension & Expulsion*
- 4. Board Meeting Minutes for September 26, 2013*
- 5. Board Meeting Minutes for October 24, 2013*

b. Interestingly enough, LACOE sent an email earlier today indicating staff had emailed these unapproved Board Policies. I requested you to place the above policies on the November 21, 2013 Board agenda for review/modification/approval for the 2013-14 School Year in order to meet the requested deadline. These policies must still be approved by the Board of Directors; similar to Board minutes.

Additionally, other matters that needed to be considered by to the Board at its November 21, 2013 meeting included:

c. The Single Plan for Student Achievement along w/ the draft Student Achievement Plan outlining the strategies to be implemented that would ensure African-American and Special Education students; who did not meet their 2012-13 AYP growth targets, would meet their 2013-14 AYP growth targets. The final Student Achievement Plan is due to LACOE on December 2, 2013. I am sure Board members would like to have this information presented in a timely manner.

d. The Title One Budget due to LACOE by November 15, 2013 that was not submitted, and has yet to be reviewed and approved by the Board. This budget identifies the funds to be used to support both the 2013-14 Single Plan for Student Achievement as well as the Student Achievement Plan.

e. An overdue monthly budget presentation from Bali Business Management explaining to the Board a line item budget increase of \$118,000 from the previous school year in supplies. As you may recall, in August the Board 'conditionally' approved this year's budget in order that some funds could be used to open the school-year, although LACOE would receive a 'conditionally approved' 2013-14 budget. Since August, the Board has not had an opportunity to review the school's budget. In September, the contractor was called and instructed not to come. In October, when the contractor did come, the Board meeting was disrupted and the contractor was unable to present the budget, nor was the Board able to continue with the meeting as we were told to "get out". In fact, was directly yelled at and

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Hon. Carol Lee Tolbert, President
Wisdom Academy for Young Scientists Board
December 20, 2013
Page 5

threatened by the employee to, "Get out and don't come back!" among his other verbal and physically menacing gestures.

f. Scheduling of Board Retreat that every board member agreed was needed for several reasons. (See Agenda)

g. Hearing critical Closed Session items

h. The review/approval of a contract for the Executive Director; if one had been provided. In fact, no contracts for this school year have been presented to the Board for review, approval or denial. Were the teachers' contracts approved prior to the end of school? I know this current Board did approve their Salary Schedule.

Since there is no scheduled Board Meeting in December, I am recommending that the Board schedule a December meeting, due to 'postponement' of its November meeting.

A review of WAYS Governing Board agendas/minutes and board meeting audio recordings documents concerns that the WAYS Governing Board is not fulfilling its responsibilities, corroborating the Board President's statements in the email cited, above. While there is evidence the Governing Board is requesting the information it needs to make informed decisions, that information is not being provided in a manner that allows the Governing Board to fulfill the duties and obligations described in the charter petition dated December 12, 2012.

The Board President's allegation (stated in paragraph "e") that a school employee's behavior resulted in the premature conclusion of a WAYS Board meeting was corroborated by the Executive Director's statement (Attachment 1) accompanying the audio recording of the meeting and a verbal report from another school employee. This is the second time we have received notice of an altercation that ended a WAYS Board meeting. In 2011, LACOE received written complaints from WAYS Board members that the behavior of another individual associated with the school resulted in the cancellation of a meeting. Those complaints were corroborated by verbal reports from parents and school staff. These incidents are serious; the WAYS Board must ensure compliance with charter Element 6, Health and Safety, Section 6.2, which states, "*Wisdom Academy for Young Scientists will maintain a safe and secure environment for its students, staff, administration, school volunteers, and visitors.*"

The Board President's allegation that the school's Executive Director is overstepping his authority is also an ongoing concern. In an email dated October 10, 2011, the Executive Director wrote to LACOE, "*I called a special meeting because a total of six board members resigned, thus leaving the board with only five active board members.*" While the email states, "*four of the remaining board members all agreed that we needed a called meeting because of the desperate and crucial situation surrounding WAYS...*" There is no evidence the board called the meeting as required by the Bylaws. The email continues, "*In an October 05, 2001 [sic] email, the board VP promised the board members that she would schedule a meeting with an agenda by Friday, October 07, 2011, if not sooner; however, no meeting nor agenda items were posted as promised, thus prompting my immediate actions!*" The email corroborates the administrator's history of overstepping his authority.

As you are aware, the December 12, 2012 version of the charter petition still contains contradictions and inconsistencies and fails to meet the conditions of authorization imposed by the County Board in its June 7, 2011 approval action.

Previously documented concerns reported to the County Board on May 10, 2011 (Attachment 2) and May 1, 2012 (Attachment 3) resulted in County Board action compelling WAYS to arbitration (Attachment 4). Arbitration documents have been filed; an arbitration date is pending.

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Hon. Carol Lee Tolbert, President
Wisdom Academy for Young Scientists Board
December 20, 2013
Page 6

Additionally, due to ongoing fiscal concerns documented in the school's 2011-12 Independent Audit and other evidence, I authorized an audit under EC 1241.5(c) and informed the school of such on May 17, 2013. (Attachment 5)

Based on the school's continued failure to comply with law, the terms and conditions of its charter, and the LACOE MOU, I will be recommending that the County Board issue a *Notice of Violation* under EC 47607(c) as follows:

A charter may be revoked by the authority that granted the charter under this chapter if the authority finds, through a showing of substantial evidence, that the charter school did any of the following: (1) Committed a material violation of any of the conditions, standards, or procedures set forth in the charter... (4) Violated any provision of law.

Should the results of the audit conducted under EC 1241.5(c) provide evidence of the school's failure to meet generally accepted accounting principles or fiscal mismanagement, the *Notice of Violation* may be broadened to encompass EC 47607(c)(3).

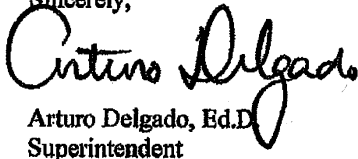
Prior to revocation, the County Board shall notify the charter public school of any violation of this section and give the school a reasonable opportunity to remedy the violation, unless the authority determines, in writing, that the violation constitutes a severe and imminent threat to the health or safety of the pupils. (EC 47607(d))

The school shall be notified of the time and date the recommendation to the County Board and shall be given the opportunity to review the evidence presented in support of the recommendation. Should the County Board approve the recommendation, the County Board and the LACOE will comply with the requirements of EC 47607(c) and the *California Code of Regulations*, Title 5, Article 2, Section 11965, subsections (b) – (f).

I am hopeful that the WAYS Board will take action to correct the violations documented in this letter and prevent future violations. Such a plan, and definitive Board actions that document its implementation, should be submitted to the CSO by January 20, 2014.

Should you have any questions, please contact the CSO at (562) 922-8806.

Sincerely,


Arturo Delgado, Ed.D.
Superintendent

AD/JH:ls
Attachments (5)

c: Los Angeles County Board of Education
Yolanda M. Benitez, Assistant Superintendent, Educational Services, LACOE
Olivia Fuentes, Director, Division of Accountability, Support and Monitoring, LACOE
Judy Higelin, Project Director III, Charter School Office, LACOE

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Attachment 1

Wisdom Academy for Young Scientists

November 12, 2013

Neha Patel
LACOE Charter Schools Office
9300 Imperial Highway
Downey, California 90242

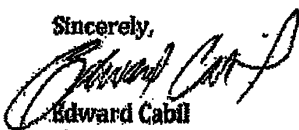
Dear Ms. Patel,

I am writing regarding Wisdom's October 24, 2013, Board Meeting audio recording.

The Wisdom's October 24, 2013, Board Meeting was ended abruptly at 8:40pm at the conclusion of the closed session due to an unanticipated interruption.

The audio enclosed is the only audio there is for the October 24, 2013, Board Meeting.

Sincerely,


Edward Cabil

*Empowering Students to be Leaders,
Change Agents, and True Scientists*

706 E. Manchester Avenue
Los Angeles, CA 90001
(323) 752-6655 • Fax: (323) 752-6644

8778 S. Central Avenue
Los Angeles, CA 90002
(323) 569-6500 • Fax: (323) 569-6550

e-mail: wisdomacademy4ys@yahoo.com • web: www.wisdomacademy.org

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Attachment 2

Board Meeting – May 10, 2011

Item VII. Reports / Study Topics

Report on the *Wisdom Academy for Young Scientists, Grades K-5*
Appeal of a non-renewed Petition by Los Angeles Unified School
District Board of Education

The Wisdom Academy for Young Scientists Charter School renewal petition is presented to the Los Angeles County Board of Education (County Board) pursuant to *Education Code* section 47605. Upon denial by Los Angeles Unified School District Board of Education, the petitioner exercised the statutory right of appeal to the County Board.

Charter renewal is governed by *EC* sections 47607 and 47605:

Section 47607(a)(2) states: Renewals... of charters are governed by the standards and criteria in § 47605, and shall include, but not be limited to, a reasonably comprehensive description of any new requirement of charter schools enacted into law after the charter was originally granted or last renewed.

Section 47605(b) limits the reasons for denying a renewal petition to the following:

- (1) The charter school presents an unsound educational program
- (2) The petitioners are demonstrably unlikely to successfully implement the program
- (3) The petition does not contain an affirmation of specified assurances
- (4) The petition does not contain reasonably comprehensive descriptions of 16 required elements of a charter

The County Board shall evaluate the petition according to the criteria and procedures established in law and may only deny the petition if it provides written findings addressing the reasons for the denial.

Section 47607(b) states: Commencing on January 1, 2005, or after a charter school has been in operation for four years, whichever date occurs later, a charter school shall meet at least one of [5 academic performances] ... criteria prior to receiving a charter renewal....

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Board Meeting – May 10, 2011
Report on the Wisdom Academy for Young Scientists Charter
- 2 -

Section 47605(b) states: A school district governing board shall grant a charter for the operation of a school under this part if it is satisfied that granting the charter is consistent with sound educational practice.

The County Board shall evaluate the petition according to the criteria and procedures established in law and may only deny the petition if it provides written findings addressing the reasons for the denial.

Summary of Key Findings:

Finding 1: **WAYS met the academic performance criteria for renewal under EC § 47607(b)(1) and (2).**

Finding 3: **The petitioner is unlikely to successfully implement the program.** The governing board has demonstrated a lack of capacity to oversee the operation of the school by allowing self-dealing transactions and other Conflicts of Interest. In addition, members of the governing board have personal and business ties to the school and/or Executive Director. The board was ineffective in responding to the Conflict of Interest concerns identified in the Notice to Cure; this ultimately led to non-renewal of the charter. Deficiencies in the renewal petition and responses by the board during the Capacity Interview indicate a continued lack of understanding and familiarity with the content of the petition and requirements of law necessary to successfully implement the charter.

Finding 5: **The petition lacks a reasonably comprehensive description of eleven (11) of the 16 required elements.**

- **Proposed educational program lacks an adequate description of the school's target populations, overestimates the number of students to be served in the first year of the renewal charter, and provides no build-out plan to support this level of enrollment. The petition fails to indicate how the school will identify and respond to the needs of pupils who are not achieving at or above expected levels, students with disabilities, and English learners. The Measurable Outcomes and Means for Measuring Pupil Progress do not address the needs of all student subgroups the school proposes to serve.**
- **The proposed Governance Structure fails to provide evidence of an organizational and technical design that reflect a seriousness of purpose necessary to ensure that the school will become and remain a viable enterprise. The governance structure fails to provide adequate oversight of the school's operation and fiscal management. The governing board's lack of effective oversight has jeopardized the school's charter status and there is no**

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Board Meeting -- May 10, 2011
Report on the Wisdom Academy for Young Scientists Charter
- 3 -

evidence that the board can implement the proposed educational program stated in the petition. The Organization Chart conflicts with information provided elsewhere in the petition regarding key management positions. The petition does not commit to complying with the Political Reform Act, which is required of all charter schools, and fails to include a Conflict of Interest policy. Certain provisions of the bylaws appear to be in direct conflict with the Brown Act.

- The following Required Elements are not reasonably comprehensive: Employee Qualifications, Means to Achieve a Racial and Ethnic Balance, Admission Requirements, Submission of Annual Independent Audit, Suspension and Expulsion Procedures, and Public School Attendance Alternatives, and Dispute Resolution Procedures.

The full Report on the Findings of Fact for the Wisdom Academy for Young Scientists Charter School is attached.

LACOE staff will present the report to the County Board.

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Los Angeles County Office of Education
Charter School Office
Date: May 10, 2011

Report on the *Wisdom Academy for Young Scientists Charter Petition, Grades K-5*
Appeal of a Petition for Charter Renewal Denied by Los Angeles Unified School District
Board of Education

Background Information

The *Wisdom Academy for Young Scientists Charter School* (WAYS) petition seeks an application for renewal of their K-5 charter school in accordance with *Education Code* Section 47607.5. The school's current enrollment is approximately 250 students. The school proposes to grow enrollment to 500 students over the next five (5) years by expanding operations from its two (2) current sites (706 East Manchester 90001 and 8878 South Central Avenue 90002) to a larger facility. WAYS also applied to LAUSD for a Prop 39 site; sites were awarded on April 1, 2011.

The petition states the charter school's mission "is to create a transformational learning climate in which students become 'Empowered to be Leaders Change Agents and True Scientists.'"

The school's vision is "to create an educational program that educates the whole child." Nine (9) goals are stated under the vision.

WAYS first year of operation was 2006-07. Its Academic Performance Index (API) history (calculated as a small school with less than 100 students in Growth API) and enrollment figures are presented below.

Growth API			Enrollment Figures			
Year	Growth API	Number of Valid Scores*	Enrollment on First Day of Testing Grades 2-5	Total Enrollment Grades 2-5	Total Enrollment Grades K-1	Total Enrollment Grades K-5
2009-10	879	80	127	129	108	237
2008-09	843	95	88	97**	76	173**
2007-08	774	78	93	59	87	141
*Number of students included in Growth API. Students must be continuously enrolled since Census day (CBEDS) Source: CDE DataQuest			**4 additional students are included as enrolled in grade 6 although school is authorized for grades K-5 Source: CDE DataQuest			

The CDE states "APIs based on small numbers of students are less reliable and therefore should be carefully interpreted." Schools with less than 100 Valid Scores on the California Standards Test (CST) do not receive Similar School Rankings or comparison schools; therefore, it cannot be determined how WAYS' API compares to schools with similar demographics.

The chart compares the demographics of WAYS and the two (2) closest public non-charter schools.

2009-10 DEMOGRAPHIC Information	WAYS	LAUSD Local District 7	South Park Elem.	93rd Street Elem.
Black or African American	61%	18.6%	17%	24%
Hispanic or Latino	38%	80.4%	82%	76%
Free & Reduced Price Lunch	100		100	100
English Learners	15		52	41
Students with Disabilities	4		9	8
Average Parent Education Level	2.53 *		1.58**	1.57***

* 21% Not HS Grad. / 37% HS Grad. / 9 % Some College / 33% College Grad. ** 59% Not HS Grad. / 28% HS Grad. / 9 % Some College / 2% College Grad. / 2% Grad. School ***60% Not HS Grad. / 25% HS Grad. / 13% Some College / 1% College Grad. / 1% Grad. School

Data Sources: CDE STAR and LAUSD <http://search.lausd.k12.ca.us/cgi-bin/fcogi.exe#racialandethnichistory>

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Racial and ethnic demographic data shows WAYS does not reflect diversity of the community (LAUSD Local District 7) in which it is located or the two (2) closest LAUSD non-charter elementary schools. WAYS also enrolls fewer students with disabilities and English learners than near-by public non-charter schools. Conversely, its parents have a higher education level, which positively correlates with higher levels of student academic achievement.

Reason for Denial by the Local District

The Los Angeles Unified School District (LAUSD) Board of Education denied the petition based on written Findings of Fact that comply with requirements for denial under the following sections of the Charter School Act:

EC § 47605(b)(2) The petitioners are demonstrably unlikely to successfully implement the program:

Conflict of interest concerns exist pertaining to members of the WAYS Board of Directors and the WAYS Executive Director and Principal. Specifically, the WAYS founder and Executive Director receives both a salary for her position and lease payments for two properties which she owns that are occupied by the school. She negotiated the leases to WAYS charter school. The WAYS governing board was asked to independently address and resolve the conflicts by the mutually agreed upon date of October 15, 2010; the WAYS Board of Directors' response failed to resolve the issues by that deadline. The WAYS governing board was minimally responsive to staff communications; the Executive Director was the primary respondent to address the Conflict of Interest issues. LAUSD considered the governing board's lack of independent and effective response to the Notice of Concern to be inconsistent with its fiduciary responsibility considering that the Executive Director was the subject of the self-dealing Conflict of Interest concerns which called into question the Board's capacity to govern the Charter School and successfully implement the program set forth in the petition. The WAYS Board failed to resolve the Conflict of Interest issues and only minimally attempted to do so in January 27, 2011.

The WAYS governing board is unfamiliar with the content of the petition and/or requirements of law. Cited examples included inconsistencies between the charter petition and the WAYS' corporate bylaws regarding compliance with the Brown Act which called into question whether the Board is familiar with and complies with the requirements of the Brown Act. Additionally, the Board allowed self-dealing transactions to transpire, even though the Board in the charter agreed to comply with LAUSD's charter school policies and regulations regarding Conflict of Interest.

EC § 47605(b)(5) The petition fails to provide a reasonably comprehensive description of 12 of the 16 required elements: The Educational Program, Method for Measuring Pupil Progress, Governance Structure, Health and Safety Procedures, Means for Achieving a Racial and Ethnic Balance, Admission Requirements, Submission of Independent Audit, Suspension and Expulsion Procedures, Identification of Retirement Systems, Public School Alternatives, Dispute Resolution, Closure Procedures.

Any of the above findings alone may be cause for the denial of a charter under EC § 47605(b).

The Findings of Fact state the academic performance criteria for renewal under EC § 47607(b) were met.

Response from the Petitioner

The petitioner provided a written response to the findings of the local board and submitted it as part of the petition package. The response was considered during the review process.

Appeal to the Los Angeles County Board of Education

The Los Angeles County Board of Education (County Board) held a Public Hearing to determine support for the petition on April 19, 2011.

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LACOE Review Process

The LACOE Charter School Review Team (Review Team) considered the petition according to the requirements of law, *California Administrative Code of Regulations*, County Board Policy and Regulations, and LACOE review procedures.

The Review Team included staff from the Controller's Office, Business Operations and Services, Risk Management, Divisions for School Improvement, Curriculum and Instruction, Special Education, Student Support Services, Human Resource Services, Office of General Counsel, and the Charter School Office.

Findings are based on a review of the same petition submitted to the local district and supporting documents submitted by the petitioner, and information provided through the Capacity Interview and other communications with the petitioner and other representatives of the school. The petitioner also submitted proposed changes (technical adjustments) to the petition necessary to reflect the County Board as the potential authorizer. These changes should reflect the statutory, policy, and structural differences between a county office of education and a local district. These differences include, but are not limited to, the statutory authority of the County Superintendent of Schools to investigate complaints as well as structural differences in the responsibilities with regard to special education services. Proposed changes provided by the petitioner were considered by the Review Team.

Findings also take into account the petition was initially submitted to a local district and contains specific references to that district. The Charter School Office confirmed that LAUSD requires the petitioner to include specific language or content in a petition. This requirement was considered by the Review Team.

Findings of Fact

Finding 1: WAYS met the academic performance criteria for renewal under *EC* § 47607(b)(1) and (2).

WAYS attained its Academic Performance Index (API) growth target in the prior year, in two of the last three years, and in the aggregate for the prior three years.

Academic Performance Criteria: Met Assigned Growth Targets				
Year	API Base	Growth Target	API Growth	Actual Growth
2007-08	782*	5	774	-8
2008-09	775*	5	843	68
2009-10	843*	A**	879	36
Aggregate Growth		10		96
*API is calculated for a small school (between 1 and 99 valid scores) which makes it less reliable and should be carefully interpreted. ** No growth target for schools where API is 800 or above.				

WAYS ranked in deciles 4 to 10, inclusive, on the API in the prior year and in two of the last three years.

Academic Performance: Decile Ranks*		
Year	Statewide Rank	Similar Schools Rank
2007-08	6	N/A*
2008-09	5	N/A*
2009-10	8	N/A*
* Not calculated for small schools		

While WAYS met the academic criteria necessary to be considered for renewal, there are concerns that the school has not increased or sustained its percentage of "Valid" CST scores indicating an unstable student enrollment base. Valid scores are based on the number of students tested who were continuously

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enrolled from norm day (CBEDS) in October through the first day of testing. For 2009-10, only 71% of tested students were continuously enrolled. At South Park Elementary School, 88% of tested students were continuously enrolled. On average, 26% of students who enroll at WAYS withdraw prior to standardized testing based the "Elementary Principal's Statistical Report" for 2007-08 through 2010-11.

Finding 2: The petition provides an unsound educational program for students to be enrolled in the school. [EC § 47605(b)(1)]

The program is determined to be unsound for specific subgroups of students as described under Finding 5; Elements 1 – 3.

Additionally, based on enrollment data for Hispanic/Latino students, English learners, students with disabilities, and data showing the number of students who leave during the year, the school is not providing a program of educational benefit for all students the petition states the school intends to serve.

Finding 3: The petitioners are demonstrably unlikely to successfully implement the program. [EC § 47605(b)(2)]

Based on review of the petition, supporting documents provided by the petitioner, documents provided by LAUSD, and the Capacity Interview with the school's leadership team, the petition does not meet the criteria established in CCR, Title 5, § 11967.5.1(c).

1. Review of the renewal petition submitted on behalf of the WAYS board indicates the WAYS governing board lacked the capacity to govern the school.
 - A. The governing board was *unfamiliar with the content of the petition and requirements of law* with respect to Conflict of Interest. The submitted charter states the school will comply with *Government Code 1090*; however, some members of the board had prior relationships with the school and/or the Executive Director and members of her family.
 - i. The board president, a business management consultant, lists Wisdom Academy as a client on her resume, which contradicts her statement on the *Prospective Charter School Board Member Questionnaire* that consulting services were not provided.
 - ii. One board member stated on the *Prospective Charter School Board Member Questionnaire* that she is the Board President for DeDe Dance Studio, owned by the Executive Director's daughter, and is currently used by the charter school; this indicates a Conflict of Interest.
 - B. The governing board failed to comply with the terms of the charter by allowing the school to enter into a self-dealing transaction with its Executive Director regarding the school's facilities. There is no evidence that the governing board considered other sites or conducted an independent assessment of lease rates prior to entering into the agreement with the Executive Director.
 - C. The governing board allowed other conflicts of interest to exist through the hiring of members of the Executive Director's family and by permitting the Executive Director to supervise these family members while the Principal supervised other similarly employed personnel. The Executive Director's son, originally hired to oversee custodial and gardening services was promoted to Director of Operations, which involves financial responsibilities according to the Executive Director. The Executive Director's daughter, who is employed as a teacher and dance instructor, owns the dance studio used by the school.
 - D. The governing board demonstrated its inability to effectively govern the school by its failure to respond fully and in a timely fashion to the September 29, 2010 Notice to Cure regarding Conflicts of Interest issued by LAUSD. The LACOE Review Team reviewed documents received

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from both the district and the charter school. The documents indicate WAYS failed to provide a sufficient cure. WAYS governing board had eight (8) months (September 2010 to April 2011) to remedy the concerns in the Notice to Cure, and failed to do so.

2. The WAYS governing board continues to be *unfamiliar with the content of the petition and requirements of law that would apply to the proposed charter school* and lacks the *necessary background* to effectively govern the school.
 - A. In its response to the Findings of Fact upon which the LAUSD Board of Education denied charter renewal, WAYS submitted documents pertaining to the governance structure of the school in an effort to demonstrate that the school had taken steps to address Conflict of Interest concerns. Although these documents may not have been considered by the LAUSD Board of Education because they were submitted after the deadline to provide evidence, the LACOE Review Team considered the documents to determine whether they would substantially resolve the conflicts. The Review Team determined the documents were inadequate to resolve the Conflict of Interest concerns based on the facts presented below:
 - i. The action taken by the Executive Director, and supported by the WAYS governing board, failed to resolve the conflict regarding her ownership of the property. Documents submitted by WAYS indicate the properties were placed into a revocable trust. WAYS' attorney concurred that this action failed to resolve the conflict in that "the transfer to a holding company through a revocable trust, [was] not transferring the property ownership under California law." (page 3 of the March 25, 2011 Response to LAUSD Findings of Fact) WAYS' governing board allowed the conflict to continue by executing a lease agreement with the holding company rather than requiring the Executive Director to take action that would definitively end the conflict.
 - ii. The governing board failed to disclose that the school had been offered Prop 39 facilities, a viable option to resolving the issue. At the April 19, 2011 Capacity Interview, the Review Team inquired about the school's statement that it had requested a Prop 39 site. Neither the Executive Director nor WAYS board members disclosed that LAUSD had offered the school facilities on April 1, 2011. LAUSD received a letter of acceptance signed by the Executive Director on May 2, 2011. LACOE has yet to hear from WAYS regarding their decision.
 - iii. Changes to the governance structure proposed after the petition was submitted to LAUSD continue to be inadequate. The Organizational Chart indicates three (3) positions report directly to the board due to the Conflict of Interest posed by the familial relationships: the Executive Director, Principal, and Director of Operations. This structure places an undue burden on the board to manage the day-to-day operations of the school. There is no evidence the current board has the capacity to govern effectively under this structure.
 - iv. The governing board failed to demonstrate the ability to avoid future Conflict of Interest situations. When asked at the Capacity Interview about potential conflicts arising from the employment of multiple family members, the chain of command, and continued use of the facilities owned by the Executive Director, the board members did not explain how they would ensure that no future Conflicts of Interest would develop or how they would handle such conflicts if they did occur. The board stated that additional changes to the governance structure are being considered; these options are outside of the scope of this review as they were not available to be considered by the LAUSD Board of Education.
 - v. The renewal petition submitted by WAYS fails to comply with EC § 47607(a)(2) which requires that *Renewals...of charters are governed by the standards and criteria in 47605, and shall include...a reasonably comprehensive description of any new requirement of charter*

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schools enacted into law after the charter was originally granted or last renewed... The petition contains references to outdated laws, policies, and practices, contains significant contradictions and omissions regarding key positions of employment, and provides elements that are not reasonably comprehensive. These deficiencies, reported under Finding 5, indicate the governing board lacks the knowledge of the laws under which the charter would operate.

3. *The petitioner has a history of involvement in education agencies (public or private) considered as unsuccessful.*
 - A. The Executive Director is listed as the petitioner. Properties she owns and leased to WAYS were previously used to house her private school. CDE records compiled from data supplied by the private school operator indicate that enrollment declined from 60 to 20 students in the three years prior to the school closing.
 - B. The WAYS Executive Director closed her private school with the intent to use the facilities she owned to house a charter school. The chronology of public records and statements made by the Executive Director during the Capacity Interview indicate she closed the private school due to insufficient enrollment. The petitioner stated she inquired about the process of becoming a charter school and was informed that the private school would need to be closed for one year prior to becoming a charter. The petitioner purposely closed the charter school as required and applied for a charter after the one year required waiting period.

The status of the Conflict of Interest issues is unclear. With the acceptance of the Prop 39 sites, the conflict regarding facilities may be resolved only if the school stops leasing its current facilities. The conflicts concerning personnel could only be resolved through a material revision to the governance structure of the charter including, but not limited to, the Executive Director's resignation or release from her current position and with the provision that she hold no future positions funded by the school. Regardless of the potential resolution to the certain Conflict of Interest issues, the Review Team considers the governing board to be ineffective in governing the school and demonstrably unlikely to successfully implement the proposed charter.

Finding 4: The petition contains an affirmation of all specified assurances. [EC § 47605(b)(4); EC § 47605(d)]

Finding 5: The petition does not contain a reasonably comprehensive description of all required elements. [EC § 47605(b)(5)(A)-(P)]

Based on criteria provided by the *California Code of Regulations, Title 5, (5 CCR)* eleven (11) of the 16 elements are not reasonably comprehensive.

Element 1: Description of the Educational Program. Not reasonably comprehensive

The 5 CCR § 11967.5.1(f)(1) requires the petition to address eight (8) requirements. The petition fails to meet each of the established criteria rendering aspects of the educational program deficient for specific populations the school proposes to serve: English Learners, low-achieving students, high-achieving students, and students with disabilities. The deficiencies are as follows:

1. *Failure to indicate the proposed charter school's target student population, including, at a minimum, grade levels, approximate numbers of pupils, and specific educational interests, backgrounds, or challenges.*
 - A. The petition overestimates the number of students to be served in the first year of the renewal charter and provides no build-out plan to support this assumption.

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- i. There is no build-out plan to support the proposed enrollment. The petition states (page 31) 520 students will be served in the first year of operation. At the Capacity Interview, the leadership team indicated that number is attainable only if a new site is obtained with increased capacity. The petition lacks an expansion plan except to state "...scheduled expansion to 25 [classrooms]." No plan was provided during the Capacity Interview.
- ii. WAYS has never increased enrollment by 250 students in a single year. In 2009-10, the school enrolled 237 students, 46% of which were in grades K-1; in 2008-09, the school enrolled 177 students, of which 43% were in K-1; and in 2007-08, the school enrolled 146 students, of which 60% were in K-1. Historically, the school has seen reduced enrollment in its upper grades, although that trend was not as pronounced in 2009-10, the most recent year for which CDE data is available. At the Capacity Interview, the school stated it currently enrolls about 250 students.
- B. The school failed to meet its goal of serving a target population "similar to that of the surrounding community" defined as 50% Hispanic/Latino and 50% African American (page 34). In 2009-10, 61% of the students were Black or African American and 38% were Hispanic or Latino as compared to LAUSD Local District 7 which was comprised of 18.6% Black or African American students and 80.4% of Hispanic or Latino Students.
- C. The petition lacks specific information regarding its target population for students with disabilities and English learners. It states (page 33) the student population at the nearest non-charter public school is 63% English learners while the CDE reports 7% of WAYS students are English learners. The CDE reports 4% of WAYS students are identified as having disabilities which is half the rate of the two (2) closest non-charter public elementary schools.
2. *Lacks a framework for instructional design that is aligned with the needs of the pupils that the charter school has identified as its target student population.*
 - A. The petition lacks detail regarding the grade levels and outcomes for each grade level and there is no framework for curriculum and/or instructional approach for English learners outlining how this population of students will be provided access to core curriculum.
 - B. While the petition states the school will provide more instructional minutes than required by the state, WAYS has been reducing the number of minutes it provided based on its Independent Audit Reports. The year ended June 30, 2009, shows 72,900 actual minutes and the year ended June 30, 2010, shows 70,200 minutes. The petition proposes 53,500 minutes for year 2011-2012; it does not explain the reason for the reductions or how the school intends to maintain its academic performance as instructional minutes are reduced.
3. *Fails to indicate how the charter school will identify and respond to the needs of pupils who are not achieving at or above expected levels. The goals (page 47) for low achieving students are not clear and there is no indication of what advanced academic challenges will be provided for gifted and talented students (page 48).*
4. *Indicates how the charter school will meet the needs of students with disabilities, English learners, students achieving substantially above or below grade level expectations, and other special student populations.*
 - A. The element is deficient with respect to English learners because it fails to:
 - i. Describe adequate basic and supplemental resources to provide English learners equitable access to the core curriculum.

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- ii. Provide the manner in intervention will be given to students who struggle to acquire English language skills outside of the "45 minutes during the school day for focused English language development. This instruction will emphasize vocabulary development, phonemic awareness, and oral and writing English." (page 48)
 - iii. Describe how the Individualized Education Program (IEP) Team determines placement of English learners in need of special education services, state that non-biased assessments used to determine placement must be conducted in the student's primary language under Federal law, and that the IEP must be linguistically appropriate.
 - iv. Demonstrate understanding of the difference between meeting the needs of English learners and meeting the needs of students with disabilities. The petition (page 22) indicates that to ensure the success of English learners, the school will use a collaborative approach that fosters communication between its Resource Specialist and Speech Therapist. These specialists only provide direct services to students identified as having disabilities.
- B. The element is deficient with regard to students with disabilities because it fails to *specify the charter school's special education plan, including the process to be used to identify students who qualify for special education programs and services, how the school will provide or access special education programs and services, the school's understanding of its responsibilities under law for special education pupils, and how the school intends to meet those responsibilities.*
- i. It does not describe accommodations and/or modifications that may be used during standardized assessments or how WAYS is responsible for students with disabilities when the IEP Team exempts them from standardized testing.
 - ii. There is no mention of how parents of students with disabilities are informed about the school's educational program.
 - iii. There are deficiencies with regard to English learners and special education services as stated in "A," above.

Element 2: Measurable Pupil Outcomes. *Not reasonably comprehensive*

The petition fails to meet the requirements of *CCR, Title 5, § 11967.5.1(f)(2)* as follows:

1. It fails to *specify skills, knowledge, and attitudes that reflect the school's educational objectives and can be assessed by objective means that are frequent and sufficiently detailed enough to determine whether pupils are making satisfactory progress.*
 - A. There are no identified measurable outcomes for students in Kindergarten and first grade who do not participate in Standardized Testing and Reporting (STAR).
 - B. There is no ongoing means for measuring English learners' acquisition of English or academic growth in content areas. The petition states the (California English Language Development Test (CELDT) will be administered "periodically" to monitor student progress of English language acquisition; however, it can only be administered annually which is insufficient to *evaluate the effectiveness of and to modify instruction.* The petition indicates Open Court Reading assessments will be used as formative assessments for English learners; however, they are not designed to measure progress towards English language proficiency but rather language arts skills and concepts. It fails to provide assessments to determine academic growth in other content areas.

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- C. Goals cannot be measured as stated. The petition states the percentage of students achieving proficient and advanced in History/Social Science will increase on the CST by 5% each year; there is no History/Social Science CST for grades K-5.
- D. It lacks information on how students with disabilities will be assessed on making progress toward meeting their goals and benchmarks.

Element 3: Method for Measuring Pupil Progress. Not reasonably comprehensive

The petition fails to meet the requirements of *CCR, Title 5, § 11967.5.1(f)(3)* as follows:

- 1. It does not utilize a variety of assessment tools that are appropriate to the skills, knowledge, or attitudes being assessed, including, at minimum, tools that employ objective means of assessment consistent with the measurable pupil outcomes.
 - A. Information is limited on how stated internal assessments (text based, benchmark performance, unit level, etc.) are used as objective means to assess student progress consistent with measurable outcomes (page 98). Language is vague and fails to indicate how assessments are used in English-Language Arts, math, science, social studies, and English Language Development.
 - B. There is no information regarding assessment of K-1 students who do not participate in STAR. This is of particular concern since about half the school's enrollment is in grades K-1.
 - C. Out of date assessments are proposed in violation of *EC § 47606(a)(2)*. The petition states the school will administer the CAT 6, which is obsolete, and proposes performance objectives based on data from this assessment.
- 2. It does not outline a plan for collecting, analyzing, and reporting data on achievement of English learners to school staff and to pupils' parents and guardians, and for utilizing the data continuously to monitor and improve the charter school's educational program. There is no mention of English learner's testing performance or academic monitoring of English language levels beyond use of the CELDT. Nor is there mention of providing accommodations and/or modifications for standardized tests for students with disabilities; tests used to determine eligibility for special education programs and services; the manner and type of data maintained for students with disabilities; or how information will be disseminated to parents of students with disabilities.

Element 4: Governance Structure. Not reasonably comprehensive

The petition fails to meet the requirements of *CCR, Title 5, § 11967.5.1(f)(4)* as follows:

- 1. There is lack of evidence of the charter school's incorporation as a non-profit public benefit corporation for the purpose of running a charter school. While the articles of incorporation and bylaws provide evidence of the charter school's non-profit public benefit corporation status, governing a charter school is not listed as the specific purpose of this corporation. The petitioners have failed to amend these documents to reflect the running of a public charter school. As stated above in Finding 3, 3.B, the WAYS Executive Director purposely closed her private school with the intent to use the facilities she owned to house a charter school.
- 2. There is a lack of evidence that the organizational and technical designs of the governance structure reflect a seriousness of purpose necessary to ensure that:
 - A. The charter school will become and remain a viable enterprise. The governance structure fails to provide adequate oversight of the school's operation and fiscal management. Failure of the articles of incorporation and bylaws to state the purpose of the corporation is to provide for the

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operation of a publicly funded charter school is further evidence that the structure lacks a *seriousness of purpose*. The bylaws states the board has only one regularly scheduled meeting, which is insufficient to provide for effective governing of a public charter school. The governing board's lack of effective oversight has jeopardized the school's charter status and there is no evidence that the board can implement the proposed educational program stated in the petition.

- B. The petition does not provide a clear description of the governance and management structure. It is difficult to know the duties and responsibilities of management. The Organization Chart (Appendix B) conflicts with information provided elsewhere in the petition.
- C. The petition makes no commitment to complying with the Political Reform Act (PRA), which is required of all charter schools. The petition fails to include a Conflict of Interest policy which is required under the PRA.
- D. The body of the petition states that meetings will comply with the Brown Act (page 109). However, certain provisions of the bylaws appear to be in direct conflict with the Brown Act.
 - i. Section 4.6, Place of Meetings allows for meetings outside California. The Brown Act requires that the Board's meetings be held within the boundaries of the territory within which it has jurisdiction.
 - ii. Section 4.7, Regular Meetings authorizes meetings "without call or notice" in violation of the Brown Act. The Brown Act requires that at least 72 hours before a regular meeting an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting shall be posted.
 - iii. Section 4.11, Telephone Meetings, authorizes teleconferencing and video teleconferencing to constitute presence but fails to state the necessary safeguards that would render it compliant with the Brown Act such as posting agendas at the teleconferencing location and ensuring those locations are fully accessible to members of the public.
 - iv. Section 4.14, Action without Meeting, permits the Board to take an action without a meeting if all the members of the Board consent in writing to such action. This violates the Brown Act requirement that the board not take action on any item of business outside a meeting.
 - v. Section 4.7, the Board of the Merle Williamson Foundation is required to meet only once per year, on the last Friday in June; the Brown Act requires regularly scheduled meetings.
 - vi. The Agenda for the Special Board Meeting held Saturday, April 30, 2011, documents specific violations of the Brown Act with respect to items discussed in Closed Session.

Element 5: Employee Qualifications. Not reasonably comprehensive

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(5) as follows:

1. There is insufficient information on the general qualifications for the various categories of employees (e.g., administrative, instructional, instructional support, non-instructional support) and whether the qualifications are sufficient to ensure the health, and safety of the school's faculty, staff, and pupils.
2. It fails to identify those positions that the charter school regards as key in each category and specify the additional qualifications expected of individuals assigned to those positions.

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- A. The petition fails to provide job descriptions and/or minimum qualifications for the following positions listed in the petition: Special Education Program Coordinator (page 96), Academic Co-Principals (page 112), Coordinator of Operations (page 128), and Academic Consultants and Director of Operations (Appendix B). Qualifications for Executive Director are absent.
- B. The Organization Chart (Appendix B) is deficient. It fails to include an Executive Director, although there is a job description (page 120) outlining critical duties such as "oversee the school-operating budget...instructional program...classroom management...supervise staff...be an active member of the school board." Based on the job description, it is unclear if the Executive Director is a member of the board. Appendix B lists board members by name; the Executive Director's name is absent. The Organizational Chart includes a "Director of Operations," with no job description or qualifications provided for that position. It is unclear if it is the same as "Coordinator of Operations." The Organizational Chart identifies "Auxiliary Staff," but lacks specific corresponding positions.
3. *Specify that all requirements for employment set forth in applicable provisions of law will be met, including, but not limited to credentials as necessary.* Teacher qualifications (page 122) state the CA SB 2042 teaching credential is required; this will exclude teachers who hold Ryan multiple subject credentials and life elementary credentials with added English language certification.

Element 6: Health and Safety Procedures. Reasonably comprehensive

Element 7: Means to Achieve a Reflective Racial and Ethnic Balance. Not reasonably comprehensive

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(7) based on evidence that:

1. During the term of its first charter, WAYS failed to *achieve a racial and ethnic balance among its pupils that is reflective of the general population residing within the territorial jurisdiction of the school district in which it is located* as indicated on in the chart on page two (2) of this report. Enrollment of Hispanic/Latino students is not comparable to the two (2) closest LAUSD non-charter elementary schools.
2. The description of the student population (required under Element 1) and the proposed recruitment plan show no indication WAYS is aware that it failed to achieve the required ethnic balance and provides no corrective action in its plan. The recruitment plan is vague and lacks benchmarks that could guide the school toward correcting the deficiency.

Element 8: Admission Requirements. Not reasonably comprehensive

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(8) as follows:

1. It does not comply with *the requirements of EC § 47605(d) which, by reference, includes EC § 220 and CA Penal Code § 422.55 as the other applicable provision[s] of law* in its statement of non-discrimination of protected classes. The petition additionally violates EC § 47607(a)(2) because the deficiency is the result of failing to update the renewal petition. This failure could result in the school engaging in discriminatory practices in its admissions procedures and policies.
2. *The process for conducting the lottery* is absent from the petition.
3. The preference given to siblings is *likely to negatively impact* the school from attaining its stated racial and ethnic goal.

Element 9: Annual Independent Financial Audits. Not reasonably comprehensive

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The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(9) as follows:

1. It does *specify the timeline in which audit exceptions will typically be addressed* or specify the timelines for statutory reporting requirements including the submission of the preliminary budget.
2. It does not specify that the school's Board of Directors will hire an independent auditor or that the auditor selected will be on the State Controller's list of educational auditors.

Element 10: Suspension and Expulsion Procedures. *Not reasonably comprehensive*

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(10) as follows:

1. There is no differentiation between *offenses for which students in the charter school must and may be suspended and separately, the offenses for which students in the charter school must or may be expelled, providing evidence that the petitioner reviewed the offenses for which students must or may be suspended or expelled in non-charter public schools.*
2. There is insufficient specificity regarding *the procedures by which pupils can be suspended or expelled.* It fails to provide timelines necessary to comply with due process requirements. It refers to due process but never defines it with regard to the suspension and expulsion process. No information is provided regarding how members of the expulsion hearing panel will be selected to avoid Conflict of Interest. The petition lists three (3) standards where "a student's suspension may lead to expulsion..." but lacks criteria for meeting the standards, which could result in capricious and prejudicial practices.
3. It does not describe how parents are informed *of their due process rights in regards to suspension and expulsion.*
4. It fails to demonstrate an *understanding of the rights of pupils with disabilities in...regard to suspension and expulsion.* The petition references the Individuals with Disabilities Act (IDEA) and Section 504 but does not differentiate between them regarding the procedures to be used for suspension and expulsion. The petition discusses Manifestation Determination; however, there is no mention of how WAYS deals with pupils when the behavior is associated with the disability, or ensure the pupil is in the appropriate program/services. There is no mention of how WAYS deals with a student with disabilities who begins displaying negative behaviors, of calling an IEP Team meeting and writing a Behavior Support Plan, or deals with suspensions (cumulative) of over 10 days.

Element 11: STRS, PERS, and Social Security. *Reasonably comprehensive with specific omission*

The petition does not state *the staff who will be responsible for ensuring that appropriate arrangements for coverage have been made* as required under CCR, Title 5, § 11967.5.1(f)(11).

Element 12: Public School Attendance Alternatives. *Not reasonably comprehensive*

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(12) as it does not specify *that the parent/guardian of each pupil enrolled in the charter shall be informed that the pupil has no right to admission in a particular school of any local education agency as a consequence of enrollment in the charter school, except to the extent that such a right is extended by the local education agency.*

Element 13: Post-Employment Rights of Employees. *Reasonably comprehensive*

Element 14: Dispute Resolution Procedures. *Not reasonably comprehensive*

The petition fails to meet the minimum requirements of CCR, Title 5, § 11967.5.1(f)(14) as follows:

Report on the Wisdom Academy for Young Scientists Charter

1. Provides an unacceptable description of *how the costs of the dispute resolution process would be funded*. LACOE cannot agree to the provision, "Any party who fails or refuses to submit to arbitration shall bear all costs and expenses incurred by such other party in compelling arbitration of any controversy, claim or dispute."
2. It fails to recognize that if the substance of a dispute is a matter that could result in the taking of appropriate action, including, but not limited to, revocation of the charter in accordance with EC § 47607, the matter will be addressed at the County Board's discretion in accordance with that provision of law and any regulations pertaining thereto.
 - A. While the petition states that "any controversy or claim... except [one] that is in any way related to revocation of this Charter must be put in writing," the language does not unequivocally exempt any issue related to revocation from first having to go through Element 14 (Dispute Resolution).
 - B. The Dispute Resolution element provides for unreasonable timelines. For instance, mediation must occur within 120 days to four (4) months after the Issues Conference and there is no timeline within which arbitration, the final step, must occur.

Element 15: Exclusive Public Employer. Reasonably comprehensive

Element 16: Closure Procedures. Reasonably comprehensive with specific deficiencies

The petition fails to meet the requirements as defined by CCR, Title 5, § 11962 as follows:

1. It does not comply with the requirement for *transfer and maintenance of personnel records in accordance with applicable law or state how the school will return any donated materials and property if closed*.
2. Closure procedures reflect the LAUSD Board of Education as the authorizer; the petitioner did not submit necessary changes to reflect the County Board as the potential authorizer. This is of particular importance with regard to special education as WAYS currently operates as a school of the district for special education services and would be a Local Education Agency (LEA) if authorized by the County Board.

Finding 6: The petition does not satisfy all of the Required Assurances of Education Code section 47605(c), (e) through (j), (l), and (m) as follows:

Standards, Assessments and Parent Consultation. Does not meet the condition

The petition does not provide evidence required by EC § 47605(c) that charter schools:

1. *Meet all statewide standards and conduct the pupil assessments required pursuant to EC § 60605 and 60851 and any other statewide standards authorized in statute or pupil assessments applicable to pupils in non-charter public schools*. It fails to meet this condition due to its stated use of outdated tests and failure to specify correct procedures for students with special needs.
2. *The school shall, on a regular basis, consult with their parents and teachers regarding the school's educational programs*. It fails to meet the condition as there is no indication that WAYS provides a method for parents of English learners to provide input on programs specific to English learners and there is no mention of how parents of students with disabilities will be informed about the school's educational program.

Effect on the Authorizer and Financial Projections. Does not provide the necessary evidence

Report on the Wisdom Academy for Young Scientists Charter

EC § 47605(g) requires the petition to provide information regarding the proposed operation and potential effects of the school on the authorizer. Requirements regarding the budget and facilities currently under lease were met. Concerns are as follows:

1. The petition does not provide evidence that there are no potential civil liability effects. Due to the Conflict of Interest issues raised by LAUSD and WAYS' failure to resolve those conflicts, there are concerns with the potential liability effects that authorizing the charter may bring to the County Board if the charter is authorized and the conflicts continue or recur.
2. While the current budget and projections for the next two years seem reasonable, the cost of facilities is unknown as the current lease expires in June 2011. The budget reflects an increase to lease expenses for expansion, based on current expenditures; however, if the school were to remain at the current site, it is unknown whether the holding company might raise the rate for the current sites, which would impact the out-year budgets.

Teacher Credentialing Requirement. Does not meet the condition

EC § 47605(l) requires that *teachers in charter schools shall be required to hold a CCTC certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold...It is the intent of the Legislature that charter schools be given flexibility with regard to noncore, non-college preparatory courses.* The petition fails to meet the condition because there is no mention of the type of credential a teacher would need to teach students with disabilities and teacher qualifications limited to *SB 2042* credentials as reported under Element 5.

Attachment 3

Board Meeting – May 1, 2012

Item VI. Reports / Study Topics

Report on the *Wisdom Academy for Young Scientists Charter School* status of the June 7, 2011 conditions of renewal established by the County Board

On June 7, 2011, the County Board took action to grant renewal for Wisdom Academy for Young Scientists (WAYS) subject to specified conditions. The conditions of the County Board and WAYS' status on fulfilling those conditions are summarized below.

Conditions of Renewal	
Make changes to the petition to reflect the County Board as the authorizer by June 30, 2011. (Required by <i>California Code of Regulations</i> , Title 5 § 11967)	Not met
WAYS' Board to approve and sign LACOE Monitoring and Oversight Memorandum of Understanding (MOU) by June 30, 2011.	WAYS' Board approved and signed MOU; however, the school has not complied with specific monitoring and oversight requirements.
Make an application to a Special Education Local Plan Area (SELPA) by June 30, 2011.	Met
WAYS' former Executive Director was not to be "employed by or at the charter school until such time, if any, that the allegations of conflict of interest be resolved fully in her favor."	WAYS' former Executive Director has not been employed by the charter. However, she has been involved in the school's day-to-day operations and governing board activities, and she attended a conference after her employment ended for which expenses were charged to WAYS. Allegations of Conflict of Interest that existed June 7, 2011, have not been resolved.
WAYS was to comply with all California Conflict of Interest Laws.	Unclear if the condition was met. WAYS did not provide requested information needed to determine if condition was met.
WAYS was to contract with Michael Cureton as its Executive Director for two (2) years.	WAYS contracted with Mr. Cureton for two (2) years; however, he abruptly resigned effective October 1, 2011, citing interference from the former Executive Director and

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Board Meeting -- May 1, 2012
Report on the *Wisdom Academy for Young Scientists Charter School*
- 2 -

Grounds for Revocation	
	Director of Operations as reason.
If any changes to Governance or Conflict of Interest were not permanent, it would be grounds for revocation.	Unclear if the condition was met. WAYS did not provide requested information needed to determine if condition was met.

Additional Concerns

- (1) WAYS failed to meet or pursue student outcomes identified in the charter (*EC 47607(c)(2)*); its 2011 Growth Academic Performance Index (API) score declined 143 points over the preceding year.
- (2) WAYS failed to respond to reasonable requests from authorizer for fiscal information pertaining to the school's internal controls and fiscal operations (*EC 47604.3*).
- (3) LACOE received complaints against WAYS, its governing board, and the former Executive Director by a parent, school employees, and former members of the WAYS' Board. Based on allegations identified in the complaints, the County Superintendent of Schools opened an investigation pursuant to *EC 47604.4*. The complaints allege WAYS engaged in fiscal mismanagement, the board did not fulfill its fiduciary responsibility or duty of care, conflicts of interest exist, and the school failed to implement the academic program stated in the charter. WAYS failed to cooperate with the County Superintendent of Schools investigation.

Background

WAYS is a K-5 school comprised of three (3) sites located within the geographic boundaries of the Los Angeles Unified School District (LAUSD). Current enrollment is 488 students.

The County Board received the renewal petition as an appeal after denial by the LAUSD Board of Education. LAUSD had denied the petition based on the following findings:

- (1) *EC 47605(b)(2)* The petitioners were demonstrably unlikely to successfully implement the program. Specific concerns regarding the WAYS Board included:

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Board Meeting – May 1, 2012
Report on the *Wisdom Academy for Young Scientists Charter School*
- 3 -

- Allowing self-dealing transactions to transpire, even though the charter agreed to comply with LAUSD's charter school policies and regulations regarding Conflict of Interest;
 - Failing to resolve Conflict of Interest issues and only minimally attempting to do so;
 - Being minimally responsive to staff communications and acting in a manner inconsistent with its fiduciary responsibility, calling into question its capacity to govern and successfully implement the program; and
 - Unfamiliarity with the content of the petition and/or requirements of law including the *Brown Act*.
- (2) EC 47605(b)(5) The petition failed to provide a reasonably comprehensive description of 12 of the 16 required elements.

The full report on the *WAYS Charter School* is attached.

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Los Angeles County Office of Education
Charter School Office
May 1, 2012

Report on the *Wisdom Academy for Young Scientists Charter School* Status
of the June 7, 2011 Conditions of Renewal Established by the County Board

Background

Wisdom Academy for Young Scientists Charter School (WAYS) is located within the geographic boundaries of the Los Angeles Unified School District (LAUSD). The school has three (3) sites; one was approved by the Los Angeles County Board of Education (County Board) as a Material Revision to the Charter on August 9, 2011. WAYS currently has an enrollment of 488 students (CALPADS Spring 1 Certification, April 2, 2011).

The County Board took action to renew WAYS subject to specific conditions. The renewal petition was received by the County Board on appeal after it was denied by the LAUSD Board of Education based on the following findings:

EC 47605(b)(2) The petitioners are demonstrably unlikely to successfully implement the program:

Conflict of interest concerns exist pertaining to members of the WAYS Board of Directors and the WAYS Executive Director and Principal.... the WAYS Board...was minimally responsive to staff communications.... LAUSD considered the governing board's lack of independent and effective response to the Notice of Concern to be inconsistent with its fiduciary responsibility...which called into question the Board's capacity to govern the Charter School and successfully implement the program set forth in the petition. The WAYS Board failed to resolve the Conflict of Interest issues and only minimally attempted to do so....

The WAYS governing board is unfamiliar with the content of the petition and/or requirements of law... [including] whether the Board is familiar with and complies with the requirements of the Brown Act. Additionally, the Board allowed self-dealing transactions to transpire, even though the Board in the charter agreed to comply with LAUSD's charter school policies and regulations regarding Conflict of Interest.

EC 47605(b)(5) The petition fails to provide a reasonably comprehensive description of 12 of the 16 required elements: The Educational Program, Method for Measuring Pupil Progress, Governance Structure, Health and Safety Procedures, Means for Achieving a Racial and Ethnic Balance, Admission Requirements, Submission of Independent Audit, Suspension and Expulsion Procedures, Identification of Retirement Systems, Public School Alternatives, Dispute Resolution, Closure Procedures.

Action to Grant Renewal by the County Board was Subject to Conditions

The June 7, 2011 action to grant renewal was subject to the following conditions:

1. WAYS was to make changes to the petition to reflect County Board as the authorizer as required by the *California Code of Regulations*, Title 5 section 11967 by June 30, 2011;

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2. WAYS' Board was to approve and sign the LACOE Monitoring and Oversight Memorandum of Understanding (MOU) by June 30, 2011;
3. WAYS was to make application to a Special Education Local Plan Area (SELPA) by June 30, 2011;
4. WAYS' former Executive Director was not to be "employed by or at the charter school until such time, if any, that the allegations of conflict of interest be resolved fully in her favor;"
5. WAYS was to comply with all California Conflict of Interest Laws;
6. WAYS was to contract with Michael Cureton as its Executive Director for two (2) years; and
7. If any changes to Governance or Conflict of Interest were not permanent, it would be grounds for revocation.

Status of Compliance with County Board Conditions of Renewal

To date, the school's status on fulfilling the conditions of renewal is as follows:

1. WAYS did not make changes to the petition to reflect County Board as the authorizer. Events relevant to the school's failure to comply with the conditions of renewal are as follows:
 - a. June 2011, WAYS began the revision process under the direction of Executive Director Michael Cureton; LACOE received a draft of proposed changes on August 21, 2011.
 - b. September 15, 2011, Mr. Cureton tendered his resignation effective October 1, 2011. He notified LACOE that Ms. Watson, school principal, would continue to lead the revision process until a new Executive Director is named.
 - c. October 14, 2011, WAYS Board Member, Edward Cabil resigned from the WAYS Board and is appointed interim Executive Director.
 - d. October 21, 2011, WAYS submitted a second revision of proposed charter changes to LACOE.
 - e. November 17, 2011, WAYS' attorney notified LACOE that the charter agreement is "fully authorized" and there "can be no other terms or conditions imposed by staff." The school rescinded previously submitted changes and invoked Dispute Resolution on the requirement to make changes. (November 11, 2011, WAYS Board named Mr. Cabil permanent Executive Director.)
 - f. December 21, 2011, LACOE responded to WAYS stating (1) the County Board has the authority to impose conditions of authorization; (2) WAYS' Board agreed to the changes reflecting the County Board as authorizer by signing the MOU (necessary changes were specified in the MOU as Attachment F); and (3) invoking Dispute Resolution regarding WAYS' unauthorized changes to the petition.
 - g. January 26, 2012, LACOE received a letter from WAYS dated *December 11, 2012*, which (1) disputed LACOE's ability to impose conditions for authorization; and (2) failed to respond to LACOE's request for an Issues Conference.
 - h. February 2, 2012, LACOE invited WAYS to an Issues Conference to discuss "whether the County Board may, as a condition of authorization, require changes to the charter necessary to reflect the County Board as the authorizer."

- i. February 6, 2012, WAYS sent LACOE a letter stating the purpose of the Issues Conference had not been identified. The letter states, "It is our position (as should be yours) that the WAYS charter document speaks for itself, as does the County Board's action approving the charter."
2. WAYS' Board approved and signed the LACOE MOU; however, the school has not complied with specific monitoring and oversight requirements of the MOU including:
 - a. Monthly attendance reports are not adequately reviewed by WAYS prior to submission, resulting in LACOE staff spending more than 131 hours through March overseeing WAYS attendance reports as compared to the average 29 hours spent for other charter schools authorized by the County Board. Additionally, reports were submitted as late as three (3) weeks past the due date and/or without required student exit reports.
 - b. School contact and student information lists are not submitted timely or accurately resulting in LACOE's inability to (1) determine resident schools, which is necessary for comparing the school's academic performance; and (2) contact families in the event of an emergency. Late and inaccurate submission results in a disproportionate amount of LACOE staff time being needed for monitoring and oversight as compared to other charters authorized by the County Board.
 - c. WAYS' Board agendas, minutes, meeting schedules, membership updates, and recordings are not submitted timely and complete. LACOE has conferenced with the school and provided written notice of *Brown Act* violations.
3. WAYS made application to and was accepted by the LACOE Charter SELPA.
4. WAYS' former Executive Director has not been employed by the charter as the Executive Director; however, she has been at the school, involved in its day-to-day operations and governing board activities, and attended a conference after her employment ended for which expenses were charged to WAYS. Allegations of Conflict of Interest that existed June 7, 2011, have not been resolved. See *Additional Concerns*, below.
5. It is unclear whether WAYS has complied with all California Conflict of Interest Laws. See *Additional Concerns*, below.
6. WAYS contracted with Mr. Cureton as its Executive Director for two (2) years; however, Mr. Cureton precipitously resigned after less than three (3) months, citing interference by the former Executive Director and her son. See *Additional Concerns*, below.
7. It is unclear whether changes to the governance structure or Conflict of Interest required by the County Board have been permanent. See *Additional Concerns*, below.

Additional Concerns

1. WAYS failed to meet or pursue student outcomes identified in the charter (*EC 47607(c)(2)*):
 - a. The California Department of Education (CDE) reported that in 2010-11, WAYS' Growth Annual Performance Index (API) declined 143 points from 2009-10.
2. WAYS has not been responsive to reasonable requests from the authorizer for fiscal information

pertaining to the school's internal controls and fiscal operations (*EC 47604.3*).

- a. Based on a review of credit card statements (supporting documents not available for review), and inquiries to WAYS' management and back-office services provider, WAYS exhibits a lack of internal control and oversight over credit card usage. For example, WAYS made credit card payments prior to obtaining receipts and verifying the validity of the charges, which is contrary to its fiscal policies and procedures.
 - b. Controller's Office staff was scheduled to visit WAYS' back-office services provider on November 18, 2011, to make further inquiries and review documentation, but the visit was objected to and cancelled by WAYS. Subsequently, on January 10, 2012, staff met with WAYS Executive Director and Director of Operations to discuss LACOE's concerns regarding WAYS' internal controls. WAYS' Executive Director acknowledged weaknesses exist.
3. LACOE received verbal and written complaints against WAYS, its governing board, and the former Executive Director by a parent, staff, and former members of WAYS' Board. Based on allegations identified in the complaints, the County Superintendent of Schools opened an investigation pursuant to *EC 47604.4*¹. The complaints allege WAYS engaged in fiscal mismanagement, the Board did not fulfill its fiduciary responsibility or duty of care, there were ongoing conflicts of interest, and the school failed to implement the academic program stated in the charter. Evidence supporting the various allegations includes but is not limited to the following:
- a. The former Executive Director interfered with governing board's ability to fulfill its responsibility to oversee the governance of the school.
 - i. Five (5) of WAYS' nine (9) Board members, in office at the time of County Board action, resigned between September 19 and October 20, 2011. The letters of resignation indicate concerns regarding conflict of interest, on-going Board resignations, dissention, the former Executive Director's verbal abuse of Board members, and the precipitous resignation of Mr. Cureton.
 - ii. The former Executive Director failed to comply with the WAYS Board request to remove herself as a signatory on school accounts until after October 28, 2011.
 - iii. Multiple complaints that the former Executive Director was present at and refused to be unseated from the board table at the September 16, 2011 board meeting. The agenda for this meeting included discussion of moving the school to facilities not owned by the former Executive Director. The meeting was disbanded due to unruly behavior by individuals supporting continued use of the former Executive Director's facilities.
 - iv. At the September 22, 2011 special Board meeting, LACOE staff observed that the former Executive Director was seated at the Board table, held private conversations with one Board member during the course of the meeting, and called an absent Board

¹47604.4(a) In addition to the authority granted by Sections 1241.5 and 47604.3, a county superintendent of schools may, based upon written complaints by parents or other information that justifies the investigation, monitor the operations of a charter school located within that county and conduct an investigation into the operations of that charter school.

member to ask if they were coming to the meeting. The meeting was disbanded due to lack of a quorum.

- b. The former Executive Director interfered with the day to day operations of the school.
 - i. In July 2011, the former Executive Director represented WAYS in a Department of Labor Relations Division of Labor Standard Enforcement Hearing as reported by the filing party.
 - ii. On August 30, 2011, LACOE staff observed the presence of the former Executive Director at a WAYS' professional development day including her access to confidential student level data. LACOE also obtained written evidence, corroborated by Mr. Cureton, that she had addressed the staff using materials identifying her as the "Chief Executive Officer of Wisdom Academy."
 - iii. On September 30, 2011, Mr. Cureton sent an email stating, "I will resign my position as Executive Director at Wisdom Academy for Young Scientists Charter School on October 1, 2011, because I am being constantly harass[ed] by the founder/former executive director and her son."
- c. WAYS has not implemented the academic program described in the charter.

- i. WAYS has not provided the science-centered curriculum stated in Element 1 of the charter. The petition states WAYS' mission as follows:

The mission consists of three main concepts: Empowering students to be leaders, through high quality education that is anchored in the California State Standards, enabling them to become true scientists who are global citizens as evidenced by their participation in a rigorous content rich science program and expecting them to be leaders who will act as change agents in their local community. (Emphasis added)

As part of WAYS' renewal application to LAUSD, the district asked the question, "What innovative elements of your charter could be considered best practices and replicated by other schools?" WAYS' response, in part, was its "Science Centered curriculum."

- A. The 2010-11 California Standards Test (CST) for science (administered at fifth grade) indicates only 33% of students scored proficient or above in science. In the previous year, 81% of students scored proficient or above.
- B. Observation by LACOE staff during October 19, 2011, and February 22, 2012, site visits is that the science kits named in the charter are not being utilized and are not present in classrooms. WAYS staff verbally confirmed this observation.
- C. The complaint that textbooks are out of date is corroborated by statements made by WAYS staff that the school is in need of textbooks.
- D. At a December 2011 Board meeting, the WAYS principal reported to the WAYS Board that the school was meeting with a contractor to "bring back"

a science program the school previously utilized. There was no evidence of that program during a February 22, 2012 site visit. During that visit, the principal stated the school has deferred the science focus until the school's performance in math and language arts improves.

E. April 2012, LACOE received a complaint against WAYS alleging the school did not provide adequate instructional materials, including textbooks, to implement the educational program.

d. The WAYS Board failed to fulfill its duty of care and fiduciary responsibility by:

i. Permitting the former Executive Director access to school financial accounts past her date of employment:

A. She remained as a signatory on school bank accounts for more than four (4) months past her date of employment.

B. She made charges to a credit card in the school's name between June 13 and June 30, 2011, for travel, accommodations, meals, and gasoline in the amount of \$2,155.00.

ii. Providing insufficient oversight to ensure adherence to its fiscal policies, including

A. The Director of Operations, son of the former Executive Director, approved the check request for the school's credit card payment including charges he initiated.

e. The following allegations are still pending due to WAYS' failure to cooperate with LACOE's request for information pursuant to EC 47604.4:

- *Fiscal mismanagement*
- *Breach of fiduciary responsibility*
- *Conflict of interest*
- *Breach of duty of care*

f. Over the course of the past six (6) months, LACOE issued repeated invitations to WAYS Board and Executive Director to participate in the investigation, only to be met by resistance and later refusal. WAYS even improperly invoked the Dispute Resolution Process to as to what it claims were "false" allegations prompting the investigation. In its last correspondence WAYS maintained its position that it refuses to participate in the investigation.

Attachment 4

APPROVED
LOS ANGELES COUNTY
BOARD OF EDUCATION

MAY 01 2012

BY: AD:RC
Ex Officio Secretary

Board Meeting - May 1, 2012

Item VIII. Recommendations

- D. Approval for the Superintendent to issue a letter to *Wisdom Academy for Young Scientists Charter School* requesting mediation pursuant to the Dispute Resolution Process stated in the charter petition

The Superintendent recommends that the Los Angeles County Board of Education (County Board) directs the Superintendent to issue a letter to *Wisdom Academy for Young Scientists Charter School* requesting mediation pursuant to the Dispute Resolution Process stated in the petition.

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Attachment 5

Los Angeles County Office of Education

Leading Educators • Supporting Students • Serving Communities

May 17, 2013

*Via First Class Mail, Facsimile to
(323) 752-6644 & (323) 537-8209
E-mail: edcabil@sbcglobal.net*

Arturo Delgado, Ed.D.
Superintendent

Los Angeles County
Board of Education

Rudell S. Freer
President

Rebecca J. Turrenline
Vice President

Douglas R. Boyd

Katie Braude

Gabriella Holt

Marla Peza

Thomas A. Saenz

Mr. Edward Cabil, Executive Director
Wisdom Academy for Young Scientists Board
Dr. Dorothy Valenti, President
Mr. Armando Espinosa
Mr. Norman Golden
Ms. Karen Haynes
Ms. Cherly Johnson
Ms. Eleanor Jones
706 E. Manchester Ave.
Los Angeles, CA 90001

Dear Mr. Cabil and Members of the Wisdom Academy for Young Scientists Board:

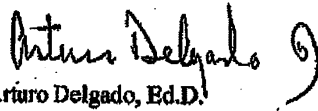
Notice of Audit Pursuant to *Education Code* Section 1241.5(c)

This letter notifies the Wisdom Academy for Young Scientists (WAYS) that my office has approved the initiation of an audit under *Education Code* section 1241.5(c) to investigate possible fraud. We have contracted with the Fiscal Crisis and Management Assistance Team (FCMAT) to perform the audit. We have requested that FCMAT begin this audit as quickly as they can assign available staff.

We consider this to be an extraordinary request and we are approving the audit based on information contained in the school's 2011-12 Independent Audit as well as information provided by my staff. We will apprise you of the audit findings once the work has been completed.

My staff will be in contact with you regarding details as to the scope of the work and other contract issues. Should you have any questions regarding this audit, please contact Dr. Alex Cherniss at (562) 922-6124, or Ms. Marlene Dunn at (562) 922-6131.

Sincerely,


Arturo Delgado, Ed.D.
Superintendent

AD/AC/JH:ls

c: Los Angeles County Board of Education
Joel Montero, Chief Executive Officer, FCMAT
Yolanda M. Benitez, Assistant Superintendent, Educational Services, LACOE
Alex Cherniss, Ed.D., Chief Business Officer, Business Services, LACOE
Marlene Dunn, Director, Business Advisory Services, LACOE

EXHIBIT 2

Wisdom Academy for Young Scientists

Wisdom Academy Board of Directors

Prepared January 19, 2014

Subject: Preliminary recommendations that address the 'Notice of Concern' received on December 20, 2013 from the Los Angeles County Office of Education

The following are recommendations that the Board is advancing to address the County's 'Notice of Concern':

1. To request a *Ninety-Day Extension* from the Los Angeles County Office of Education to address the issues outlined in the 'Notice of Concerns' in order to develop a 'Corrective Action Plan' to address the Los Angeles County Office of Education 'Notice of Concern'.
2. Each board member will have the opportunity to submit recommendations to address the issues contained in the 'Notice of Concern'.
3. Hiring of a consultant to assist the Board in the development of the 'Corrective Action Plan'
4. Attempt to meet with the administration to ascertain the reasons for ongoing material fiscal deficiencies contained in the 2011-12 Independent Audit Report performed by Mr. Clem Payne.
5. To schedule a Board Retreat to discuss and develop a remedy for each of the items contained in the 'Notice of Concern', material deficiencies in the 2011-12 Independent Audit Report, material deficiencies in the 2011-12 Independent Audit Report, corrective action steps, personnel matters, review school charter, review organizational by-laws, and other operational and fiscal issues.
6. Require at least two (2) signatures on all checks authorized by the Board.
Currently, only one signature is required no matter the amount of the check.

7. Develop parameters for which a check can be written by the administration without preapproval. (example: amount)
8. The Board will develop a 'Board Expenditure Authorization Form' to verify justification and board approval for all school expenditures.
9. Submit a *draft* of the 'Corrective Action Plan' to the Los Angeles County Office of Education in 65 days for preliminary review and comments. After which, those comments will be incorporated, and a *final* copy of the 'Corrective Action Plan' resubmitted to the County Office of Education.
10. All administrative positions will be opened, and administrators in those positions will be invited to reapply.
11. Job descriptions and contracts will be developed for all positions.
12. All positions will undergo a 'position audit' to determine scope and qualifications. Upon completion of the position audit, job descriptions can be upgraded or modified.
13. The school's organizational flow chart will be updated to reflect any personnel changes and/or reporting responsibilities.
14. Selected contracts will be ratified for the current 2013-2014 school year.
15. The Board will conduct its meeting of the Budget & Finance Committee.
16. The Board will conduct its meeting of the Teaching & Learning Committee.
17. All school property/equipment will be inventoried and labelled.
18. Review all personnel records to determine the experience and qualifications of staff.
19. Review all consultant and contractor contracts.
20. Conduct a survey to gather additional input/feedback from all school personnel to be used in addressing issues contained in the 'Notice of Concern'.

21. Include a budget line item for the Board of Directors that will reflect expense reimbursements, conference/training, travel, clerical/consultant support, materials/supplies, etc.
22. Offer all board members the opportunity to attend the upcoming California Charter School Association (CCSA) conference in San Jose that will offer the Board Governance 101 training sessions.
23. Interim administrative and temporary classified personnel may need to be hired.
24. In response to the 2012-13 FCMAT fraud audit, and the administration's continuing insubordination and overall lack of responsiveness to the Board of Directors; a process must be established, at least on an interim basis, for the Board to become signers/co-signers on all school checks to eliminate possible appearance fraud or mismanagement of funds; of which it is responsible.
25. A meeting with all contractors will be held.
26. A security firm will be hired to monitor the campus, escort terminated staff off the premises, and ensure the safety of Board members and staff.
27. For safety reasons, the Board of Directors will no longer meet at the 706 Manchester site. Arrangements have been made to meet in the Community Room at the 77th Area Police Station or at the Community Centers Inc. facility located at 7518 South Vermont Avenue, Los Angeles, CA. Specific locations will be noted on Board Agendas.

The above preliminary actions will help guide the Board in addressing issues outlined in the 'Notice of Concern'. Additionally, the Board welcomes suggestions from the Los Angeles County Office of Education in addressing issues outlined in the 'Notice of Concern'. The Wisdom Board of Directors is grateful for the opportunity to remedy these issues.

Thank you for your consideration and assistance.

Respectfully Submitted,

*Hon. Carol Lee Tolbert, President
Wisdom Academy Board of Directors*

Cc: Board of Directors

Clt: January 19, 2014

Wisdom Academy for Young Scientists

January 17, 2014

Via Electronic Mail & U.S. Mail
delgado_arturo@large.edu

Arturo Delgado, Ed.D
Superintendent
Los Angeles County Office of Education
9300 Imperial Highway
Downey, California 90242-2890

Re: Response to your letter dated December 20, 2013

Dear Dr. Delgado:

I am responding to your letter dated December 20, 2013, which you incorrectly mailed solely to the WAYS Board President's residence in Oakland and her personal email address. As a result, WAYS did not receive your letter until January 14, 2014. Thus, it is unreasonable that you requested a response by January 20, 2014, which date is also a Federal recognized holiday. Going forward, please comply with the LACOE MOU with regard to such notices. The MOU specifically provides that LACOE send any and all notices and correspondence concerning WAYS to the Executive Director at the school's address. By incorrectly sending your notice to a single board member but addressing all of them, you could have inadvertently triggered a serial board communication (transmittal of your letter) in violation of the Brown Act. We expect you to comply with the MOU in this regard.

At the time your letter was sent, WAYS had in fact submitted the following required reports. It is unclear why you were under the impression that they had not been sent by that date. One report (the December financial statement) did not exist yet at the time of your letter. In any event, here is a summary of when each report was submitted.

October Financials were submitted November 15, 2013
November Financials were submitted December 13th 2013
December Financials were not due by the time LACOE wrote the letter, it was subsequently submitted January 15, 2014
First Interim was submitted December 13, 2013
Unaudited Actuals was submitted before the due date but LACOE asked for adjustments and final submission was October 9th

*Empowering Students to be Leaders,
Change Agents, and True Scientists*

706 E. Manchester Avenue
Los Angeles, CA 90001
(323) 752-6655 • Fax: (323) 752-6644

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(323) 589-6500 • Fax: (323) 589-6550

e-mail: wisdomacademydys@yahoo.com • web: www.wisdomacademy.org

000040

The WAYS Board President and one other Board Member incorrectly included a member of your office as a recipient in WAYS internal confidential communication, which was explicitly intended for me, which you quote in your letter. Her email dated November 20, 2013, was not a "notice of an altercation" to LACOE. Furthermore, a majority of the statements made in the Board President's email dated November 20 were inaccurate and unfounded. That is being sorted out as an internal matter.

The WAYS Board President is new to the organization, and has not been appointed, authorized, or delegated an authorized point of contact between LACOE and WAYS. As you know, any information provided by a single member of the WAYS Board, without prior authorization from the WAYS Board, is not and cannot be an official communication concerning the business and operations of WAYS. A single board member does not speak for the board or the organization. Many of your December 20, 2013 statements are based on what appears to be your misinterpretation of that internal communication. Furthermore, your assertion that the CSO requested an explanation as to why the WAYS November 21, 2013 Board meeting was "postponed" is not correct. We did not receive any such request. In any event, the WAYS November 21, 2013 Board Meeting was postponed because I determined that the agenda was not posted in accordance with the Brown Act. We did not wish to proceed with an improperly noticed meeting, so we cured any potential violation by postponing the meeting until proper notice was provided. The improper notice was a result of the new Board President's learning curve on these issues.

Since the charter renewal period in May 2011, your office has made habitual misstatements and unfounded claims. We have been trying to resolve that problem with you, and will continue to do so. Most recently, your December 20, 2013 letter refers to "[my] history of overstepping [my] authority." That is false and misleading. You misquote my October 10, 2011, email insinuating that I overstepped my authority by calling a Board Meeting. However on October 10, 2011, I was still a member of the WAYS Board; consequently my statement that "four of the remaining board members all agreed that we needed a called meeting because of the desperate and crucial situation surrounding WAYS" is in fact evidence that the Board called a meeting as required by the Bylaws, and in no way supports your suggestion that I have a "history" of "overstepping" my authority.

Also for the record, as my letter dated November 12, 2013 implied, the October 24, 2013 Board Meeting was ended abruptly at 8:40pm at the conclusion of the closed session with an unofficial Board consensus due to an unanticipated interruption. There was no threat to the health and safety of anyone in attendance at the October 24, 2013 meeting. Furthermore, my statements in my November 12, 2013 do not support any allegations or claims made by any board or staff member. WAYS maintains a safe and secure environment for its students, staff, administration, school volunteers, and visitors.

WAYS reviews its policies regularly. There were no changes made to the Board approved Policies including the Admissions/Enrollment/Lottery, and Suspension & Expulsion policies, which were initially submitted to LACOE in during the WAYS Charter Renewal in May 2011. On November 7, 2013, an email from Neha Patel states that the LACOE CSO was unable to locate these policies, additionally naming the newly required Student Fees Policy. These policies were resubmitted to LACOE on November 8, 2013, along with a draft version of the newly required Student Fees Policy Draft which was expected to be reviewed by the WAYS Board at the November 24, 2013 Board Meeting.

We will continue to provide you information and document as we move forward. We agree that WAYS is experiencing some difficulties with board governance; many volunteer boards do. We have several new board members, and the board is quickly working through some growing pains. We expect board meetings to operate much more smoothly going forward. Similarly, we expect the Board to meet regularly.

Concerning your comments about arbitration over "conditions of authorization", we hope to resolve that with you within the schedule set by the arbitrator, Mr. Mainland. Our attorney has asked LACOE for your proposed award language so we could consider agreeing to it without any objection or further waste of public dollars. We understand that LACOE's attorney agreed to provide that. We believe that will entirely resolve those issues.

Sincerely,



Ed Cabil

EXHIBIT 3



Los Angeles County Office of Education

Leading Educators • Supporting Students • Serving Communities

January 24, 2014

Arturo Delgado, Ed.D.
Superintendent

Los Angeles County
Board of Education

Rebecca J. Turrentine
President

Katie Braude
Vice President

Douglas R. Boyd

José Z. Calderón

Rudell S. Freer

Raymond Reiser

Thomas A. Saenz

Mr. Edward Cabil, Executive Director
Wisdom Academy for Young Scientists Board
Hon. Carol Lee Tolbert, President
Ms. Kimberly Daniels
Mr. Armando Espinosa
Ms. Sandra Davis
Mr. Norman Golden
Ms. Cherly Johnson
Dr. Dorothy Valenti
706 E. Manchester Ave.
Los Angeles, CA 90001

Via First Class Mail and E-mail to:
edcabil@sbcglobal.net;
kids@civicpride.net;
kimberly@ksdanielslaw.com;
armando.espinosa.10@my.csun.edu;
saundavis@aol.com;
normanskx@gmail.com;
johnsoncenter@msn.com;
dvalenti747@yahoo.com

Dear Mr. Cabil and Members of the Wisdom Academy for Young Scientists Board:

Confirmation of Receipt of Responses to Superintendent's Notice of Concern

On December 20, 2013, Superintendent Dr. Arturo Delgado issued a *Notice of Concern* to Wisdom Academy for Young Scientists (WAYS). The letter requested an action plan, responsive to the issues stated in the letter, be submitted to the Charter School Office by January 20, 2014.

On January 21, 2014, the Los Angeles County Office of Education received two (2) responses: one from the WAYS Board President and one from the WAYS Executive Director. The responses contain contradictory information and request different timelines for submitting the action plan.

By Friday, January 31, 2014, please submit the school's response to the Superintendent's *Notice of Concern* to the Charter School Office.

Sincerely,

Judy Higelin
Project Director III
Charter School Office
Division of Accountability, Support and Monitoring

JH:ls

c: Los Angeles County Board of Education
Arturo Delgado, Ed.D., Superintendent, LACOE
Yolanda M. Benitez, Assistant Superintendent, Educational Services, LACOE
Olivia Fuentes, Director, Division of Accountability, Support and Monitoring, LACOE

EXHIBIT 4

Wisdom Academy for Young Scientists

January 31, 2014

Via Electronic Mail & U.S. Mail
delgado_arturo@lacoed.edu
higelin_judy@lacoed.edu

Arturo Delgado, Ed.D.
Superintendent
Los Angeles County Office of Education
9300 Imperial Highway
Downey, California 90242-2890

Re: Response to your letter dated December 20, 2013 and letter from Judy Higelin dated January 24, 2014

Dear Dr. Delgado:

Thank you for stating your concern to us about WAYS' Board governance. We recognize that we have had recent issues with inappropriate actions and communication coming from a specific Board Member. We, too, have been very concerned and our Board has taken steps to correct this matter, and we will continue to do so. At the January 30, 2014 Special Board Meeting, the Board voted to remove Carol Lee Tolbert from the WAYS Board. Thus, Carol Lee Tolbert is no longer a member of the WAYS Board and is no longer associated with WAYS in any capacity whatsoever. We believe this action is a major step in correcting our recent governance issues. Attachment 1 of this letter is our updated school contact list and attachment 2 of this letter is our List of current board members. WAYS intends to appoint additional members to its Board as soon as practicable.

I am further responding to your letter dated December 20, 2013, which you incorrectly mailed solely to the former WAYS Board Chair's residence in Oakland and her personal email address. As a result, WAYS did not receive your letter until January 14, 2014. Thus, it is unreasonable that you requested a response by January 20, 2014, which date is also a Federal recognized holiday. Going forward, please comply with the LACOE MOU with regard to such notices. The MOU specifically provides that LACOE send any and all notices and correspondence concerning WAYS to the Executive Director at the school's address. By incorrectly sending your notice to a single board member but addressing all of them, you could have inadvertently triggered a serial board communication (transmittal of your letter) in violation of the Brown Act. We expect you to comply with the MOU in this regard.

*Empowering Students to be Leaders,
Change Agents, and True Scientists*

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8775 S. Central Avenue
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(323) 589-6500 • Fax: (323) 589-6580

e-mail: wisdomacademy4ys@yahoo.com • web: www.wisdomacademy.org

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At the time your letter was sent, WAYS had in fact submitted the following required reports. It is unclear why you were under the impression that they had not been sent by that date. One report (the December financial statement) did not exist yet at the time of your letter. In any event, here is a summary of when each report was submitted:

October Financials were submitted November 15, 2013

November Financials were submitted December 13th 2013

December Financials were not due by the time LACOE wrote the letter. It was subsequently submitted January 15, 2014

First Interim was submitted December 12, 2013

Unaudited Actuals was submitted before the due date but LACOE asked for adjustments and final submission was October 9th

The on a number of instances, the former WAYS Board Chair and one other Board Member incorrectly included a member of your office as a recipient in WAYS internal confidential communication, which was explicitly intended for me, which you quote in your letter. Her email dated November 20, 2013, was not a "notice of an altercation" to LACOE. Furthermore, a majority of the statements made in the former Board Chair's email dated November 20 were inaccurate and unfounded. That is being sorted out as an internal matter.

The former WAYS Board Chair was new to the organization, and had not been appointed, authorized, or delegated an authorized point of contact between LACOE and WAYS. As you know, any information provided by a single member of the WAYS Board, without prior authorization from the WAYS Board, is not and cannot be an official communication concerning the business and operations of WAYS. The former Board Chair took an oath with the understanding that the authority rests with the Board as a whole and not with individuals. A single board member does not speak for the board or the organization. Many of your December 20, 2013 statements are based on what appears to be your misinterpretation of that internal communication.

Furthermore, your assertion that the CSO requested an explanation as to why the WAYS November 21, 2013 Board meeting was "postponed" is not correct. We did not receive any such request. In any event, the WAYS November 21, 2013 Board Meeting was postponed because I determined that the agenda was not posted in accordance with the Brown Act. We did not wish to proceed with an improperly noticed meeting, so we cured any potential violation by postponing the meeting until proper notice was provided. The improper notice was a result of the former Board Chair's learning curve on these issues.

Since the charter renewal period in May 2011, your office has made habitual misstatements and unfounded claims. We have been trying to resolve that problem with you, and will continue to do so. Most recently, your December 20, 2013 letter refers to "[my] history of overstepping [my] authority." That is false and misleading. You misquote my October 10, 2011, email insinuating that I overstepped my authority by calling a Board Meeting. However on October 10, 2011, I was still a member of the

WAYS Board; consequently my statement that "four of the remaining board members all agreed that we needed a called meeting because of the desperate and crucial situation surrounding WAYS" is in fact evidence that the Board called a meeting as required by the Bylaws, and in no way supports your suggestion that I have a "history" of "overstepping" my authority.

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We will continue to provide you information and document as we move forward. We agree that WAYS has experienced some difficulties with board governance; many volunteer boards do. We have several new board members, and the board is quickly working through some growing pains. We expect board meetings to operate much more smoothly going forward. Similarly, we expect the Board to meet regularly.

Concerning your comments about arbitration over "conditions of authorization", we hope to resolve that with you within the schedule set by the arbitrator, Mr. Mainland. Our attorney has asked LACOE for your proposed award language so we could consider agreeing to it without any objection or further waste of public dollars. We understand that LACOE's attorney agreed to provide that. We believe that will entirely resolve those issues.

Sincerely,



Ed Cabil

Cc: WAYS Board of Directors

EXHIBIT 5



Los Angeles County Office of Education

Leading Educators • Supporting Students • Serving Communities

May 17, 2013

*Via First Class Mail, Facsimile to
(323) 752-6644 & (323) 537-8209
E-mail: edcabil@sbcbglobal.net*

Arturo Delgado, Ed.D.
Superintendent

Los Angeles County
Board of Education

Rudell S. Freer
President

Rebecca J. Turrentine
Vice President

Douglas R. Boyd

Katie Braude

Gabriella Holt

Maria Reza

Thomas A. Saenz

Mr. Edward Cabil, Executive Director
Wisdom Academy for Young Scientists Board
Dr. Dorothy Valenti, President
Mr. Armando Espinosa
Mr. Norman Golden
Ms. Karen Haynes
Ms. Cherly Johnson
Ms. Eleanor Jones
706 E. Manchester Ave.
Los Angeles, CA 90001

Dear Mr. Cabil and Members of the Wisdom Academy for Young Scientists Board:

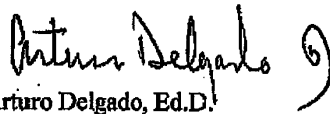
Notice of Audit Pursuant to *Education Code* Section 1241.5(c)

This letter notifies the Wisdom Academy for Young Scientists (WAYS) that my office has approved the initiation of an audit under *Education Code* section 1241.5(c) to investigate possible fraud. We have contracted with the Fiscal Crisis and Management Assistance Team (FCMAT) to perform the audit. We have requested that FCMAT begins this audit as quickly as they can assign available staff.

We consider this to be an extraordinary request and we are approving the audit based on information contained in the school's 2011-12 Independent Audit as well as information provided by my staff. We will apprise you of the audit findings once the work has been completed.

My staff will be in contact with you regarding details as to the scope of the work and other contract issues. Should you have any questions regarding this audit, please contact Dr. Alex Cherniss at (562) 922-6124, or Ms. Marlene Dunn at (562) 922-6131.

Sincerely,


Arturo Delgado, Ed.D.
Superintendent

AD/AC/JH:ls

c: Los Angeles County Board of Education
Joel Montero, Chief Executive Officer, FCMAT
Yolanda M. Benitez, Assistant Superintendent, Educational Services, LACOE
Alex Cherniss, Ed.D., Chief Business Officer, Business Services, LACOE
Marlene Dunn, Director, Business Advisory Services, LACOE

EXHIBIT 6

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

CSIS California School Information Services

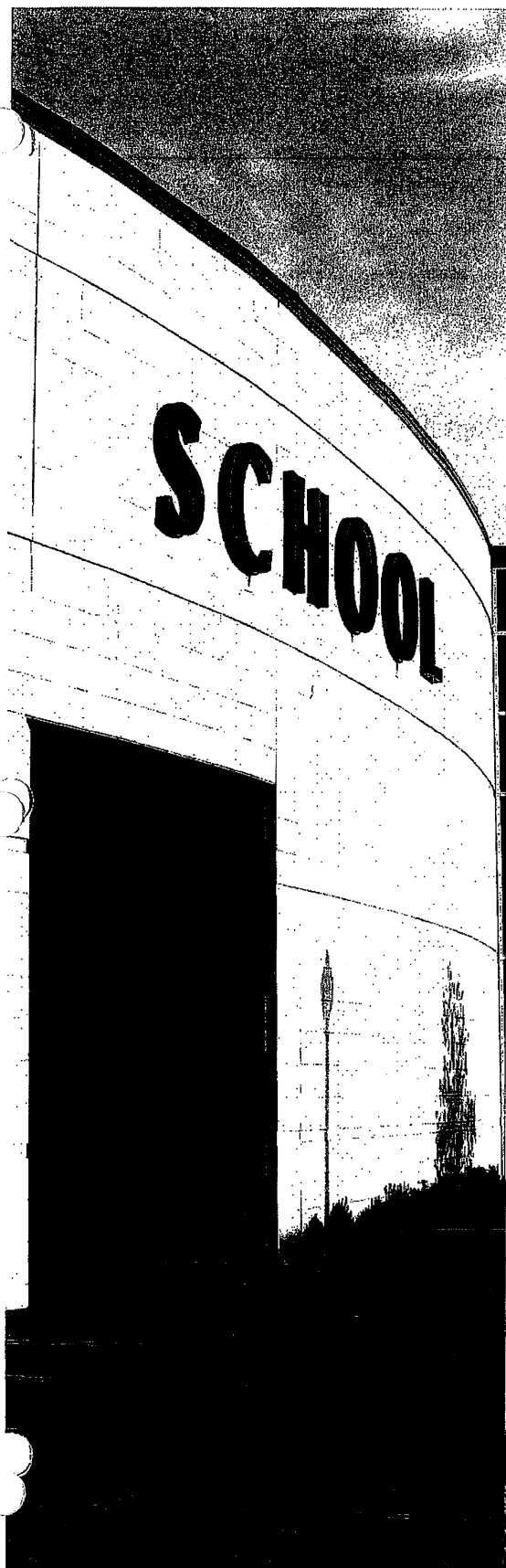
Los Angeles County Office of Education regarding the

Wisdom Academy for Young Scientists

AB 139 Extraordinary Audit

March 19, 2014

Joel D. Montero
Chief Executive Officer



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FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

CSIS California School Information Services

March 19, 2014

Arturo Delgado, Ed.D., Superintendent
Los Angeles County Office of Education
9300 Imperial Highway
Downey, CA 90242

Dear Superintendent Delgado:

The contract between the Fiscal Crisis and Management Assistance Team (FCMAT) and the Los Angeles County Office of Education to provide an Assembly Bill 139 extraordinary audit of the Wisdom Academy of Young Scientists (WAYS) was signed in May 2013 and returned to FCMAT in June 2013. Specifically, the agreement stated that FCMAT would perform the following:

Scope and Objectives of the Study

1. Evaluate the charter school's internal control structure, policies and procedures to test transactions and reporting processes to determine if adequate procedures are in place to safeguard assets, including physical objects, charter school data, and intellectual property.

Evaluation of policies and procedures will include the following:

- i. Review compliance with policies and procedures including, but not limited to, those related to human resources, finance, purchasing, granting agencies, and state and federal government programs and funding.
 - ii. Review document and records retention procedures to determine whether the charter school provides reasonable assurance that asset records are safeguarded and transactions are correctly recorded.
2. Evaluate the reliability and integrity of information used for internal management decisions and external agency reports.
 3. Determine if authorization procedures are appropriate and consistently followed. Review administrator and manager approvals and whether signature authority is delegated only to authorized employees.

FCMAT

Joel D. Montero, Chief Executive Officer

1300 17th Street - City Centre, Bakersfield, CA 93301-4533 • Telephone 661-636-4611 • Fax 661-636-4647
755 Baywood Drive, 2nd Floor, Petaluma, CA 94954 • Telephone: 707-775-2850 • Fax: 707-636-4647 • www.fcmat.org
Administrative Agent: Christine L. Frazier - Office of Kern County Superintendent of Schools

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- [REDACTED]
4. Determine whether proper segregation of duties exists. The team will evaluate personnel, payroll, accounts payable and cash transactions, and will do the following:
 - i. Review the authorization process for cash receipts
 - ii. Determine if protective measures are in place for safeguarding assets, processes and data.
 - iii. Determine whether safe combinations are changed periodically and anytime a staff member who knows the combination terminates employment.
 5. Evaluate reporting processes. The team will do the following:
 - i. Evaluate monitoring and verify that controls are operating properly.
 - ii. Evaluate controls that prevent management from overriding internal controls and thus prevent the potential misappropriation of funds.
 - iii. Evaluate whether clearly established lines of authority and responsibility exist within and between departments for proper review and reporting purposes, and if these are shown on organizational charts.

This final report contains the study team's findings and recommendations in the above areas of review. FCMAT appreciates the opportunity to serve the Los Angeles County Office of Education, and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,



Joel D. Montero
Chief Executive Officer

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ABOUT FCMAT

iii

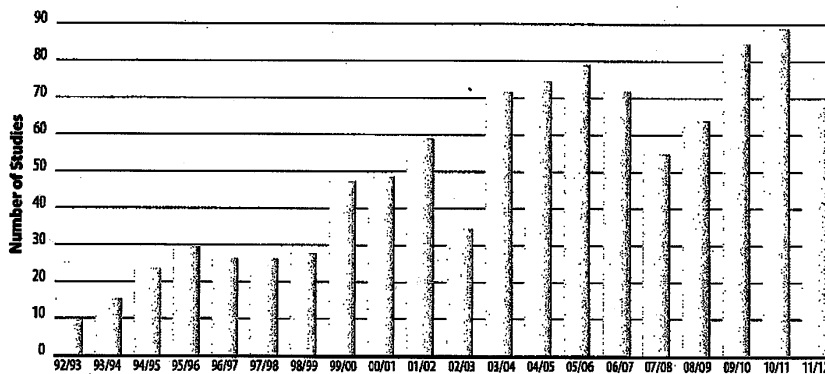
About FCMAT

FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT's fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices and efficient operations. FCMAT's data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and share information.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state Superintendent of Public Instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the local education agency to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

Studies by Fiscal Year



FCMAT also develops and provides numerous publications, software tools, workshops and professional development opportunities to help local educational agencies operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) arm of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS) and also maintains DataGate, the FCMAT/CSIS software LEAs use for CSIS services. FCMAT was created by Assembly Bill 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. Assembly Bill 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. Assembly Bill 1115 in 1999 codified CSIS' mission.

AB 1200 is also a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. Assembly Bill 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

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ABOUT FCMAT

In January 2006, SB 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

Since 1992, FCMAT has been engaged to perform nearly 850 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

INTRODUCTION

1

Introduction

In May 2013, the Fiscal Crisis and Management Assistance Team (FCMAT) received a request from the Los Angeles County Office of Education for an Assembly Bill (AB) 139 extraordinary audit of the Wisdom Academy for Young Scientists charter schools. The county office had received allegations of multiple fiscal irregularities, questionable expenditures and inappropriate related-party transactions at WAYS charter school. Concerned that these allegations may have violated various government and education codes related to fraud and/or misappropriation of assets, the county superintendent initiated an investigation to determine whether sufficient evidence of fraud, misappropriation of funds or other illegal activities may have occurred to report the matter to the local district attorney's office for further investigation. Under the provisions of Education Code Section 1241, FCMAT entered into a contract with the Los Angeles County Office of Education to conduct an AB 139 extraordinary audit.

FCMAT interviewed employees and reviewed documents to determine if instances of fraud, misappropriation of funds or other illegal practices occurred that would warrant further investigation by the local district attorney's office.

Study Guidelines

FCMAT provides a variety of services to school districts and county offices of education upon request. Education Code Section 1241.5(b)(c) permits a county superintendent of schools to review or audit the expenditures and internal controls of any school district in that county if he or she has reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. According to the Education Code, the review or audit conducted by the county superintendent will focus on the alleged fraud, misappropriation of funds, or other illegal fiscal practices and is to be conducted in a timely and efficient manner. This is in accordance with Education Code Section 42638(b), which states as follows:

If the county superintendent determines that there is evidence that fraud or misappropriation of funds has occurred, the county superintendent shall notify the governing board of the school district, the State Controller, the Superintendent of Public Instruction, and the local district attorney.

Therefore, FCMAT focused on the allegations of misappropriation of assets, misuse of grant funds and conflict of interest to determine whether Wisdom Academy for Young Scientists Charter School and/or its personnel were involved in or committed fraudulent activities.

Audit Fieldwork

Investigating allegations of fraud requires a number of steps that include interviewing potential witnesses and assembling evidence from internal and external sources. The FCMAT study team conducted initial county office interviews in June 2013 during the schools' summer vacation and then visited the three charter school campuses in November 2013 to conduct interviews, collect data and review documents. Based on new information, additional interviews and fieldwork were scheduled in December 2013 through February 2014. Specifically, FCMAT reviewed, analyzed and tested records that included audited financial statements, financial records, grant documents, board minutes, the charter petitions and other documentation from independent third party

INTRODUCTION

sources. The review also included interviews with a board member, management personnel, business service provider, and former charter school employees to evaluate information concerning any alleged mismanagement, fraud, or abuse.

The fieldwork focused on determining whether there is sufficient information to ascertain fraud, misappropriation of funds, conflict of interest particularly with related-party transactions, self-dealing through privately owned company transactions of management and key employees and the former executive director of the charter school, and breach of fiduciary duty.

Although there are many different types of fraud, a conflict of interest and breach of fiduciary duty exists when officers or employees of the organization have a personal financial interest in a contract or transaction and is considered to be a form of misappropriation of assets.

All fraud has common elements including the following:

Knowingly making an untrue representation or a false claim of a material fact;

- Intent to deceive, or concealment of the act;
- Reliance on untrue information; and
- Damages or a loss of money or property.

This report is the result of that investigation and is divided into the following sections:

- Introduction
- Background
- Scope and Procedures
- Findings and Recommendations
 - Occupational Fraud
 - Related-Party Transactions, Significant Influence, Self-Dealing
 - Audit Findings
 - Governing Board Oversight
- Appendices

Study Team

The FCMAT study team was composed of the following members:

Deborah Deal, CICA, CFE
FCMAT Fiscal Intervention Specialist
Los Angeles, California

Michael W. Ammermon, CPA, CFE
FCMAT Consultant
Laguna Niguel, California

Laura Haywood
FCMAT Technical Writer
Bakersfield, California

BACKGROUND

3

Background

Wisdom Academy for Young Scientists (WAYS) operates under the Merle Williamson Foundation, a non-profit 501(c)(3). WAYS charter school was authorized as a charter-school by the California Department of Education (CDE) in September 2006. The first-year enrollment of 141 grew to 267 pupils by June 30, 2012.

Originally approved by Los Angeles Unified School District Board of Education, the charter school was denied renewal of the petition effective July 1, 2011. The district cited several instances of Education Code violations that included:

1. Conflict of interest concerns between related parties, the executive director, the principal and members of the Board of Directors including self-dealing;
2. Violations of the Brown Act;
3. An ineffective governance structure; and
4. Failure to provide a reasonably comprehensive description in the petition for 12 of 16 required elements pursuant to EC 47605(b)(5).

The WAYS governing board is responsible for fiscal accountability and proper governance over all financial transactions but has limited involvement in the schools' financial affairs. The inability for the governing board to exercise due diligence and implement internal controls has effectively allowed the former executive director, current executive director and related parties unrestricted access to the assets of the organization and implied authority to enter into a variety of business arrangements for personal gain without board authorization and/or approval.

The involvement of the former executive director, related parties, business associates, former board members and numerous businesses owned by the former executive director and her husband has raised questions regarding potential conflict of interest, significant influence over financial transactions, self-dealing, control over fiscal management and related party transactions in violation of government and education codes.

On June 7, 2011, the Los Angeles County Board of Education (LACBOE) granted conditional approval for the WAYS charter school. Since that time, the management of the charter school has repeatedly resisted implementation of the conditions for approval by ignoring requests by the county office staff for information to support that the conditions have been met. On several occasions, verification that the conditions have been met including required reports such as financial information, interim budget reports, audited financial statements and monthly reports have been submitted after repeated requests by Los Angeles County Office of Education (LACOE) staff or have not been submitted at all.

County office staff cite several instances within the first year of operations where WAYS failed to comply with the conditions set forth in the original conditional approval. Some examples include: Management is unresponsive to reasonable requests for timely financial information for supporting documentation regarding implementation of the WAYS policy and procedure regarding internal control over credit card usage, attendance reports, contact information, student information, board minutes, board agendas, board meeting dates, failure to abide by

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BACKGROUND

conflict of interest laws, and interference in operations from the founder/former executive director, in addition to written and verbal complaints by board members, parents and staff.

Following the conditional approval by LACBOE, the county office staff received written and verbal complaints alleging WAYS engaged in fiscal mismanagement, interference with the board in its fulfillment of fiduciary duties by the founder/former executive director, disbanding of board meetings caused by unruly behavior preventing unfavorable actions of the board, resignation of five of the nine board members in one month citing concerns over conflict of interest, ongoing board member resignations, dissention, verbal abuse of board members by the founder/former executive director and, most recently, her son, the director of operations. In January 2014, three of five board members resigned, citing similar complaints that are verified in the minutes and audio recordings of board meetings.

LACOE staff note several irregularities and possible misappropriation of funds within the WAYS charter school organization that oversees three charter school sites. These allegations of fraud involve ongoing conflicts of interest and the mismanagement of charter school funds related to facility leases, related-party transactions between the former executive director who owns two of the properties leased by the school and is related to owners of private businesses that conduct business with the charter school, execution of a vehicle lease without board approval, and a substantial separation of service payment to the former executive director without sufficient supporting documentation.

Governance issues include an ineffective governance structure caused by continued interference by the former executive director through her son and daughter that hold key positions of authority and decision making in the organization, effectively eliminating the governing board's ability to exercise its fiduciary responsibilities and duty of care. Evidence of board meeting cancellations and disruption by the current executive director and the founder's son (director of operations) are corroborated through emails, board minutes and audio recording of board meetings. Prior to the board president's resignation in January 2014, threatening outbursts by the founder's son at a specially scheduled board meeting ended the meeting, after which she obtained a restraining order for her personal protection.

Based on these allegations, the Los Angeles County Office of Education, Charter Schools Division conducted a preliminary investigation, and based on the results of their initial findings, requested assistance from FCMAT pursuant to Education Code Sections 47604.4 and 1241.5(c).

The county office requested FCMAT to provide for the assignment of professionals to study specific aspects of alleged fraud, misappropriation of funds or other illegal fiscal practices that may have occurred in the Wisdom Academy for Young Scientists organization that merit examination.

EC Section 42638(b) requires action by the county superintendent to include the following:

If the county superintendent determines that there is evidence that fraud or misappropriation of funds has occurred, the county superintendent shall notify the governing board of the charter school, the State Controller, the Superintendent of Public Instruction and the local district attorney.

Sufficient evidence exists to demonstrate that WAYS' management and governing board has failed to cooperate with its oversight agency; is engaged with fiscal mismanagement; violates California conflict of interest laws by engaging in related party transactions and self-dealing; and has breached its fiduciary responsibility and duty of care.

SCOPE AND PROCEDURES

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Scope and Procedures

The fraud investigation consisted of gathering adequate information regarding specific allegations, establishing an audit plan, and performing various audit test procedures to determine whether fraud occurred, and if so, evaluate the loss, determine who was involved, and determine how it occurred. During the interviews, FCMAT study team members asked questions pertaining to levels of authority to enter into contracts, governing board oversight, financial management policies and procedures, job duties and responsibilities, and questions related specifically to the founder/former executive director's settlement agreement, facility leases, automobile lease, excess fuel purchases and various purchases by selected vendors including the dance studio owned by the founder's daughter.

The primary focus of this review is to provide the Los Angeles County Office of Education with reasonable assurances based on the testing performed that adequate management controls are in place regarding the charter schools' reporting and monitoring of financial transactions and that fraud, misappropriation of funds or other illegal activities have not occurred. Management controls include the processes for planning, organizing, directing, and controlling program operations, including systems for measuring, reporting, and monitoring performance.

FCMAT utilized fraud risk assessment tools to conduct sample tests of financial transactions, other data and contracts to determine if fraud, misappropriation of funds or other illegal activities have occurred. Testing associated with this review is based upon sample selection and does not include the testing of the complete list of all transactions and records for this period. Sample testing and review results are intended to provide reasonable but not absolute assurance as to the accuracy of the district's transactions and financial activity.

Transaction Sampling Analysis

To accomplish the objectives of this audit, a number of audit test procedures were developed to provide an in-depth analysis and understanding of the allegations and potential outcomes. The team had access to the general ledger records from July 1, 2008 through June 30, 2013. Specifically, FCMAT performed audit tests related to general ledger transactions, bank statements, check disbursements, and rent, facility and automobile lease agreements, including the following:

- Review of the charter schools' detailed QuickBooks general ledger records for the most recent five-year period from July 1, 2008 through December 31, 2013.
- Review of bank statements covering the audit period.
- Review of proper authorization and available supporting documentation.
- Review of credit card transactions and payments.
- Analysis of supporting documentation for credit card transactions.
- Review of federal forms W-9, 990 and 1099 over the audit period.
- Review of the charter schools' fiscal policies and procedures handbook.
- Review of the charter schools' petition documents and bylaws.
- Review of the governing board minutes and agendas.
- Analysis of purchases for school materials and supplies.

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SCOPE AND PROCEDURES

- Analysis of the charter schools' compliance with laws and regulations relating to conflict of interest and the Political Reform Act and review of Forms 700.
- Review of the charter schools' internal control process and procedures to determine possible weaknesses in prevention and detection of fraud, misappropriation and/or criminal activity.

Transaction sampling was the method used to evaluate the vendor payments issued by WAYS. To evaluate WAYS' management of expenditure decisions, FCMAT obtained a full copy of the WAYS accounting software, QuickBooks. Using QuickBooks, the team reviewed the WAYS general ledger and vendors over the last five years.

The WAYS chart of accounts general ledger is comprised of 196 accounts. Vendor transactions are accounted for using the charter of accounts recorded in the general ledger to account for transactions in various like-kind groups such as office supplies, books, rent, loans, capital improvement, etc. For example, a typical purchase from Staples would be recorded as supplies and subsequently paid through accounts payable, eventually decreasing the cash account.

The team reviewed all 42 customers and 667 WAYS vendors and scanned each transaction in the QuickBooks software to identify potential individual transactions to be examined further.

An audit risk assessment involves sampling of both customer and vendor transactions. Customer transactions were consistent with audit risk parameters; therefore, no additional transactions were reviewed. However, the team identified 20 of the 667 vendors for an in-depth audit that included 137 individual transactions as demonstrated in the following table below.

WAYS Transaction Sampling	Customers	Vendors	Total
Total Number	42	667	709
FCMAT Team Previewed	42	667	709
Percent Previewed	100%	100%	100%
Selected For Detailed Review	-	20	20
Percent Previewed of Total Number	0%	3%	3%
Detailed Documentation Examined	n/a	137	137

Selected vendor transactions were audited for supporting documentation for paid invoices based on specific criteria and depending on the type of purchase:

- An invoice's appearance, calculations of extended prices and quantities, description of invoice line items, and sales tax calculations
- Invoice payments
- Shipping documents
- Bills of lading and/or packing slips
- Receipt documentation such as notes, description of the business purpose
- Proper authorization including governing board approval, management approval, and conformance to internal accounting policies and procedures

SCOPE AND PROCEDURES

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- Proper coding of the transaction into the chart of accounts general ledger
- Vendor names and check payee names that are supported by valid business license, sales tax licenses and federal Form W-9
- Vendor invoices that present valid business addresses
- Vendors that were issued a federal Form 1099
- Contracts that are valid for the appropriate time period and contain authorized signatures
- Other proper documentation depending on the type of purchase or contract

After reviewing 137 detailed transactions of the 20 vendors selected for detailed review, the following six vendors fit the profile of related parties and/or were business entities that received payments from WAYS business accounts for goods or services:

1. OSE Business Services
2. American Express credit card
3. Godfrey Okonkwo
4. Emeka Enwezor
5. Avatar Technology
6. Toyota Motor Corporation - Lexus purchase and sale

The following findings and recommendations are the result of the audit procedures and analysis performed.

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Findings and Recommendations

Occupational Fraud

The owners, executives, directors, managers and/or employees of an organization may commit occupational fraud, which has three primary classifications: schemes related to asset misappropriation, corruption, and financial statements. Occupational fraud is the most common type of fraud that occurs in school settings.

Asset misappropriation frauds include cash skimming, purchasing fraud, falsifying expense reports and/or forging company checks. Corruption schemes involve an employee(s) using his or her influence in business transactions to obtain a personal benefit that violates that employee's duty to the employer or the organization; conflicts of interest fall into this category. Financial statement fraud includes the intentional misstatement or omission of material information in the financial reports.

Occupational fraud is one of the most difficult types of fraud and abuse to detect; however, the most common method of detection is receiving tips from current and/or former employees, which occurs three times more frequently than any other fraud prevention method for this type of scheme, and accounts for 43.6% of detections overall. According to the 2012 Report to the Nations on Occupational Fraud and Abuse conducted by the Association of Certified Fraud Examiners (ACFE), corruption schemes accounted for approximately one-third of all occupational fraud cases reported, with a median loss of \$250,000.

Based on this study, there is a direct correlation between the perpetrator's position and authority in the organization and the losses incurred. Approximately 43% of fraudsters were employees; 34.3% were managers; 4.2% were "others," and 18.5% were owner/executives. Although the second lowest percentage is from owner/executives, this group generated the largest median loss of \$373,000 out of the 753 cases reported in the United States.

WAYS is a tightly held small public charter school operation founded and primarily operated by one family and close associates. The founder/former executive director selected the board members, which gave her and other family members significant influence over financial decisions that benefited them financially. Even after the founder was removed from her executive director position as a condition of the newly executed charter petition by the county office of education, the founder/former executive director positioned her son, daughter and previous board president to hold key positions in the organization and run the day-to-day operations, and by this action still maintained effective control over the financial affairs of the organization.

This report will demonstrate that there is an integral relationship between appointed board members and related family members and business associates – particularly between the former executive director, her son, daughter, former board president and their associated private businesses and lease agreements – that created an environment that allowed and continues to allow access, opportunity and motivation for occupational fraud to occur.

Internal Control Elements

Internal controls are the principal mechanism for preventing and/or deterring fraud or illegal acts. Illegal acts, misappropriation of assets or other fraudulent activities can include an array of irregularities characterized by intentional deception and misrepresentation of material facts.

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Effective internal control processes provide reasonable assurance that a charter school's operations are effective and efficient, that the financial information produced is reliable, and that the organization operates in compliance with all applicable laws and regulations.

Internal control elements provide the framework for an effective fraud prevention program. An effective internal control structure includes the policies and procedures used by staff, adequate accounting and information systems, the work environment and the professionalism of employees. An effective internal control structure includes the five interrelated components of the control environment: fraud risk assessment, control activities, information and communication, and monitoring.

Internal Control Element	Description
Control Environment	Commonly referred to as "the moral tone of the organization," the control environment includes a code of ethical conduct; policies for ethics, hiring and promotion guidelines; proper assignment of authority and responsibility; oversight by management, the board or an audit committee; investigation of reported concerns; and effective disciplinary action for violations.
Fraud Risk Assessment	Identification and assessment of organization's objectives to establish and develop a strategy to react timely.
Control Activities	The development of policies and procedures to enforce the governing board's directives. These include the actions by management to prevent and identify misuse of the district's assets, including the prevention of override of controls in the system by any employee.
Information and Communication	The establishment of effective fraud communication. This includes ensuring that employees receive information regarding policies and opportunities to discuss ethical dilemmas. Establishing clear lines of communication in an organization to report suspected violations.
Monitoring	Ongoing monitoring that includes periodic performance assessments for fraud deterrence by managers and employees.

Examples of improper internal controls include, but are not limited to, the following:

- Failure to adequately segregate the duties and responsibilities of authorization.
- Failure to limit access to assets or sensitive data.
- Not recording transactions, resulting in lack of accountability and the possibility of theft.
- Unauthorized transactions, resulting in skimming, embezzlement or larceny.
- Lack of monitoring or implementing internal controls by the governing board and management.
- Collusion among employees where little or no supervision exists.

A system of internal controls consists of policies and procedures designed to provide the governing board and management with reasonable assurance that the organization achieves its objectives and goals. Traditionally referred to as *hard* controls, these include segregation of duties, limiting access to cash, management review and approval, and reconciliations. Other types of internal controls include *soft* controls such as management tone, performance evaluations, training programs, and maintaining established policies, procedures and standards of conduct. Controls that have been established must also be implemented and monitored to ensure their effectiveness.

Although WAYS had a fiscal policies and procedures handbook, the organization failed to implement or monitor several of the adopted policies and procedures. Recent board minutes document

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that when board members expressed the need to review and approve certain financial transactions or asked for the back office provider to present the financial statements during open board meetings, management repeatedly ignored these requests. In some cases, management canceled board meetings and caused major disruptions that ended board meetings prematurely.

The internal control environment is a critical component because it establishes the organization's moral tone, commonly referred to as "the tone at the top." The tone at the top is an intangible internal control element that consists of the perception of an organization's employees regarding the ethical conduct displayed by the governing board and executive management.

A strong system of internal controls that consists of all five elements can provide reasonable but not absolute assurance that the organization will succeed in achieving its goals and objectives. The failure to establish adequate internal controls limiting the ability of the founder, family members and other related parties to access assets coupled with a lack of accountability to the governing board created an environment for fraud and misappropriation to occur.

To further demonstrate the lack of effective internal controls, independent audit reports for the last three fiscal years report 15 instances of significant and/or combined internal control conditions. Several of these findings have not been addressed by management and the governing board; therefore, these findings are repeated each year. The following table illustrates a complete list of audit findings from 2010-11 through 2012-13 prepared by annual independent auditors.

***Audited Financial Statements Schedule of Findings and Questioned Costs
for Audit Years 2011, 2012 and 2013***

Finding	Description	2011
11-01/3000 - Combined Significant Deficiency Internal control condition	Untimely deposit of cash receipts	Untimely deposit of cash receipts risk the mismanagement of funds (either fraud or loss), misstatement of revenue, receivable or cash, and possible noncompliance with contracts, or laws and regulations.
11-02/3000 -Combined Significant Deficiency Internal control condition	Bank Reconciliation Over Site	Bank reconciliation was not properly reviewed resulting in inconsistent bank to book balances. Could result in a material misstatement of the financial statements. Organization lacks adequate procedures to ensure that bank reconciliations are reviewed monthly by a supervisor.
11-03/3000 - Combined Significant Deficiency Internal control condition	Accounts Receivable Reconciliation	The accounts receivable general ledger balance was not reconciled to the accounts receivable subsidiary ledger balances. Organization has not adequately established written policies and procedures to ensure accounts receivable balance is properly reconciled to subsidiary ledger balances and that differences are investigated and cleared in a timely manner. Could result in material errors or possible fraudulent activities going undetected resulting in materially misstated financial statements.

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11-04/3000 - Combined Significant Deficiency Internal control condition	Recording transaction with- out complete supporting documentation	Supporting documentation for several dis- bursements was not complete. Could result in duplicate payments, goods and/or services not received, or payments that are incorrect or fraudulent. Could be a material misstatement of the finan- cial statements. Organization lacks clear policies and proce- dures for the approval of all disbursements.
11-05/3000 - Significant Deficiency Internal control condition	Payroll Expense Reconciliation	Payroll expenses are not properly reconciled and adjusted in a timely manner. Could be a material misstatement of the finan- cial statements.
11-6/3000 - Significant Deficiency Internal control condition	Written Asset Capitalization Policy	Organization does not have a written asset capitalization policy or procedures. This could result in unreliable financial reporting and compliance. Could be a material misstatement of the finan- cial statements.
Finding	Description	2012
11-01/3000 - Significant Deficiency Internal control condition	Bank Reconciliation Over Site	Bank reconciliation was not properly reviewed resulting in inconsistent bank to book bal- ances. Could result in a material misstatement of the financial statements. Organization lacks adequate procedures to ensure that bank reconciliations are reviewed monthly by a supervisor.
11-02/3000 - Significant Deficiency Internal control condition	Payroll Expense Reconciliation	Payroll expenses were not consistently recon- ciled to the general ledger. Could result in a material misstatement of the financial statements. Organization has not adequately established written policies and procedures to ensure the timely reconciliation of payroll expenses.
Finding	Description	2013
2013-1/3000 Significant Deficiency Internal control condition	Bank Reconciliations	Monthly adjustments are made to a "suspense" account. Correcting journal entries at year end were not reconciled or posted into the proper accounts. Questioned costs: \$13,735 posted in suspense accounts. Inadequate procedures to ensure that sup- porting documentation is provided for all transactions associated with bank accounts. Management officials from the school are not providing information necessary to post cor- recting journal entries to back office provider.

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2013-2/3000 Significant Deficiency Internal control condition	Payroll Expense Reconciliations	<p>Payroll expenses were not consistently reconciled to the general ledger resulting in a material misstatement of the financial statements.</p> <p>Organization has not adequately established written policies and procedures to ensure the timely reconciliation of payroll expenses and liability.</p>
2013-3/3000 Significant Deficiency Internal control condition	Year End Accruals and Closing Process	<p>The organization did not record closing transactions for the accounts receivable, accounts payable, prepaid expenses, and capital assets.</p> <p>Effect: Recording differences between unaudited actuals reported to oversight agency and audited financial statements.</p> <p>Material misstatement of the financial statements.</p> <p>Organization has not established clear written policies and procedures for year-end closing activities.</p>
2013-4/3000 Significant Deficiency Internal control condition	Payroll Documentation	<p>Personnel Action Forms (PAFs) are not complete. In 100% of the PAFs reviewed there were missing approval signatures.</p> <p>Federal Form I-9s were not completed correctly in nine out of 10 forms tested, exposing the organization to risk of noncompliance with I-9 requirements.</p> <p>The organization is at risk for paying individuals that are not approved.</p> <p>The organization has not established adequate procedures for hiring, including required documentation.</p>
2013-5/3000 Significant Deficiency Internal control condition	Capital Assets	<p>The organization was unable to provide detail of capital assets to support amounts recorded in the books of record.</p> <p>Purchases of capital assets were inappropriately expensed instead of capitalizing these assets appropriately.</p> <p>Insufficient audit evidence to determine if amounts recorded in capital assets are correct or if there is a material misstatement in the financial statements.</p> <p>The organization has not established adequate procedures for tracking capital assets and ensuring that they are appropriately recorded in the financial statements.</p>

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2013-6/3000 Significant Deficiency Internal control condition	Credit Card Documentation	<p>Expense items paid with credit cards are not adequately supported by itemized receipts and approval documentation.</p> <p>Credit cards are used to purchase items and subsequently repaid with a check. The organization is using the credit card statements for supporting documentation without including all receipts for the expenditures.</p> <p>Questioned costs: \$5,858 from sample selected.</p> <p>The organization has not established adequate procedures that require adequate supporting documentation.</p> <p>The organization is exposed to risk of misappropriation of assets.</p>
2013-7/3000 Significant Deficiency Internal control condition	Beginning Net Assets	<p>Net assets were not in agreement with the prior year audited ending net assets. The organization was unable to provide reconciling items to support adjustments to beginning net assets.</p> <p>The organization has not established adequate procedures in place to track prior year adjustments.</p>
2013-8/3000 Significant Deficiency	Inconsistent Reporting	<p>Financial reporting to the oversight agency is based on a fiscal year and to the IRS on a calendar year and should be consistent.</p> <p>IRS regulations require tax returns to be prepared based on the fiscal year of operation.</p>
Federal Award Findings		
	Tracking Expenditures	<p>The organization failed to track expenditures separately for federal awards. This caused major delays with the timing of audit procedures associated with OMB Circular A-133 requirements because management had to identify each individual expenditure separately.</p> <p>Programs Involved: National School Lunch Program: \$212,061 Special Education Cluster: \$99,925</p>
State Award Findings		
	Class Size Reduction Program	<p>Form J-7 CSR was prepared using the average monthly enrollment based on the last day of the school month rather than average daily enrollment from the first day of classes through April 15.</p> <p>Questioned costs: Under-reported eligible students by 1 student.</p>

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Conflict of Interest

A conflict of interest exists when an individual has a private financial interest in the outcome of a contract or a public decision and does either of the following:

1. Participates in the decision-making process
2. Influences, or attempts to influence, others making a contract or decision

Statutes that govern conflicts of interest include the Political Reform Act, Government Code 1090, Government Code 87100, and Corporations Code Section 5233 for nonprofit organizations. Governing board members and administrators should abstain from all discussions, negotiations and votes that are related to a contract in which they have a personal financial interest by removing themselves from the meeting and ensuring that abstention and departure are recorded in the board minutes. A conflict of interest can still exist with subsequent action on the contract, such as authorizing payment under a contract, negotiating disputes or contract terms; therefore, the governing board member or administrator should abstain from all discussions, negotiations and/or votes related to the contract in which he or she has a personal interest.

The report will demonstrate that conflict of interest exists that allowed the founder/former executive director, family members, and close associates interacting as "vendors" to gain financially.

Political Reform Act – Disclosure, Conflicts of Interest and Enforcement

The Political Reform Act (PRA), Government Code Sections 81000 - 91015, was enacted by Proposition 9 in June 1974. The stated intent of the act was to establish a process for most state and local officials as well as certain designated employees to publicly disclose their personal income and assets as follows:

[a]ssets and income of public officials which may be materially affected by their official actions...[are] disclosed and in appropriate circumstances the officials...[are] disqualified from acting in order that conflicts of interest may be avoided.

The PRA provisions are enforced by the Fair Political Practices Commission (FPPC) and require every state and local governmental agency to adopt a conflict-of-interest code. The commission is the state agency responsible for interpreting the provisions of the law and issuing California Form 700 – Statement of Economic Interests. Because charter school governing board members are considered "public officials" and governing boards are considered "legislative bodies," board members and certain designated individuals must file Form 700 annually, or upon taking office/position. Additionally, a consultant to the organization "who makes, participates in making, or acts in a staff capacity for making governmental decisions" may be required to complete Form 700.

PRA provides an eight-step process to determine whether a conflict of interest exists as follows:

1. Is the individual a public official?
2. Is the public official making, participating in making, or influencing a governmental decision?
3. Does the public official have one of the six qualifying types of economic interests? (An economic interest will be discussed more fully in the next section of this report.)

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4. Is the economic interest directly or indirectly involved in the governmental decision?
5. Will the governmental decision have a material financial effect on the public official's economic interests?
6. Is it reasonably foreseeable that the economic interest will be materially affected?
7. Is the potential effect of the governmental decision on the public official's economic interests distinguishable from its effect on the general public?
8. Despite a disqualifying conflict of interest, is the public official's participation legally required?

The WAYS governing board members, charter school officials and designated employees have filed Form 700. Only one Form 700, by a former board member, declared any financial interest. All the other forms examined showed that these individuals did not declare any financial interest in the schools' affairs or disclosed any conflict of interest that would result in personal financial gain. Consultants that meet the conditions previously identified have not filed Form 700 to date.

The charter petition for WAYS contains a conflict of interest policy that has been approved by the county board of education as a condition of WAYS' petition approval. Board minutes and audio recordings, verbal and written complaints by former board members and direct observations by LACOE staff reveal instances where the founder/former executive director continued to be present and seated at the board table during discussions regarding facility leasehold agreements for her personal properties. Evidence in the board minutes indicate that at least two occurrences transpired when she was no longer employed by WAYS. The termination of her employment was a condition of the petition approved by LACOE.

On September 16, 2011, subsequent to her departure from WAYS, the founder/former executive director was present at the board meeting. She refused to be unseated from the board table during discussions concerning the relocation of WAYS to a property not owned by the founder/former executive director. Individuals at this meeting who supported continued use of her facilities by WAYS schools caused such a disruption that the board meeting was disbanded.

During the September 22, 2011 board meeting one week later, the founder/former executive director was observed by LACOE staff seated at the board table having private conversations with one board member.

The most recent independent audit report noted that facility leasehold agreements for 2013-14 were not approved by the governing board seven months into the new fiscal year, and that the sale of a school vehicle used by the director of operations was not approved by the governing board. Instead, the vehicle, a Lexus, was sold by the founder/former executive director's son in December 2013 without board approval. Shortly after the independent auditors' report, the governing board approved the facility leasehold agreements for 2013-14 and the sale of the director of operations' Lexus.

This report will demonstrate that facility leasehold agreements, leasehold facility improvement, payments made to the private dance studio owned by the founder/former executive director's daughter and vice principal, as well as substantial purchases from a related vendor were not disclosed in accordance with laws and regulations set forth by the FPPC.

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The founder/former executive director and other family members were present and exercised significant influence during board meetings that provided a direct personal financial benefit.

Government Code 1090 – Financial Interest of Public Officials, Officers and Employees

Simply stated, the intent of Government Code 1090 is to prohibit a public official, officer or employee from engaging in a contract in which he or she has a financial interest in both a governmental and personal capacity.

Section 1090 has broad implications, applies to school districts and can also apply to charter schools if included in the charter petition or the memorandum of understanding. Section 1090 provides as follows:

Members of the Legislature, state, county, district, judicial district, and city officers or employees shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. Nor shall state, county, district, judicial district, and city officers or employees be purchasers at any sale or vendors at any purchase made by them in their official capacity.

As used in this article, "district" means any agency of the state formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries.

The WAYS charter petition states the governing board has adopted its own conflict of interest policy and will abide by the conflict of interest Government Code 1090.

This report will establish that a business relationship exists between the founder/former executive director and the WAYS schools as evidenced by contracts, lease agreements and other related business as vendors. There is conclusive documentation to support that the founder/former executive director and her family members as well as close business associates have significant personal involvement and financial interest, violating the conflict of interest statutes.

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Related-Party Transactions and Significant Influence

OCI Development Corporation – Building Leasehold Agreements

The current WAYS petition is subject to specific conditions including adherence with conflict of interest laws and regulations. WAYS charter school appealed to LACBOE in the spring of 2011 following a denial by LAUSD Board of Education to renew its petition after five years of operation.

The denial by LAUSD included concerns that WAYS failed to comply with the terms of the charter by allowing the charter school to enter “into a self-dealing transaction” with the founder/former executive director and her privately owned facilities that were leased to two of the three schools. Specifically, WAYS could not provide “evidence that the governing board considered other sites or conducted an independent assessment of lease rates prior to entering into the agreement with the Executive Director.”

In an attempt to address the conflict of interest with the facility lease agreements for the properties occupied by the schools, the founder/former executive director placed the properties in a revocable trust named OCI Development Corporation in 2010-11. It was subsequently determined and concurred by the WAYS legal counsel that transferring the property to a holding company through a revocable trust did not ultimately transfer property ownership under California law and therefore did not resolve the conflict of interest concern.

The WAYS governing board approved the 2012-13 facility leasehold agreements August 3, 2012. These agreements were signed by the former governing board president and current executive director as the “tenant,” and by Dora Obien, CEO for OCI Development Corporation.

According to a report on the WAYS charter petition and appeal to LACBOE dated May 10, 2011 by the LACOE Charter School Review Team, it was revealed that WAYS’ governing board failed to disclose that LAUSD had awarded facilities under a Proposition 39 request for facilities on April 1, 2011. Subsequent to the approval for facilities by LAUSD that could have alleviated conflict of interest concerns, WAYS did not respond to LAUSD to indicate acceptance of the offer.

As previously stated in this report, board meetings surrounding the relocation were met with strong opposition by the founder/former executive director and others during open board meetings ultimately exercising significant influence over the decision not to accept the LAUSD offer. WAYS continues to lease the facilities owned by the founder/former executive director through OCI Development Corporation.

WAYS paid \$1,070,921 to the founder/former executive director and her holding company, OCI Development Corporation, for leasehold agreements located at 706 E. Manchester Avenue, Los Angeles, CA and 8778 S. Central Avenue, Los Angeles, CA from the 2007-08 through 2012-13 fiscal years as shown in the following table.

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RELATED-PARTY TRANSACTIONS AND SIGNIFICANT INFORMATION

***OCI Development Corporation and Founder/Former Executive Director
Facility Leasehold Payments, 2007-2008 through 2012-13***

Fiscal Year	Payee	Annual Total
2007-08	Founder	\$110,400
2008-09	Founder	169,440
2009-10	Founder	179,560
2009-10	Founder - "Advanced Rent"	30,000
2010-11 (June - January)	Founder	93,245
2010-11 (February - June)	OCI	74,840
2011-12	OCI	226,450
2012-13	OCI	216,986
Grand Total		\$1,100,921

The facility leasehold agreement for 2013-14 was approved by the governing board in January 2014. Lease payments are estimated to be \$223,878 for the current fiscal year and are not included in the table above.

Other general ledger entries from the WAYS financial records show additional rent payments that are listed in the general ledger with no supporting documentation totaling \$115,550:

Loraine Turner	2007-08 - 2012-13	\$89,350
Wisdom Pre-School	2007-08	2,900
Founder: Recruiting Students	2007-08	2,000
Founder: ERATE Consultancy	2007-08	500
Founder: "Good Faith Offer"	2008-09	10,000
Pre-School Rent	2008-09	10,800
Grand Total		\$115,550

There are three school sites under the WAYS name located in Los Angeles on Manchester Ave, S. Central and Central. Two are owned by the founder/former executive director and one leased with the Salvation Army. In addition, the school on Manchester Avenue pays \$2,400 per year for additional parking spaces. No contracts or lease agreements exist for Loraine Turner, Wisdom Pre-School or Pre-School Rent. The payment of \$10,000 made to the founder/former executive director for "Good Faith Offer" is unsubstantiated. Other payments for recruiting students and E-Rate consultancy fees paid to the founder/former executive director are questionable.

WAYS' balance sheet dated June 30, 2013 shows leasehold improvements totaling \$341,710 plus \$35,483 in federal E-Rate funding for leasehold improvements to the properties owned by the founder/former executive director.

***Summary of Payments - Facility Leasehold, Rent, and Other Payments,
2007-08 through 2012-13***

Facility Lease Payments	\$1,070,921
Advanced Rent	30,000
Rent and Other Unsubstantiated Payments	\$115,550
Leasehold Improvements	341,710
Leasehold Improvements - E-Rate	35,483
Total	\$1,593,664

FOUNDATIONAL TRANSITIONS AND SIGNIFICANT INFLUENCE

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Founder/Former Executive Director – Settlement Agreement

As a condition of approval for WAYS' charter school petition to LACOE in June 2011, the founder/former executive director was to terminate her employment with WAYS and be removed from any association with the school.

Approximately seven months later in a letter dated January 20, 2012, the founder/former executive director asserted claims totaling \$700,000 for money owed including interest accrued and damages but said she would be "content with a settlement of \$350,000 that will help me in the new project (Middle School) that I am currently working to establish."

In a separate letter dated May 21, 2012 three months later, the founder/former executive director revised her claim for \$480,312.90 for unused vacation, sick and personal necessity leave for the entire time of her employment with WAYS commencing July 1, 2008 through June 30, 2011, claiming she took "zero" days off work during this period of time. The accompanying schedule of liabilities showed a calculation that included 150 days of vacation plus 50 days of "accrued time off due for five years" totaling \$97,391.30. No time records or other documentation were supplied to substantiate this claim other than a single typed page identified as Attachment E by the founder/former executive director.

The founder/former executive director claims that she loaned the charter school money from personal savings, mortgaged her personal residence and loaned funds from her private preschool, Wisdom Pre-School.

A review of the QuickBooks records and audited financial statements show a short-term loan on December 18, 2007 from Los Angeles Unified School District and a line of credit from Wells Fargo Bank, both of which were fully repaid, but no mention of any other loans.

On October 26, 2012, the Merle Williamson Foundation, doing business as Wisdom Academy of Young Scientists, entered into a settlement agreement with the founder/former executive director. This agreement was signed by the current executive director and former board president in the amount of \$228,665.38. The breakdown of the final payment is as follows:

Severance pay – one year.	\$112,960.60
Contractual leave and vacation days accrued at the time of separation. Last three years.	\$58,434.78
Lease of a 2004 Toyota Land Cruiser.	57,940.00
Total	\$228,665.38

The employment contract for July 1, 2008 through June 30, 2011 states that the founder/former executive director shall be permitted to be paid upon termination. However, the contract provides that "written documentation of the Executive Director's earned and accrued vacation days" shall be maintained through a third-party vendor providing business services to the schools. According to the business services provider, no vacation or time records were ever provided to its office to support the founder/former executive director's claim for accrued vacation and other leave categories. The settlement agreement does not provide any documentation to support this claim; therefore, FCMAT cannot substantiate that the \$58,434.78 paid for 90 days of vacation leave and 30 days of unused time off was substantiated with independent records by the business services provider in accordance with the employment contract.

RELATED-PARTY TRANSACTIONS AND SIGNIFICANT INFORMATION

The contract from July 1, 2005 through June 30, 2008 as well as the most current contract states that the executive director shall be provided an automobile vehicle and operating expenses for her use in conducting official business and reasonable personal use during the period of the contract. Attached to the settlement agreement is a closed end motor vehicle 60-month lease agreement identifying the founder/former executive director as the lessee for a new 2004 Toyota Land Cruiser dated December 20, 2004. The gross capitalized cost on the lease agreement is \$57,940, which included extra add-ons:

- Maintenance agreement for \$1,800
- Credit life insurance premium for \$995

The employment contract states that a vehicle shall be provided to her, not that she could enter into a vehicle lease for a luxury vehicle paid by the school and be reimbursed for the lease and extra items prior to her contract. It is unclear if the school had available and/or provided a different vehicle during the contract period.

Professional Liability for Founder/Former Executive Director

Documents from a lawsuit settled against the Merle Williamson Foundation (MWF) for wrongful termination of a former teacher at WAYS against the school show that the founder/former executive director traveled to Omtsha, Nigeria and directed one of the school's teachers to go with her to marry her sister's husband (brother-in-law) for purposes of making the brother-in-law a United States citizen. Although the teacher married the brother-in-law, she ultimately refused to complete the Department of Homeland Security form I-130, Petition for Alien Relative, and brought suit against MWF. On December 4, 2012, a jury found in favor of the teacher plaintiff and subsequent judgment was awarded of \$566,803.

The contract dated July 1, 2008 through June 30, 2011 clearly states that the executive director shall be held harmless and be indemnified "from any and all demands, claims, suits, and legal proceedings brought against the Executive Director in her official capacity as agent and employee of the MWF, provided the incident arose while the Executive Director was acting within the scope of employment." (emphasis added) Clearly this action by the "Executive Director" was not within the scope of employment, was conducted during winter break in Nigeria, and yet the settlement was paid by WAYS charter school.

The Certificate of Marriage document from Federal Republic of Nigeria shows the founder/former executive director's signature as witness to the marriage between the teacher and Joseph Njor Enwezor (the founder/former executive director's brother-in-law) on January 4, 2010. According to staff at LACOE who conducted interviews, these interviews with former teachers and board members indicate many trips to Nigeria to visit a personal residence in that country by the founder/former executive director, yet she asserts that she took "zero" days off during the last five years.

OSE Business Services – Owner, Obiesie Enwezor

The analysis of large increases in purchases of books and supplies during the 2011-12 and 2012-13 fiscal years was attributed to one vendor, OSE Business Services (OSE). OSE is owned by Obiesie Enwezor, who is related to other WAYS vendors: Godfrey Okonkwo, Emeka Enwezor, and DeDe Dance Studio and bears the same last name as the founder/former executive director's brother-in-law, Joseph Njor Enwezor.

FOURTH CATEGORY: TRANSACTIONS AND SIGNIFICANT INFLUENCE

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Godfrey Okonkwo is the husband of the founder/former executive director of WAYS and father of the owner of DeDe Dance Studio and vice principal of WAYS and director of operations. (These WAYS relationships are further described in detail later in this report.)

FCMAT compiled all OSE vendor invoices to review and analyze expenditure transactions and spending patterns. Purchases totaling \$158,871 for 20 invoices lacked any supporting documentation for the receipt of materials, supplies and snack food items.

WAYS Back Office Service Provider Warned of Books and Supplies Expenditures Exceeding Budget

During FCMAT's interview of the WAYS back office business services provider on Monday, November 25, 2013, the back office provider stated to the team that the WAYS governing board and management had been advised during a board presentation and in the budget narratives that the books and supplies expenditures "... are expected to be over budget at the end of the year by about \$70,000."

The back office provider presented for the team two samples of WAYS board and management reports for the periods ended January 31, 2013 and again on June 30, 2013 titled "Snap Shot Summary of Financial Condition of the School." These reports showed that the actual expenditures for books and supplies exceeded current budgeted amounts. Even though the WAYS back office provider warned of excessive expenditures, the management of WAYS continued to purchase from OSE.

WAYS Paid \$158,871 to OSE Business Services Over Two Years

The books and supplies category consists of textbooks, books other than textbooks, instructional materials, custodial supplies, automobile expenses, fuel, office supplies, other supplies, classroom furniture and equipment, computers, and other non-capitalized equipment.

During the fiscal years 2011-12 and 2012-13, WAYS paid \$57,533 and \$101,338 respectively to OSE, totaling \$158,871 for the two-year period. Of the combined 2011-2012 and 2012-13 payments to OSE, 98% was accounted for in WAYS' books and supplies expenditures category.

A total of 20 invoices were issued by OSE and paid by WAYS. All invoices were approved by the director of operations - the founder/former executive director's son, along with the current executive director/former board president. Ten of the payments to OSE were issued by cashier's checks and nine of the payments by check. During the interview conducted with both the executive director and director of operations, the director of operations stated that cashier's checks were used because WAYS "... bounced a check and OSE only wanted to be paid by cashier's check."

FCMAT requested copies of the OSE cashier's checks and regular checks, both front and back, from the director of operations and copied the executive director in an email dated Friday, December 13, 2013. One month later, on January 13, 2014, the team received nine of the 10 requested cashier's checks. The missing cashier's check was received on January 21, 2014. Repeated requests to management for the regular check copies were never received and no explanation was provided.

Of the nine copies of the cashier's checks provided to the team, it is not entirely clear that the copies came directly from the bank. The endorsement for OSE Business Services on the reverse side of the cashier's checks is by signature. No account number or other identifying information is provided on the back of these cashier's checks. The OSE cashier's check that was provided on

RELATED-PARTY TRANSACTIONS AND SIGNIFICANT INFORMATION

January 21, 2014 showed that the check was printed through an online account at <https://oibservices.wellsfargo.com/OIB/PrintImage.jsp>.

Because WAYS executive management failed to provide OSE's regular checks front and back copies as requested by the team, and because OSE cashier's checks did not contain account information identifying the account where funds were deposited, the team is unable to authenticate the OSE payments.

OSE Business Services Irregular Invoices

During the 2011-12 and 2012-13 fiscal years, WAYS received from OSE 20 invoices that were authorized for payment by both the director of operations and executive director and present the following irregularities:

1. Invoices fail to provide a contact phone number.
2. Invoices lack proper authorization to purchase and/or accept OSE merchandise that would authenticate the supplies shipped by OSE to WAYS.
3. Invoices are not accompanied by packing slips identifying the shipping contents and quantities.
4. Invoices fail to identify any "ship to" or delivery address.
5. Invoices fail to present a shipping cost line item, or indicate if there was a charge for shipping.
6. Invoices do not appear professional and consistent and appear to be produced on a spreadsheet.
7. Invoices fail to present consistent per-unit pricing calculating quantities of items purchased and extending the quantity multiplied by the per-unit pricing to the total amount for each inventory line item purchased.
8. Management could not provide an OSE product catalogue for review.
9. The OSE invoices fail to present consistent and clear descriptions of the supplies identified.
10. The OSE address of 6709 La Tijera Blvd., Suite 274, Los Angeles, California 90045 is a postal service location and is not a warehouse or physical storefront.
11. The address is identical to that of Innovative WAYS Academy, which is owned and operated by the WAYS vice principal, the founder/former executive director's daughter.

The team interviewed the WAYS back office provider on Monday November 25, 2013. During the interview, the back office provider claimed there were repeated requests to WAYS management to provide OSE's approved purchase orders and packing slips in accordance with the back office provider's procedures manual. WAYS management failed to comply with these requests to follow procedures, and failed to provide the requested documentation.

OSE Business Services Address at 6709 La Tijera Blvd., Suite 274, Los Angeles, California 90045 – Related Parties

The audit fieldwork visit on November 13-15, 2013 revealed large quantities of supplies purchased from OSE. During the team's joint interview with the executive director and director of operations, the team was told that none of the WAYS vendors were related. The team made further inquiries regarding any relationship between WAYS management team or family members and OSE. The director of operations said that OSE Business Services was a legitimate business with many customers and that no relationship existed between these two entities.

During the fieldwork, the team visited the OSE address printed on their invoices at 6709 La Tijera Blvd., Suite 274, Los Angeles, California 90045. This same address is identified as the mailing address of Innovative WAYS Academy.

The CEO of Innovative WAYS Academy is:

- The founder of DeDe Dance Studio and vice principal of WAYS,
- The daughter of the founder/former executive director of WAYS,
- The sister of WAYS' director of operations, and
- The CEO of DeDe Dance Studio that operates business at the WAYS school site.

The team interviewed the WAYS vice principal, Innovative WAYS Academy founder and CEO, and owner of DeDe Dance Studio on Friday, November 15, 2013 and discussed the 6709 La Tijera Blvd., Suite 274, Los Angeles, California 90045 address. In her statement to the team, she provided the following information for business operations associated with that address:

1. The 6709 La Tijera Blvd., Suite 274, Los Angeles, California 90045 address was the address used for Innovative WAYS Academy.
2. Stated that she "does not know much about the business side of Innovative WAYS" and said that her mother (founder of WAYS) operated Innovative WAYS Academy and is the most knowledge about its business operations.
3. She does not check the mail at the 6709 La Tijera Blvd., Suite 274, Los Angeles, California 90045 address. Instead, her mother, the founder/former executive director, is the only person who checks the mail and has the only key to the mailbox at that location.

On December 11, 2013, FCMAT made an inquiry to the director of operations and copied the executive director to verify that 6709 La Tijera Blvd., Suite 274, Los Angeles, CA 90045 is the same address as Innovative WAYS Academy and OSE Business Services, and that the founder/former executive director is the only person that checks the mail and has a key. WAYS management did not provide requested supporting documentation other than to provide invoices from OSE. In an attempt to corroborate the \$158,871 in materials and supplies purchased from OSE and concerns that OSE represented an undisclosed related-party, the team requested the following information to verify a legitimate business address and a warehouse facility with the ability to service numerous customers based on the statement from the director of operations:

- OSE business information documents IRS W9,
- IRS Form 1099 issued by WAYS to OSE,

RELATED-PARTY TRANSACTIONS AND DISBURSEMENTS

- OSE's actual physical address and business phone number, and
- Notified the OSE business owner, Obiesie Enwezor, that FCMAT would like to review his supplier purchases to support the products OSE sold to WAYS.

On January 10, 2014, one month after the FCMAT's request for information, the director of operations provided the phone number and email address for OSE but failed to provide the actual physical address. The director of operations could not verify the WAYS vice principal's statements regarding access to the 6709 La Tijera Blvd., Suite 274, Los Angeles, CA 90045 address, and suggested that the team speak with the founder/former executive director regarding the relationship between OSE and WAYS. He stated during the interview, "I am not aware of any related party business relationships ... I have no expectations for the framework of OSE Business Services and infrastructure."

FCMAT attempted to contact the owner of OSE, Obiesie Enwezor, through a certified return receipt letter dated December 23, 2013 at the address on the invoices (6709 La Tijera Blvd., Suite 274, Los Angeles, CA 90045). This letter was returned on January 24, 2014, marked by the US Postal Service as Return to Sender, Unclaimed, and Unable to Forward.

WAYS Failed to Issue an IRS Form 1099 to OSE

FCMAT visited the back office provider to review records and conduct interviews. The team reviewed the IRS Federal Forms 1099 and W-9 files and was unable to locate either form in the back office provider files. Form 1099 is required for unincorporated vendors for payments in excess of \$600 in a calendar year to report miscellaneous income to IRS.

IRS Form W-9 is used to certify that payments made to vendors meet the IRS guidelines. These guidelines are intended to ensure that the taxpayer identification number to report Form 1099 is correct and that the vendor is not subject to backup withholding. Once complete, the W-9 form is signed by the owner or designated person. According to the back office provider, several requests made by staff to WAYS management for OSE's W-9 were unsuccessful.

Subsequent to FCMAT's request on November 29, 2013 for a W-9 from OSE, the director of operations sent a copy of a W-9 prepared by OSE on December 9, 2013 to the back office provider, which was forwarded to the team. The document was dated November 11, 2011.

On December 11, 2013, FCMAT requested the director of operations to provide a copy of Form 1099 issued to OSE but did not receive a response. There is no evidence that Form 1099 was sent either to the OSE or to the IRS. Shortly after FCMAT's request on December 11, 2013 for these documents, the director of operations provided a email from OSE dated December 16, 2013, which stated, "I still have not received a 1099 from you." The team was not provided prior requests or concerns by OSE before December 16, 2013 regarding the issuance of a Form 1099 from the prior two calendar years.

Obiesie Enwezor, owner of OSE, refused to meet with FCMAT; therefore, the team cannot confirm that OSE is a legitimate business that properly reported income and sales taxes totaling \$158,871 from WAYS to the taxing authorities, or that merchandise was actually delivered by OSE and received by WAYS.

OSE Business Services is Not a Resale Company or Store According to OSE

On January 10, 2014, the director of operations sent FCMAT the OSE Fictitious Business Name Statement dated November 2011 and OSE's W-9, Request for Taxpayer Identification Number and Certification, dated November 11, 2011. The OSE business address identified on both forms is 6709 La Tijera Blvd., Suite 274, Los Angeles, CA 90045, the same post office box service center address where the founder/former executive director has possession of the only key.

The first OSE transaction entered into QuickBooks is dated August 17, 2011 as OSE Invoice Number One; however, the team was provided a copy of Invoice Number One that is dated December 5, 2011, approximately four months later.

The 20 OSE invoices for the 2011-12 and 2012-13 fiscal years have 289 inventory items ranging from paper and office supply products to food items, stamps, and small equipment. A summary of the OSE invoice items and price per item calculated by the team is presented in Appendix A. WAYS management was unable to provide any supporting documentation that would attest to the authenticity of the OSE purchases approved by the director of operations and the current executive director.

Each invoice that OSE issued to WAYS includes a total charge at the bottom of each invoice for sales tax on the inventory items purchased, providing evidence that WAYS is purchasing directly from OSE. According to OSE's email dated December 16, 2013, the owner states that OSE does not buy or resell as follows:

"Also, bear in mind that OSE Business Services is not a resale company or store, OSE is a service provider. We do not buy or resale. We provide and coordinate purchasing and delivery services to various agencies."

The owner's statement that OSE is a service provider and is "not in the resale business" is not supported by the presentation of the paid invoices to his company. First, the invoices include charges for California sales taxes. This would only occur if the business was reselling products. Second, none of the invoices state that the amount due is for consulting, service or coordination fees as described in the owner's statement to FCMAT.

FCMAT sent three emails and four voicemails during January 10-13, 2014 in an attempt to meet and clarify the OSE owner's assertion that the business was not a resale business, review records related to invoices sent to WAYS and ask general questions regarding suppliers that were utilized to provide merchandise.

Mr. Enwezor initially responded by saying, "I recognize the situation that you are facing, and I will do everything I can to help." However, on January 13, 2014, Mr. Enwezor sent the following statement declining to meet with the team:

"I understand that you are auditing the school but are you attempting to audit my business also? Under what authorization? For what reason. I am unable to meet with you. Send me your questions and I will respond in the best interest of my company."

Because Mr. Enwezor rescinded his decision to cooperate with the audit and allow inspection of OSE's sales and customer support documents, the following information cannot be confirmed:

- Whether WAYS is OSE's only customer,
- Where OSE obtained the merchandise allegedly sold to WAYS,

RELATED-PARTY TRANSACTIONS AND SIGNIFICANT INFORMATION

- California State Board of Equalization report of sales tax payments that would assist in confirming the purchase and sale of merchandise,
- Quarterly sales tax reports,
- Documentation supporting OSE's supplier relationships from which OSE provided supplies to WAYS.

In addition, the team cannot audit and/or confirm if any of the alleged 288 OSE inventory items sold to WAYS representing payments of \$158,871 are for actual books and supplies received by the school.

OSE Business Services Product Inventory Sales to WAYS

FCMAT prepared an analysis of the 20 OSE invoices representing 288 inventory items, focused on items that exhibited high volume, and compared those items with other charter schools located in the metropolitan area of Los Angeles of similar size. Pricing was compared to vendors that specialize in office and cleaning supplies as well as snack foods WAYS offered in the after school program.

There are 6,696 per-unit inventory items on the OSE invoices that include cases of copier paper, numerous miscellaneous office supplies, various cleaning supplies and snack foods. In total there are 288 uniquely defined inventory products.

One example of the volume of supplies WAYS purchased from OSE during the 2011-12 and 2012-13 fiscal years is 971 boxes of paper totaling \$41,408.24 and representing 26.1% of the total purchases. Each box of paper contains 10 reams of paper, and each ream of paper contains 500 sheets representing a total of 4,855,000 sheets of paper. Based on the size of WAYS' schools and compared with other charter schools in the Los Angeles area, this is an excessive amount of paper purchased from one vendor over a two-year period of time.

Because this appeared excessive based on the average enrollment of 505 students over a two-year period from 2011-12 through 2012-13, the team compared copier paper purchases with a sample group of elementary charter schools.

The team received information from the seven comparable elementary charter schools listed in the table below. This analysis compares purchases of copier paper from all vendors in the selection group with the WAYS purchases from OSE (even though paper was also purchased from other vendors described later in this report) and based on student enrollment for 2011-12 through 2012-13.

Cases of Copier Paper Purchased per Student, 2011-12 through 2012-13

School	Average Enrollment	No. of Cases Purchased	Cases of Copier Paper per Student
Charter School #1	227	151	0.67
Charter School #2	304	186	0.61
Charter School #3	387	332	0.86
Charter School #4	416	332	0.80
Charter School #5	476	369	0.78
Charter School #6	601	551	0.92
Charter School #7	648	588	0.91
Averaged Totals - All Sample Schools	382	314	0.82
WAYS	505	971	1.92

PROPERTY TRANSACTIONS AND SIGNIFICANT INFLUENCE

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On a per student enrollment basis, WAYS averaged 1.92 cases of copier paper purchased per student over the two-year period, which is 2.34 times greater than the .82 average of all seven similar elementary charter schools combined.

The quantity of 971 cases of copier paper allegedly sold to WAYS by OSE is even more significant considering that during FCMAT's fieldwork visit on November 15, 2013, the team attempted to use the WAYS copy machine, which did not contain any copy paper. When the team asked the director of operations' permission to use the copy machine, the director stated, "They use very little paper and it is tightly controlled." He returned with a ream of copy paper that was locked in his office.

The volume of paper purchased and the director of operations' statement that the school uses very little paper do not reconcile. FCMAT anticipated that since WAYS' use of copier paper was tightly controlled, the amount purchased would be significantly lower than that of the seven comparative elementary charter schools sampled, but found the opposite.

OSE Sales Tax Calculations

The OSE invoices each include a line item for sales tax. OSE invoice number three, dated February 25, 2012 in the amount of \$6,172.39, is comprised of OSE inventory sales totaling \$5,625.76 and sales tax stated of \$546.63. The OSE invoice states that the sales tax rate is 8.75%; however, 8.75% of \$5,625.76 is \$492.25 rather than \$546.63, which is a difference of an additional \$54.38 that WAYS paid to OSE for sales tax.

FCMAT reverse calculated what percentage the \$546.63 in sales tax is compared to the total supplies WAYS purchased from OSE and arrived at a rate of 9.72%. In February 2012, the city of Los Angeles sales tax rate was 8.75%, not 9.72%.

Because the OSE invoices present numerous irregularities including the extension of per unit pricing to total charges and the incorrect calculation of sales tax noted above, OSE does not present itself as a legitimate business.

WAYS Purchases Office Supplies from Other Vendors in Addition to OSE, and OSE Inventory Pricing is Higher than Other Compared Vendors

During FCMAT's review of sampled WAYS American Express credit card statements, it was found that several statements were missing vendor receipts and other supporting documentation to support the purchases charged to that account. Without proper receipts, the team was unable to verify individual vendor purchases on the credit card statements.

The sampling showed several purchases for office supplies and other similar products from Staples, Office Max, and Smart & Final including copier paper, three-ring binders, and food snacks. It is apparent from these purchases that OSE was not the exclusive provider of office supplies to WAYS.

The following represent examples of purchases from other vendors with similar OSE merchandise discovered by FCMAT during the in-depth review of WAYS American Express credit card statement receipts compared with OSE's pricing:

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RELATED-PARTY TRANSACTIONS AND SIG SIGNIFICANT

Office Depot – Receipt dated April 30, 2013	Item 675041- Paper, Copy, AST	\$12.49
Office Depot– Receipt dated April 30, 2013	Item 348037 – Paper, Copy DD	\$41.99
OSE	Case of Paper 8 X 11.5	Ranging from \$35.00 - \$48.99
OSE	O/I COPY-20# 8.5 C/6-9	Ranging from \$39.99 - \$48.99
Office Depot – online	Store brand 8.5 X 11, 20#/500 sheets, case of 10 reams	\$43.99
OSE	Office Impressions 92 Bright 20# 8.5 X 11 CASE	\$45.00
Staples – online	Various 8.5 X 11 cases of paper, 92 Bright, 20#	\$26.99 - \$43.99

The OSE invoice items are vague in description; therefore, an absolute comparison of products purchased is impossible. Without clarification from either OSE or WAYS management, FCMAT is unable to determine a reasonable explanation for the large variance in pricing based on OSE's invoices and like kind vendors.

FCMAT identified several OSE invoices with similar inventory items to those of other vendors, such as the Smart & Final receipt dated 04/10/13, inventory description, "Austin Cracker Vrt" at \$8.39, and "Rice Krisp Orig" at \$8.99. When FCMAT calculated the price per unit of the OSE inventory items, the amounts that OSE charged WAYS were varied and much higher. In some cases, OSE charged WAYS more than double the price for the same inventory items that WAYS also purchased from other vendors. Examples include:

1. OSE invoices list "Austin Variety 45 ct," with pricing calculated by FCMAT from \$7 per unit to \$19.99 per unit depending on the month of purchase.
2. OSE invoices list "Rice Crispy," with pricing calculated by FCMAT from \$11.99 to \$19.99 per unit, depending on the month of purchase.
3. Staples store location at 3701 W. Santa Rosalia Dr., Los Angeles, California, dated 06/15/12, inventory description "1.5 In Better Binde" at \$9.49 per unit. WAYS purchased four units of binders. The OSE invoices vaguely described binders that FCMAT calculated the per unit pricing for as follows: 3" binders at \$30 per unit, 3.5" binders at \$24 per unit, 5" binders at \$24 per unit, Premium View Binders at \$29.99 per unit, and Premium Binder at \$46.00 per unit.

FCMAT searched prices at Staples online at www.staples.com and found 3" Avery Heavy-Duty View Binders with One Touch EZD Rings, item number 318402, Model 79-793 priced at \$9.99 per unit. Because OSE invoice inventory descriptions are not specific and are not identified with an item number, FCMAT cannot determine how these same items are sold by OSE for three times the cost of other vendors.

FCMAT also examined the WAYS vice principal reimbursements, which included receipts from the Staples store location at 3701 W. Santa Rosalia Dr., Los Angeles, California. One Staples receipt dated 11/27/12 contained the inventory description "PENTEL LEAD REFIL" at \$2.79 per unit, and the reimbursement identified a quantity of three. OSE invoices have an inventory item called "Pencil" listed as \$12 per pencil.

OSE business sales documentation for products allegedly sold to WAYS cannot be confirmed because the documentation is limited to a one-sheet invoice from OSE similar to a spreadsheet, with no additional documentation to support the delivery of materials and supplies to WAYS. In addition, OSE has declined requests to meet and provide proof of its sales of merchandise to

WAYS' PURCHASES FROM OSE: INCONSISTENCIES AND SIGNIFICANT INFLUENCE

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WAYS. The irregularities described in this report attributable to alleged supplies purchased from OSE raise serious concerns about the OSE and WAYS business relationship and whether OSE actually sold any supplies to WAYS.

The following summarizes the inconsistencies regarding WAYS purchases from OSE identified in this report:

- WAYS purchased 2.34 times more cases of copier paper per student from OSE than the seven comparable elementary schools sampled. Additional purchases of copier paper from other vendors further increases the average of 2.34.
- OSE invoices and other authorization to purchase and accept OSE merchandise that should be used to authenticate the supplies shipped by OSE to WAYS are missing packing slips that identify the shipping contents.
- OSE invoices fail to identify any ship to address or contact phone number.
- OSE invoices fail to present a shipping cost line item or indicate that shipping is waived and not charged.
- OSE invoices do not present a professional and consistent look.
- OSE invoices fail to present any per unit pricing calculating quantities of items purchased and extending the quantity multiplied by the per unit pricing to the total amount for each inventory line item purchased.
- OSE product catalogue was not available for review.
- OSE invoices appear to have been prepared from a spreadsheet program.
- OSE invoices fail to present consistent and clear descriptions of the supplies identified in the invoices.
- OSE address of 6709 La Tijera Blvd., Suite 274, Los Angeles, California 90045 is not a warehouse or store location. This same address is used for other WAYS vendors, including the private middle school previously operated by the vice principal of WAYS. This is the same address where the only key belongs to the founder and former executive director.
- OSE will not allow inspection of its sales and customer documents that would verify if WAYS is the only customer and the location of the warehouse or suppliers.

FCMAT was unable to confirm that OSE has paid \$12,926.35 in sales taxes collected from WAYS to the California State Board of Equalization, or that OSE has a valid California sales tax identification number, because the sales tax number is not printed on OSE's invoices or located on check requests that authorize payment to OSE by the director of operations. FCMAT is unable to audit and confirm that WAYS issued a IRS Form 1099 totaling \$158,871 over the audit time period.

WAYS Audited Financial Statement Reports and Qualified June 30, 2013 Audit Report

FCMAT's findings are consistent with the independent auditor's reports for WAYS for the fiscal years ending June 30, 2012 and June 30, 2013. Both FCMAT and independent auditors find that WAYS has significant internal control conditions and has failed to ensure that adequate internal controls are in place.

RELATED-PARTY TRANSACTIONS AND SIGNIFICANT

The WAYS June 30, 2013 independent auditors report at Finding 2013-6, "Credit Card Supporting Documentation" states:

"The school is using credit cards to purchase some items and subsequently repaying the credit cards with a check. The credit card statements are being used as supporting documentation for the check written; however, the credit card statements do not include receipts for all expenditures for which they are used."

"Expense items paid with credit cards are not adequately supported by itemized receipts and approval documentation. The Academy is exposed to risk of misappropriation of assets."

FCMAT has documented in this report that the necessary supporting documentation authenticating OSE Business Services payments was not available for the FCMAT audit. The team is unable to audit and confirm if any of the alleged inventory supplies purchased from OSE totaling \$158,871 actually received, because WAYS and OSE have failed to present the necessary supporting documentation.

The WAYS independent auditor issued its report dated January 15, 2014 on the WAYS financial statements for the year ended June 20, 2013. An integral component of the audit is a report titled Independent Auditor's Report on Internal Controls Over Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.

This report describes various categories of deficiencies in internal controls that may exist. As reported by the independent auditors, a deficiency in internal control exists when a particular control does not allow management or employees in the normal course of business the ability to prevent, detect or correct misstatements in a timely manner. A material weakness presents a deficiency, or a combination of deficiencies, indicating a reasonable possibility that a material misstatement of the financial statements exists that cannot be detected, corrected or prevented in a timely manner. The auditors identified six findings and questioned costs to be classified as material weaknesses. A significant deficiency is a deficiency that is less severe yet represents enough merit to bring to the attention of those charged with governance. The auditors identified three findings that met this particular classification.

Depending on the number and severity of the audit findings, independent audit reports are either unqualified or qualified in accordance with auditing standards contained in the Government Auditing Standards issued by the Comptroller of the United States. These standards require that auditors obtain reasonable assurance about whether the financial statements are free from material misstatement.

When the independent auditors express an opinion regarding the reasonableness of the financial statements, the report is issued as either an unqualified or a qualified audit. A qualified audit report is issued when the auditors believe that the overall presentation of the financial statements does not represent a fair presentation that significant accounting estimates made by management and the overall presentation of the financial statements meet the auditing standards.

The independent auditor's report was qualified because the "audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion." Auditors cited the following in the June 30, 2013 annual audit report:

NEW TRANSACTIONS AND SIGNIFICANT INFLUENCE

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1. The WAYS Independent Auditor's Report was Qualified because WAYS failed to maintain a detail of capital assets or depreciation.
2. The WAYS Independent Auditor's Report on State Compliance was Qualified because WAYS failed to comply with requirements of the class size reduction program and after school education and safety program.
3. WAYS did not meet the state requirement for audits to be completed and sent to the State Controller's Office, California Department of Education, and Los Angeles County Office of Education by the deadline date of December 15, 2013.
4. The WAYS operating facilities lease with OCI Development Corporation (OCI Development Corporation is the holder of the WAYS facilities property on behalf of the founder of WAYS) was entered into in July 2013; however, as of January 15, 2014, the date of the audit report, the lease agreement has not been approved by the WAYS governing board.
5. The WAYS operating facilities lease with the Salvation Army was entered into in August 2013; however, as of January 15, 2014, the date of the audit report, the lease agreement has not been approved by the WAYS governing board.
6. In December 2013, WAYS sold a vehicle (Lexus RX350) for \$26,000; however, as of January 15, 2014, the date of the audit report, the payoff of the vehicle and sale of the vehicle has not been approved by the WAYS governing board.
7. The auditors had to amend their audit report because the management of WAYS provided the auditor with incorrect board member names as of June 30, 2013, including the chairperson of the board.
8. The 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 cited six WAYS deficiencies in internal controls and three significant deficiencies in internal controls. The report also identified three instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.
9. The Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 cited one deficiency in internal control over compliance to be a material weakness in internal control.

WAYS Irregular Van Lease – Vendors Godfrey Okonkwo & Emeka Enwezor

During FCMAT's review of the WAYS disbursement payments to various WAYS vendors, two vendors were identified as each receiving \$4,800 for leasing a van to the charter school. The two

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individuals are the husband of the founder of WAYS, Godfrey Okonkwo, and a vendor identified in the books and accounting records of WAYS as Emeka Enwezor.

Godfrey Okonkwo was paid \$2,400 with WAYS check number 8339, dated January 7, 2011 and \$2,400 with check number 8950, dated June 27, 2011, totaling \$4,800 during the WAYS 2010-11 fiscal year.

Emeka Enwezor was paid \$2,400 with WAYS check number 9513, dated December 9, 2011 and \$2,400 with check number 9625, dated December 9, 2011, also totaling \$4,800 during the WAYS 2011-12 fiscal year.

The WAYS leasing of a van totaling payments over two fiscal years of \$9,600 paid to Godfrey Okonkwo and Emeka Enwezor presents numerous irregularities.

First, during FCMAT's fieldwork at the WAYS back office business provider, the payment documentation for the van payments to Emeka Enwezor was reviewed. Documentation for the van lease payments authorized by the WAYS director of operations show that the van lease agreement and additional back-up documentation for lease was missing even though the back office provider had requested these documents on previous occasions. At the time of the FCMAT fieldwork in November 2013, the WAYS back office service provider still had not received from the WAYS any van lease supporting documentation dating back to the first payment from December 9, 2011 approximately two years later.

According to the WAYS director of operations, the owner of the lease is Emeka Enwezor. The team requested the director, in an email dated November 29, 2013, to supply information to support the van lease agreement and board approval. In an email dated January 10, 2014, the WAYS director of operations replied to FCMAT stating:

"I was able to locate the Van Lease Agreement from 2011-12. However I was unable to locate a signed copy of the agreement. During this year WAYS experienced significant turn-over in the Board of Directors and administration. Many official school documents were kept by those individuals who are no longer associated with WAYS, and have yet to be returned after several requests to do so. I suspect that the signed van lease and Board documentation, if any, may be within those lost documents."

The WAYS back office provider had been requesting van lease supporting documentation from various management personnel of WAYS since at least December 2011. Approximately two years later, the executive team of WAYS failed to provide signed copies of the van lease.

The fiduciary duty of the executive level management of WAYS, which includes the executive director and the director of operations is the safeguarding of assets and proper administration of the financial affairs of WAYS.

It is the fiduciary responsibility of the WAYS executive management team to ensure contracts receive proper authorization by the governing board prior to entering into agreements and to safeguard the school's assets. WAYS' executive management team failed in their fiduciary duty to obtain contracts, failed to have authorized signatures prior to entering into contracts, failed to obtain governing board approval for contracts, and failed to ensure that documents are safeguarded.

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1. The van lease agreement provided by WAYS presents irregularities.
 - a. The van lease agreement is not signed or dated by either WAYS executive management or Emeka Enwezor,
 - b. The unsigned van lease agreement states, "Lessee may not sublease the vehicle under this contract without Emeka Enwezor prior consent." (sic)

Godfrey Okonkwo, father of the director of operations and husband of the founder/former executive director of WAYS, was paid \$4,800 for the use of Emeka Enwezor's van. This violated the sublease provision in the contract.
 - c. The unsigned van lease is undated; therefore, language does not present any date that the lease is entered into; therefore, the team cannot determine when the unsigned van lease was created.
2. The WAYS documentation of the payments for the unsigned van lease is irregular.
 - a. The Emeka Enwezor invoice approved by the director of operations failed to identify an address for the payee. The van invoice is titled "VAN LEASE/RENTAL" and states at the bottom of the invoice, "Make all checks payable to Emeka Enwezor."
 - b. The WAYS check request the team examined approving payment of the unsigned van lease omits the invoice number and address of the payee.

WAYS Related Parties – WAYS Founder/Formal Executive Director, Godfrey Okonkwo, WAYS Director of Operations, WAYS Vice Principal, Emeka Enwezor & Oblesie Enwezor

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 850-10-50 contains the disclosure requirements for related party relationships and transactions as follows:

- "Affiliates" of the entity.
- Entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825-10-15, to be accounted for by the equity method by the investing entity.
- Trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management.
- Principal owners of the entity and members of their immediate families.
- Management of the entity and members of their immediate families.
- Other parties with which the entity may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

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- Other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests. The FASB ASC glossary also defines the terms: affiliate, control, immediate family, management, and principal owners.

The executive management of nonprofit organizations such as WAYS have the responsibility to document in detail and fully disclose to the auditors, governing board, county oversight agencies, and the state for purposes of conflict of interest and full disclosure reporting requirements any and all potential related party transactions to comply with Generally Accepted Accounting Principles (GAAP). Failure to disclose related party transactions may be considered a departure from GAAP that could result in a qualified or adverse audit opinion and the potential for civil and criminal prosecution.

The facts below demonstrate that several related party transactions exist between the founder/former executive director, her family members, vendors and associates.

The team discussed the WAYS van lease payments with the WAYS director of operations while on site at the WAYS offices located at 706 East Manchester Avenue, Los Angeles, California on Thursday, November 14, 2013. The director of operations is the son of Godfrey Okonkwo, and Godfrey Okonkwo is the vendor that received \$4,800 representing van lease payments for a van owned by Emeka Enwezor, who also was paid \$4,800 for the lease of the van.

During the Thursday, November 14, 2013 discussion with the WAYS director of operations, he stated that Godfrey Okonkwo was paid for the van lease in the first year of the lease for the van from Emeka Enwezor, and the second year Emeka Enwezor was paid directly for the van lease. The team inquired whether Emeka Enwezor was related and was told that, "She is a friend of the family and we rent her van ... but she gave the van to the school this year."

The association of the van lease payments establishes that Godfrey Okonkwo, father of the director of operations and husband of the founder/former executive director of WAYS, received payments for the van owned by Emeka Enwezor. Emeka Enwezor, a related party, shares several similar characteristics with Obiesie Enwezor, owner of OSE Business Services, as follows:

1. Obiesie Enwezor and Emeka Enwezor share the same unusual last name of Enwezor.
2. A Social Security number is comprised of three segments: XXX-XX-XXXX. The first segment represents the first three digits known as the area number, the middle segment representing two digits is the group number and the last four digits is known as the serial number. Obiesie Enwezor and Emeka Enwezor share the same area numbers and group numbers. The serial numbers, which are 12 digits apart, indicates that the two Social Security numbers were issued at approximately the same time.
3. Obiesie Enwezor; Emeka Enwezor, the founder/former executive director; Godfrey Okonkwo, the director of operations and the vice principal, share common addresses located at: 4326 Enoro Dr., Los Angeles, CA and 117 W. 112th Street, Los Angeles, CA. Both properties are owned by Godfrey Okonkwo and the founder/former executive director.

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Based on the team's analysis of possible relatives, transactions authorized by the director of operations do not represent an arm's-length transaction. An arm's-length transaction would be evidenced by signed agreements, board approvals, complete and detailed transaction documentation, and comparative contracts.

1. The director of operations is the individual authorizing the check requests and financial transactions for WAYS and the son of the founder/former executive director and son of Godfrey Okonkwo, who was paid \$4,800 by WAYS for a van rented from Emeka Enwezor.
2. Emeka Enwezor is a friend of the Okonkwo family according to the director of operations. Based on the team's research, Emeka Enwezor is related to the Okonkwo family and Obiesie Enwezor, owner of OSE Business Services.
 - a. Emeka Enwezor was paid \$4,800 by WAYS for the van leased to WAYS. WAYS failed to obtain a signed contract and board authorization to lease the van.
 - b. Emeka Enwezor shares addresses owned by Godfrey Okonkwo and the founder of WAYS. This same address is linked to the WAYS director of operations and the WAYS vice principal (brother and sister.)
 - c. Emeka Enwezor also shares the same address as Obiesie Enwezor.
3. OSE Business Services owner Obiesie Enwezor received \$158,871 from WAYS.
 - a. Obiesie Enwezor shares two addresses owned by Godfrey Okonkwo and/or the founder/former executive director, who are related as family and/or address to Obiesie Enwezor, the founder/former executive director, Godfrey Okonkwo, the director of operations, and the WAYS vice principal.
 - b. Obiesie Enwezor has refused to meet with FCMAT to assist the team in substantiating the \$158,871 in alleged supplies sold to WAYS by OSE and the existence of OSE as a legitimate business with customers other than WAYS.
 - c. WAYS failed to issue 1099s to OSE and is missing significant corroborating financial information that FCMAT considers necessary to substantiate the office and food supply items approved by the director of operations for payment to OSE.
 - d. OSE Business Services owner Obiesie Enwezor shares the identical business address location at 6709 La Tijera Blvd, Suite 274, Los Angeles, California 90045 as the WAYS vice principal's own private middle school known as Innovative WAYS Academy.
 - e. According to the WAYS vice principal, the founder/former executive director and mother of both the director of operations and vice principal is the individual who checks the mail and has the key to the OSE and

RELATED-PARTY TRANSACTIONS AND SIGNIFICANT INFORMATION

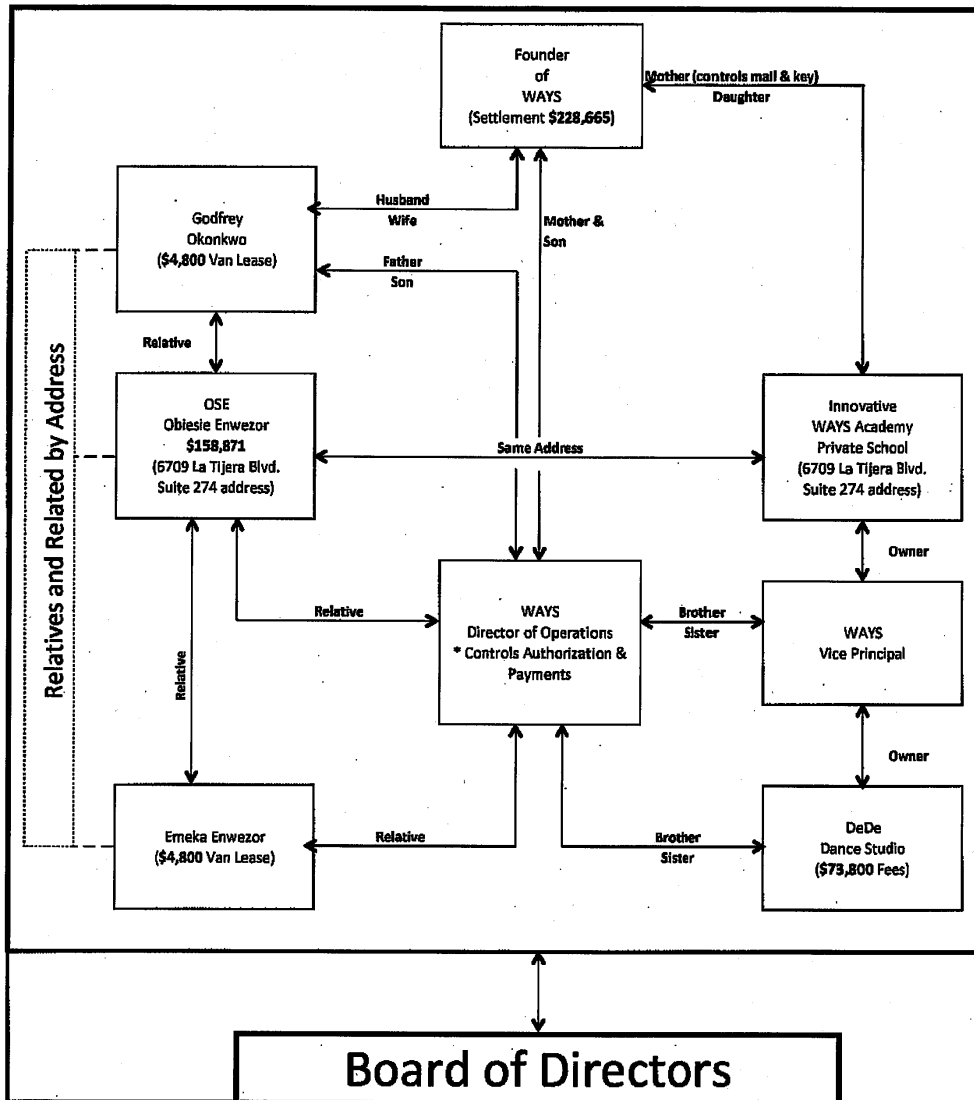
Innovative WAYS Academy address at 6709 La Tijera Blvd, Suite 274,
Los Angeles, California 90045.

4. The director of operations and WAYS vice principal are brother and sister and are children of the founder/former executive director and Godfrey Okonkwo.
5. LACOE engaged the services of a private investigator following written and verbal complaints that the vice principal of WAYS was working at Innovative WAYS Academy, her private middle school of which she was the executive director. Direct surveillance and video on 16 separate occasions between March 5, 2013 and April 22, 2013 revealed that the WAYS vice principal spent 29.5 hours at her private middle school while employed full time at WAYS.
6. The WAYS vice principal is the owner of Innovative WAYS Academy private middle school, and a non-profit corporation known as DeDe Dance Studio.
 - a. DeDe Dance Studio was paid a total of \$73,800 by WAYS between April 2009 and April 2013.
 - b. The address of DeDe Dance Studio is reported in the DeDe Dance Studio 2010 and 2011 nonprofit tax returns as 706 East Manchester Avenue, Los Angeles, CA, which is the same address as the WAYS primary school site and administrative offices location.
 - c. The director of operations and brother of the WAYS vice principal and owner of DeDe Dance Studio authorized the checks from WAYS totaling \$73,800 that were paid to DeDe Dance Studio.
 - d. During the team interview of the WAYS vice principal on November 15, 2013, she stated that DeDe Dance Studio was paid from the ASES program funds for dance study during the after school program and that 10 volunteers are present for the dance activities. She further stated that there was also a manager present; however, the team did not observe students present in that facility during the fieldwork days. FCMAT also observed postings in the DeDe dance studio indicating that DeDe Dance studio has a check payment policy for payments and nonsufficient funds checks at the studio located at the WAYS property address.
 - e. DeDe Dance Studio is operated at and identifies the business location as the WAYS school site. The team was unable to determine that any offsetting rent for the facility was paid by DeDe Dance Studio to WAYS.
 - f. The DeDe Dance Studio nonprofit tax returns for 2010 and 2011 do not identify any rent paid expense activity, including rent for occupying the same facility as the WAYS school site or for facilities use as DeDe Dance Studio services where dance instruction allegedly occurred at the WAYS school site.

RELATIVES AND RELATED PARTIES TRANSACTIONS AND SIGNIFICANT INFLUENCE

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The relationships and related parties are presented in the following table:



WAYS Irregular Purchase and Sale of Lexus

During FCMAT's meetings and fieldwork in November 2013 at the WAYS back office provider, the team discussed WAYS Lexus payments of \$891.94 per month identified in the WAYS accounting records. The WAYS back office service provider stated they had been requesting backup documentation for the Lexus transaction from the director of operations but never have received any.

The back office provider was unable to determine if the Lexus payments were for a leased vehicle or purchase that should be capitalized and depreciated.

RELATED-PARTY TRANSACTIONS AND SIGNIFICANT INFORMATION

In an email dated Friday, November 29, 2013, FCMAT requested information about the Lexus from the director of operations:

- The original board approval documentation and minutes authorizing the purchase of the Lexus,
- Original Lexus purchase/lease documents,
- The board approval documentation and minutes authorizing the sale of the Lexus,
- The analysis that would have provided the WAYS board establishing the financial profitability, viability, or reasoning for the purchase and subsequent sale of the Lexus,
- Copies of any Lexus payoff documentation,
- Copies of any Lexus proposed sale documentation.

The director of operations replied to the FCMAT November 29, 2013 request for Lexus information in an email dated Friday, January 10, 2014; however, the information provided was incomplete. Based on the information received from the director of operations, FCMAT has determined that the 2011 Lexus RX350 was purchased for \$41,163.45 on August 19, 2012, to be used by the director of operations. The payments of \$891.94 per month started October 3, 2012 for 47 months, at 1.90% annual percentage rate. The WAYS board approval for the purchase of the Lexus dated July 31, 2012 states, "Be it Resolved, that the Board of Directors of this corporation ... authorize the Executive Director or designee to enter into a lease or purchase agreement for a vehicle for school use behalf of said corporation." The current executive director of WAYS issued a letter dated August 6, 2012 authorizing the director of operations to "... lease or purchase a vehicle for school use ..."

The Lexus purchase analysis provided to the team by the director of operations is titled Capital Expense Analysis.

- The Capital Expense Analysis identifies two separate dates, July 2012 and August 2013, and is not attached to the WAYS board minutes or agenda as a document reviewed by the WAYS board.
- The Capital Expense Analysis fails to include any vehicle cost and/or terms of the Lexus and fails to identify that the vehicle is a Lexus only identifying the item as "SUV or Sedan (Vehicle)." Without any cost or terms of the Lexus purchase or specifically identifying the vehicle as a Lexus, the WAYS board may not have had sufficient information to make an informed decision regarding the purchase of the Lexus.
- The Capital Expense Analysis fails to identify if the vehicle will be capitalized as an asset or is a vehicle lease.
- The Capital Expense Analysis states, "Merle Williamson Foundation (MWF) may provide the Administrative Personnel an automobile vehicle and operating expenses for the use of conducting MWF business and reasonable personal use."
- The WAYS July 31, 2012 minutes omit the authorization to use the Lexus for personal use and omit language in the minutes that MWF or WAYS has agreed to pay for the vehicle and operating expenses.

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- Since the WAYS Board July 31, 2012 minutes and the Capital Expense Analysis wording differ, FCMAT cannot confirm that the Capital Expense Analysis was ever presented to the WAYS board.

The WAYS executive team failed to provide any information about the Lexus purchase to the WAYS back office provider so the back office service provider could properly account for the Lexus as a purchase, which would have resulted in capitalizing the Lexus in accordance with GAAP. The current executive director of WAYS and the director of operations failed to obtain WAYS governing board approval prior to selling the Lexus.

The sale of the Lexus as identified in the Capital Expense Analysis presents significant irregularities:

- a. The vehicle identity is not disclosed as a Lexus.
- b. Failure to disclose any Blue Book and/or fair market values of the Lexus.
- c. Failure to disclose the beginning and ending Lexus odometer reading.
- d. Failure to disclose if the Lexus had been in any accidents, if the maintenance was up to date, and what condition the Lexus was currently in such as excellent, good, fair, or poor condition, all of which are factors in avoiding any potential post sales liabilities.
 - i. Based on the documents provided by WAYS, the team determined that the WAYS management team failed to disclose the Lexus Blue Book values as potentially excellent, \$28,872; very good, \$28,072; good, \$27,172 and fair, \$24,872.
 - ii. The director of operations failed to provide any documentation explaining how the sales value of the Lexus was determined to be sold at \$26,000 rather than at values of good, very good, or excellent.
- e. Failure to disclose the estimated gains or loss on the sale of the Lexus.
- f. Failure to present an amortization schedule showing the principal payments and remaining payoff on the Lexus as of the estimated date of the sale.
- g. Failure to disclose if the sale of the Lexus would be confined to California or sold out of state.

Because the governing board was not provided any specific information as described above, FCMAT cannot determine how the governing board would be able to determine that the sale of the Lexus was a proper transaction for approval.

The WAYS board approval authorized the "vehicle for school use" but did not identify the type of vehicle or that the vehicle was for the explicit use of the director of operations. FCMAT had observed the director of operations using the Lexus as his own personal vehicle. The team's audit of WAYS' American Express credit card statements reveal that vehicle fuel receipts failed to list to which vehicle the fuel receipts were attributable; therefore, the team cannot determine if the fuel receipts were for WAYS vehicles or if WAYS was subsidizing personal fuel costs of WAYS employees and management.

RELATED-PARTY TRANSACTIONS AND SIGNIFICANT DEPLETION

The team has determined that the sale of the Lexus resulted in a (\$4,187) loss to WAYS. The purchase price of the Lexus was \$41,163 on August 19, 2012 and the Bill of Sale dated December 17, 2013 states that the Lexus was sold for \$26,000 to an individual in Canada. The Lexus was owned by WAYS for approximately 16 months between August 19, 2012 and December 17, 2013. Depreciation of the vehicle is calculated over five years or 60 months at \$686 per month, and accumulated depreciation over 16 months is calculated as \$10,976.

The approximate net loss of \$4,187 on the sale of the Lexus is calculated as:

- Purchase Price \$41,163
- Less Accumulated Depreciation (\$10,976)
- Book Value \$30,187
- Less Selling Price of \$26,000
- Net Loss on Sale of Lexus (\$4,187)

The sale of the Lexus also resulted in a net loss of cash of \$4,345 because the amount of principal paid down as calculated by FCMAT based on an amortization of 16 months, interest rate of 1.9% is \$10,818. The original purchase price of the Lexus of \$41,163 less the principal paid on the Lexus loan of \$10,818 leaves an approximate payoff balance of \$30,345. The payoff to Toyota Motor Corporation of \$30,345 less the selling price of \$26,000 results in an estimated cash loss of \$4,345.

WAYS Failed to Obtain Governing Board Approved for Purchase of Computers and Issued an Irregular Payment

During FCMAT's meetings and fieldwork in November 2013 at the WAYS back office provider, the team discussed two payments to WAYS vendor Avatar Technology for a \$37,986.51 purchase of computers dated January 23, 2012 and a \$358.75 purchase dated February 10, 2012, totaling \$38,345.26. The back office provider stated that the Avatar invoices received from the director of operations did not include governing board approval documents for this transaction.

The team examined the WAYS check request authorized by the director of operations and the vendor invoice documentation for the \$37,986.51 paid to Avatar, and found several irregularities:

- The January 23, 2012 Avatar invoice stated that the purchase was for 85 "Legerro 13.3" items at \$410 per item, with a total invoice price including sales tax of \$37,540.63.
- The amount authorized by the director of operations to be paid to the computer vendor in the WAYS check request was \$37,986.51.
- The difference between the computer vendor invoice of \$37,540.63 and the amount WAYS paid to the computer vendor of \$37,986.51 is \$445.88.
- The check request authorized for payment by the director of operations identifies an additional amount of \$445.88, which the team believes to be one additional computer.

In an email dated Friday, November 29, 2013, the team requested documentation from the director of operations of the governing board authorization, board agenda identifying the item for action on the agenda or any other documentation to support the purchase of the computers. His reply on Friday, January 10, 2014 states that:

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"I was unable to locate any Board documentation regarding the purchase of the Avatar Computers. However, I can attest that the Board was fully aware of the purchase before it was executed and after they were purchased. I've attached the newsletter showing our students using the computers."

Based on the information the team received from the director of operations, the team has determined that there are several irregularities concerning the purchase of computers authorized by the director of operations:

1. The WAYS board was not properly notified by the director of operations' decision to purchase computers totaling \$38,345.26.
2. There are no requests for quotes or for proposals.
3. There is no documentation of computers specifications.
4. The authorization for payment to Avatar by the director of operations in excess of the invoiced amount totaling \$445.88 cannot be located.
5. The transaction lacks governing board approval and lacks supporting documentation for payment.
6. The team cannot confirm if the computers presented by the director of operations in a newsletter are in fact the computers purchased from Avatar.

WAYS Automobile Fuel Purchase Irregularities

The team examined WAYS fuel purchases, which consist of receipts for fuel from Costco Gas, Chevron, Shell Oil, Union 76, Exxon Mobil, and Valero gas stations. Over a two-year period from July 1, 2011 through June 30, 2013, according to the WAYS accounting records, the total paid for fuel and mileage reimbursements was approximately \$18,261.

The team calculated that over the two-year period, the amount spent on mileage reimbursement and other non-fuel expenses was approximately \$2,305. Removing the mileage reimbursement and other non-fuel expenses of \$2,305 from the total fuel cost of \$18,261 left a remaining net fuel cost of \$15,956. The team calculated that \$15,956 in fuel purchases during WAYS fiscal years 2011-12 and 2012-13 at an estimated \$3.79 per gallon represents 3,989 gallons (\$15,956 / \$3.79 per gallon = 4,210 gallons) of fuel used or approximately 175 gallons of fuel per month (4,210 gallons / 24 months = 175 gallons per month).

The \$3.79 per gallon price was calculated by the team based on fuel cost data from www.gasbuddy.com for the Los Angeles, California area. The price of fuel in Los Angeles at July 2011 was \$3.79/gallon, June 2012 at \$3.60/gallon, and June 2013 at \$3.97/gallon. The average price per gallon between July 2011 and June 2013 was \$3.79 per gallon $((\$3.79 + \$3.60 + \$3.97) / 3 = \$3.79 \text{ per gallon})$.

The non-board approved and unsigned Emeka Enwezor van lease identifies the van as a 1995 Ford model E-350 van. The team researched the fuel economy of a 1995 Ford model E-350 van at www.motortrend.com and found that the van's fuel economy is 13 miles per gallon in the city, and 16 miles per gallon on the highway. Using the fuel economy of the van of 13 miles per gallon and 175 gallons of fuel per month represents that the WAYS vehicles traveled 2,275 miles per month for school business purposes. Students attending WAYS' three charter school sites reside

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RELATED-PARTY TRANSACTIONS AND SIGNIFICANT INFLUENCE

in the local neighborhoods and all three school sites are within a mile or two of each other. The mileage of 2,275 per month is excessive based on the location of the students and school sites.

The team was unable to determine if the fuel that WAYS management charged to the WAYS American Express credit cards was for official WAYS school business. Based on the examined fuel receipts, the team was unable to determine if any of the WAYS fuel purchases and fuel usage of an average 175 gallons per month were for personal vehicles or for personal trips because WAYS' accounting for fuel purchases fails to identify in the fuel receipts which vehicle and business purpose each receipt represents.

Failure by the management team of WAYS to document fuel purchases represents accounting irregularities, because the fuel purchases the team examined as reported by the executive management team and paid with the American Express credit card cannot be reconciled to any specific vehicle of WAYS.

WAYS Charter School Summary of Related and Irregular Transactions

The table below is a compilation of payments made through WAYS to the founder/former executive director, family members of the founder and close associates. Many of these payments were authorized by the director of operations and the current executive director (former board president.)

WAYS Charter School Summary of Related and Irregular Transactions	Time Period	Type	Accounting Records Amounts
Founder/Former Executive Director	2007-08 through 2012-13	Facility Leasehold Agreements	\$1,100,921
Founder/Former Executive Director, Loraine Turner, Wisdom Pre-School, Preschool Rent	2007-08 through 2012-13	Rent and Other Unsubstantial Charges	115,550
Founder/Former Executive Director	2007-08 through 2012-13	Leasehold Improvements	341,710
Founder/Former Executive Director	2007-08 through 2012-13	Leasehold Improvements - E-Rate	35,483
Founder/Former Executive Director	2004-05	Professional Liability Wrongful Termination Lawsuit	566,803
Founder/Former Executive Director	2012-13	Settlement-Employment Contract	228,665
Director of Operations	2012-13	Avatar-Excess Payment Authorized	446
OSE Business Services	12/21/2011 - 06/27/2013	Alleged Supplies	158,871
DeDe Dance Studio	4/23/2009 - 4/12/2013	Alleged After School Dance	73,800
Godfrey Okonkwo	1/7/2011 - 6/27/2011	Alleged Van Lease	4,800
Emeka Enwezor	12/9/2011	Alleged Van Lease	4,800
Sale of Lexus	12/17/2013	Sale of Lexus	26,000
Fuel Purchases	7/1/2011 - 6/30/2013	Fuel	15,956
Total			\$2,673,805

The above transactions represent significant influence that the WAYS founder/former executive director, family of the founder and close associates had over financial decisions that personally benefitted them. Several of these transactions were authorized for payment by the director of operations, who is the son of the founder/former executive director, and the current executive director (the former board president) and gave these individuals the ability to simultaneously control and benefit from these transactions. The lack of documentation to support transactions

KEY TRANSACTIONS AND SIGNIFICANT INFLUENCE

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through board approval and records creates the perception of fraud, misappropriation of assets and possible criminal activity.

There is little evidence of responsible governance by the board and clearly a lack of fiscal accountability by the administration. The governing board has failed and often been prevented from its ability to maintain and exercise its responsibilities, authority, and control.

Prevention and Detection

As previously mentioned, the internal control environment includes ethical values and integrity displayed by the governing board and management as well as the underlying tone set by the organization's site administrators. The tone of the organization set by management through its words and actions demonstrates to others that dishonest or unethical behavior will not be tolerated. An atmosphere in which employees feel safe to communicate concerns is a fundamental component of a strong and effective internal control environment.

The control environment is an essential element and provides the foundation for other internal controls to be effective in achieving the goals and objectives to prevent and/or deter fraud or illegal acts. Regular external audits are a strong deterrent to mismanagement and fraud, but they cannot serve as the only method of ensuring accountability. It is imperative for the county office and WAYS governing board to review the findings and recommendations of this audit to implement the appropriate internal controls and hold the responsible parties accountable for their actions.

Internal controls clearly are among the most important aspects of any fraud prevention program. Managers are in a position of authority and therefore have a higher standard of care to establish the ethical tone and serve as examples to other employees. Employees with administrative responsibility have a fiduciary duty to the organization in the course of their employment to ensure that those activities are conducted in compliance with all applicable board policies, laws, regulations, and standards of conduct. Management personnel are entrusted to safeguard the charter's assets and ensure that internal controls function as intended. Relatives of employees should not be employed on a permanent or part time basis by the charter where the relative reports directly to the employee or the employee exercises any direct influence with regard to the relative's hiring, salary placement, promotions, evaluations or pay increases.

While the governing board and all employees in the organization have some responsibility for internal controls, the founder/former executive director and family members and close associates holding key administrative positions had a fiduciary duty and responsibility to make certain that the assurances in the charter petition and the governing board fiscal policies and procedures were conducted responsibly and ethically.

Based on the evidence presented to FCMAT, there is sufficient documentation to demonstrate that fraud, mismanagement and misappropriation of the charter school funds and assets may have occurred. There exists a significant material weakness in the charter school's internal control environment, which increases the probability of fraud and/or abuse. These findings should be of great concern to the WAYS governing board and the LACOE governing board and require immediate intervention to limit the risk of fraud and/or misappropriation of assets in the future.

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RELATED-PARTY TRANSACTIONS AND SIGNIFICANT PARTIES

In accordance with Education Code Section 42638(b), action by the county superintendent shall include the following:

If the county superintendent determines that there is evidence that fraud or misappropriation of funds has occurred, the county superintendent shall notify the governing board of the charter school, the State Controller, the Superintendent of Public Instruction and the local district attorney.

Recommendation

The county superintendent should:

1. Notify the governing board of WAYS charter school, LACOE's governing board, the State Controller, the Superintendent of Public Instruction, and the local district attorney that fraud, misappropriation of assets or other illegal activities may have occurred.

APPENDICES

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Appendices

Appendix A - Summary of OSE Invoice Items

Appendix B - Study Agreement

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SUMMARY OF OSE INVOICE ITEMS AND PRICE PER ITEM CALCULATION			2011	2012	2013
Price Per	Type	Item	Quantity	Quantity	Quantity
\$39.99	Books/Supplies	HP 72XL InkJet Cartridge	0	2	2
\$17.99	Books/Supplies	HEAVY DUTY VIEW	5	0	0
\$20.00	Books/Supplies	#10 SEC ENV	0	3	0
\$16.99	Books/Supplies	3 Hole Punch	0	2	2
\$9.99	Books/Supplies	3.18 M-M PATCH CABLE	1	0	0
\$60.00	Books/Supplies	8.5X11 GLOSS PREM	0	5	0
\$14.58	Books/Supplies	Acco 72585 Jumbo Non-skid Paper Clips, 10/100 ct	0	0	2
\$14.32	Books/Supplies	AVERY DURA VIEW	3	0	0
\$16.00	Books/Supplies	AVI Cord	0	4	0
\$5.78	Books/Supplies	Ball Pump and Needle	0	4	0
\$24.99	Books/Supplies	BANDAID 185CT	0	3	0
\$9.99	Books/Supplies	BD SWAG 300	0	1	0
\$6.98	Books/Supplies	Bicycle Pokr	0	0	4
\$16.00	Books/Supplies	Canon MX882 Ink Jet Cartridge	0	4	4
\$48.99	Books/Supplies	Cases of Paper 8x11.5	0	60	126
\$35.00	Books/Supplies	Cases of Paper 8x11.5	0	47	0
\$39.99	Books/Supplies	Cases of Paper 8x11.6	0	60	0
\$10.29	Books/Supplies	CLIP, BNDR, 30PK	0	1	0
\$11.18	Books/Supplies	CLP,PPR,NSKD,J	0	12	0
\$10.98	Books/Supplies	CLPBRD, OD,3PK	0	3	0
\$63.33	Books/Supplies	College Ruled 8.5 x 11 Case	0	6	0
\$52.49	Books/Supplies	COLORSPASH PENCILS PK/240	14	0	0
\$40.00	Books/Supplies	Copies X 400PGS	0	4	0
\$87.60	Books/Supplies	Crayola Broad Washable Marker Asst 256 ct - Item 958201	0	0	11
\$10.00	Books/Supplies	Crayola Broad Washable Marker Asst 8 ct - Item# 285484	0	0	10
\$9.99	Books/Supplies	Crayola Long Colored Pencils Assorted 12 ct - Item #626637	0	0	10
\$59.99	Books/Supplies	CRAYOLA MARKER CLSSPACK 16CO	6	0	0
\$5.00	Books/Supplies	Crayon	0	10	10
\$25.99	Books/Supplies	CS PASS AROUND PACK CRAYONS	36	0	0
\$15.29	Books/Supplies	CVR, RPT,GRPLCK	0	1	0
\$30.99	Books/Supplies	Custom Address Stamp	0	1	1
\$125.00	Books/Supplies	DA LITE LAPTOP CART CHARGER 2PK	0	2	0
\$12.25	Books/Supplies	DIVIDER PLASTIC TABS	0	4	0
\$4.65	Books/Supplies	DIVIDERS STAB	0	2	0
\$1,222.68	Books/Supplies	DOUBLE-SIDED MAGNETIC MARKBOARD W/WOOD FRAME	1	1	0
\$34.99	Books/Supplies	DTR, SLF-INKXT	0	1	0
\$30.99	Books/Supplies	Easel Pad-Stickable	0	2	0
\$1.19	Books/Supplies	ECONOMY COMPOSITION BOOK	80	0	0
\$1.00	Books/Supplies	Economy Games Misc	0	0	180
\$0.88	Books/Supplies	Economy Games Misc	0	180	0
\$59.98	Books/Supplies	Envelope #9, 2W	0	0	1
\$14.99	Books/Supplies	Envelopes 500ct	0	4	12
\$19.99	Books/Supplies	Envelopes 500ct	0	2	2
\$32.00	Books/Supplies	Exec Fabric Exp F1	0	2	0
\$25.98	Books/Supplies	EXPO D80989 Asst Chisel Tip Low Odor Dry Erase Marker Kit	0	0	12
\$22.70	Books/Supplies	EXPO DRY ERASE 16CT	24	24	0
\$120.00	Books/Supplies	FILE FOLDER	0	2	0
\$14.98	Books/Supplies	FILE FOLDER	0	0	2
\$32.99	Books/Supplies	FILE, CASE, POLY	0	1	0
\$19.99	Books/Supplies	FILE, O/D, 13 PK	0	1	0
\$16.80	Books/Supplies	Fish Drive	0	0	1
\$36.00	Books/Supplies	First Aid Kit + Refills	0	8	8
\$1.00	Books/Supplies	Fun Dough	0	12	0
\$5.98	Books/Supplies	Geographics Award Certificates Blue Border 25 ct	0	0	4
\$5.98	Books/Supplies	Geographics Award Certificates Gold Border 12 ct	0	0	14
\$5.98	Books/Supplies	Geographics Award Certificates Green Border 25 ct	0	0	4
\$5.98	Books/Supplies	Geographics Award Certificates Red Border 25 ct	0	0	4
\$23.17	Books/Supplies	Green Folder	0	6	6
\$29.99	Books/Supplies	Guestures	0	0	1
\$12.00	Books/Supplies	Hanging File Folder pk	0	2	2
\$5.75	Books/Supplies	HEAVY DUTY VIEW	0	8	0
\$99.97	Books/Supplies	HLPNCHR SWINGLN ELEC	0	1	0
\$82.50	Books/Supplies	HP C85XL4 Toner All Colors	0	4	4

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SUMMARY OF OSE INVOICE ITEMS AND PRICE PER ITEM CALCULATION			2011	2012	2013
Price Per	Type	Item	Quantity	Quantity	Quantity
\$30.00	Books/Supplies	Ink CD-226-cy 688852	0	5	0
\$110.00	Books/Supplies	Ink Canon 4pk 687147	0	2	0
\$30.00	Books/Supplies	Ink CII-228, bi	0	5	0
\$30.00	Books/Supplies	Ink Cb-228-ye	0	4	0
\$30.00	Books/Supplies	Ink C4-226-mg	0	1	0
\$25.00	Books/Supplies	Jenga	0	0	2
\$3.99	Books/Supplies	JUMBO PENCILS PK/12 NO ERAS	112	0	0
\$3.20	Books/Supplies	JUMBO PENCILS NO ERAS	0	0	56
\$153.98	Books/Supplies	Laser, Mono, TN3	0	0	2
\$18.99	Books/Supplies	Legal Note Pad pk	0	1	1
\$29.99	Books/Supplies	License Word	0	0	1
\$40.00	Books/Supplies	MAGIC TAPE	0	2	0
\$40.99	Books/Supplies	MAGIC TAPE	0	4	4
\$12.99	Books/Supplies	Mancala	0	0	4
\$13.00	Books/Supplies	Manilla Folder pk	0	4	4
\$11.99	Books/Supplies	Mixed Highlighter pk	0	4	4
\$6.00	Books/Supplies	Mixed Highlighter pk	0	4	4
\$13.99	Books/Supplies	Number Divider	0	8	8
\$39.99	Books/Supplies	O/I COPY-20# 8.5X11/6-9	60	188	280
\$48.99	Books/Supplies	O/I COPY-20# 8.5X11/6-9	0	0	92
\$48.99	Books/Supplies	O/I COPY-20# 8.5X11/6-9	0	0	10
\$17.38	Books/Supplies	Office Impressions #90 Clasp Envelope 9 X 12 Kraft 100 ct	0	0	4
\$45.00	Books/Supplies	Office Impressions .92 Bright 20# 8.5x11 Case	0	25	0
\$45.00	Books/Supplies	Office Impressions .92 Bright 20# 8.5x11 Case #562633	0	23	0
\$13.00	Books/Supplies	Office Scissor pk	0	6	6
\$19.99	Books/Supplies	Pad Stamp	0	1	1
\$25.26	Books/Supplies	Pendflex Lgl Top Tab Folder 3/4" Manila 150 ct	0	0	1
\$12.00	Books/Supplies	Pencil	0	2	2
\$18.79	Books/Supplies	Pencil Sharpener	0	2	2
\$25.76	Books/Supplies	POST-IT 3X3	0	1	0
\$16.00	Books/Supplies	Post-it pk	0	4	4
\$45.96	Books/Supplies	POST-IT 559 White 25 X 30 Self-Stick Easel Pad	0	0	4
\$16.99	Books/Supplies	Premium Specialty Paper - Blue	0	4	0
\$16.99	Books/Supplies	Premium Specialty Paper - Gold	0	4	0
\$16.99	Books/Supplies	Premium Specialty Paper - Tan	0	4	0
\$29.99	Books/Supplies	PREMIUM VIEW BINDER	0	1	0
\$46.00	Books/Supplies	Premium Binder	0	5	0
\$15.98	Books/Supplies	RED BASELINE JUMBO NEWSPRINT	40	0	0
\$10.58	Books/Supplies	RED BASELINE JUMBO NEWSPRINT-GR1	40	0	0
\$10.58	Books/Supplies	RED BASELINE JUMBO NEWSPRINT-GR2	16	0	0
\$10.58	Books/Supplies	RED BASELINE JUMBO NEWSPRINT-GR3	16	0	0
\$20.00	Books/Supplies	Scholastic Workbooks K-5	0	100	0
\$231.27	Books/Supplies	Spectrum Ball Pack & Mesh Bag	0	0	2
\$3.39	Books/Supplies	SPLIT KEY RING PK/25	12	0	0
\$40.00	Books/Supplies	SPLS 70 Crata Black	0	4	0
\$25.00	Books/Supplies	STAPLER	0	2	0
\$18.99	Books/Supplies	Stapler Pkg	0	6	6
\$12.99	Books/Supplies	STICK PENS	0	6	0
\$8.49	Books/Supplies	SUNWORKS GW CNSTR PAPER 9X1	96	0	0
\$3.99	Books/Supplies	Swingline 1.4" Standard Staples 5000 ct	0	0	10
\$10.58	Books/Supplies	Red Baseline Ruled Newsprint - Grade 1	0	40	0
\$9.40	Books/Supplies	Red Baseline Ruled Newsprint - Grade 2	0	18	0
\$9.40	Books/Supplies	Red Baseline Ruled Newsprint - Grade 3	0	18	0
\$39.99	Custodial Supplies	SHIPLOCK PANELING 8'X4"X.8"	0	4	0
\$25.00	Custodial Supplies	1/2 Fold Seat Cover	0	4	0
\$49.99	Custodial Supplies	12"x10" 6PK TRAY -EATING TRAYS	0	10	10
\$56.00	Custodial Supplies	12-16g Clear Bag	0	0	8
\$23.00	Custodial Supplies	12-16g Clear Bag	0	18	6
\$54.99	Custodial Supplies	16"x12" 6PK TRAY -EATING TRAYS	0	10	0
\$25.00	Custodial Supplies	16g Bin Bag 500ct	0	8	0
\$36.00	Custodial Supplies	55g Industrial Bag 500ct	0	0	12
\$26.99	Custodial Supplies	55g Industrial Bag 500ct	0	24	8
\$70.00	Custodial Supplies	55g Recycled Material Bag 500ct	0	4	0
\$54.99	Custodial Supplies	Antibacterial Hand Soap CS	0	2	12
\$13.99	Custodial Supplies	ALL PURPOSE DRYWALL PATCH ANTI-MOLD	0	1	0
\$29.99	Custodial Supplies	BAR RINSE	0	4	0

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SUMMARY OF OSE INVOICE ITEMS AND PRICE PER ITEM CALCULATION				2011	2012	2013
Price Per	Type	Item		Quantity	Quantity	Quantity
\$19.98	Custodial Supplies	BarORinse Disinfectant		0	3	3
\$10.00	Custodial Supplies	BarORinse Disinfectant		0	12	12
\$31.12	Custodial Supplies	BAR TWL		0	6	0
\$10.99	Custodial Supplies	BLACK PLUNGER 18" PLASTIC		1	0	0
\$46.89	Custodial Supplies	Blu Hwk Roller Kit		0	0	1
\$19.99	Custodial Supplies	Brooms 12"		0	0	7
\$20.00	Custodial Supplies	Broom-Light Weight		0	2	0
\$24.99	Custodial Supplies	Broom		0	1	1
\$12.00	Custodial Supplies	Broom		0	4	4
\$40.00	Custodial Supplies	CAN LINER 56G BLK		0	10	0
\$4.00	Custodial Supplies	Clorox 1.5G		0	0	0
\$49.99	Custodial Supplies	12" X 10" 6PK Tray		0	10	0
\$10.00	Custodial Supplies	Clorox Blch 3PK		0	12	24
\$16.89	Custodial Supplies	Clorox Blch 3PK		0	0	4
\$29.99	Custodial Supplies	CLOROX ULTRA GERM		6	0	0
\$38.99	Custodial Supplies	Clorox Wipes		0	0	12
\$19.78	Custodial Supplies	Clorox Wipes		0	0	12
\$19.99	Custodial Supplies	Clorox Wipes		0	6	6
\$19.94	Custodial Supplies	CO CAULK GUN		0	1	0
\$19.99	Custodial Supplies	Corn Broom 10"		0	0	3
\$8.89	Custodial Supplies	Doorstop Solid Brass		0	0	1
\$40.00	Custodial Supplies	Drywall Package - 100SP Fill		0	1	0
\$26.99	Custodial Supplies	Dust Pan w/Handle		0	0	5
\$59.74	Custodial Supplies	Extra Soft BR 2000		0	4	12
\$19.90	Custodial Supplies	Extra Soft BR 2000		0	10	10
\$59.74	Custodial Supplies	Extra Soft BR 2001		0	0	4
\$28.86	Custodial Supplies	Faucet Stem R		0	0	1
\$17.98	Custodial Supplies	FEBREZELINE OCEANFRSH		0	3	0
\$17.98	Custodial Supplies	FEBREZELINE TRPCL		0	3	0
\$19.94	Custodial Supplies	GE ULT SL		0	1	0
\$17.86	Custodial Supplies	Germ-X Original hand Sanitizer with Pump Top, 67.6 oz		0	0	24
\$87.98	Custodial Supplies	Gloves Latex Large 100		0	0	1
\$29.99	Custodial Supplies	H/D SPONGE 12PK		0	1	0
\$44.99	Custodial Supplies	Hand Towel Single Fold		0	12	0
\$20.00	Custodial Supplies	Hand Towel Single Fold		0	12	12
\$18.78	Custodial Supplies	Hard Surface Wipes 4pk		0	0	48
\$19.99	Custodial Supplies	Husky 9 PC SAE/MIRC Folding Hax Set		0	0	1
\$15.57	Custodial Supplies	HVY DEG		1	0	0
\$24.99	Custodial Supplies	Kleenex		0	36	42
\$9.99	Custodial Supplies	KNOCKDOWN/SPATULA		0	1	0
\$49.34	Custodial Supplies	KW TOILET SEAT HDC		0	2	0
\$59.84	Custodial Supplies	KS Sig Lido Bed/Bath Satin Nickel		0	0	3
\$10.00	Custodial Supplies	Lit Bulbs T18"		0	12	0
\$33.50	Custodial Supplies	Lysol Disinfectant Spray 4/19 oz		0	0	1
\$30.70	Custodial Supplies	Lysol Disinfecting Wipes, 4/80 ct		0	0	12
\$39.67	Custodial Supplies	MICROFBR TOWEL		0	6	0
\$27.96	Custodial Supplies	ML 2" BRASS RESET COMBINA		1	0	0
\$25.00	Custodial Supplies	Mop Head		0	12	12
\$22.50	Custodial Supplies	Mop Head		0	8	0
\$9.35	Custodial Supplies	Mop Head (Single)		0	0	4
\$49.99	Custodial Supplies	Natural 400 Single Fold		0	18	54
\$26.67	Custodial Supplies	Natural 400 Single Fold		0	54	0
\$45.00	Custodial Supplies	Natural 400 Single Fold		0	8	0
\$17.97	Custodial Supplies	PAD LOCK		0	2	0
\$96.00	Custodial Supplies	PALM LIQ ANTIBACT		4	0	0
\$83.33	Custodial Supplies	PALM LIQ ANTIBACT		0	6	0
\$10.00	Custodial Supplies	PAPER SEAT COVER		0	28	24
\$20.00	Custodial Supplies	PineSol Lemon		0	12	24
\$26.73	Custodial Supplies	PineSol Lemon		0	0	4
\$39.99	Custodial Supplies	PineSol LEM CS		0	3	0
\$5.69	Custodial Supplies	PLUNGER CADDY		1	0	0
\$54.99	Custodial Supplies	Poly Gloves 6PK		0	12	18
\$36.00	Custodial Supplies	Poly Gloves 6PK		0	18	6
\$93.96	Custodial Supplies	Schlage Acc Keyed SN		0	0	1
\$95.99	Custodial Supplies	Soap Hand Anti-Bac 4PK16		0	5	10
\$39.99	Custodial Supplies	SOFT TOUCH 4000		0	40	20

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SUMMARY OF OSE INVOICE ITEMS AND PRICE PER ITEM CALCULATION			2011	2012	2013
Price Per	Type	Item	Quantity	Quantity	Quantity
\$39.95	Custodial Supplies	SOFT TOUCH 4000	0	16	0
\$14.11	Custodial Supplies	SOFTSOAP ANT1BACT	1	0	0
\$39.96	Custodial Supplies	SPACKLNG	0	1	0
\$25.00	Custodial Supplies	Tissue	0	0	12
\$25.00	Custodial Supplies	Tissue	0	6	6
\$30.00	Custodial Supplies	Tissue	0	8	0
\$49.99	Custodial Supplies	Tissue Bath JJ 2PL 3.75"	0	0	8
\$51.97	Custodial Supplies	TISSUE JUMBO	0	6	0
\$29.24	Custodial Supplies	Tissue4000	0	8	0
\$25.00	Custodial Supplies	Tissue4000	0	6	0
\$30.00	Custodial Supplies	Toilet Paper Jumbo Dispenser	0	2	2
\$39.99	Custodial Supplies	Towels	0	0	6
\$15.57	Custodial Supplies	TOWEL ROLL WHITE	1	0	0
\$35.88	Custodial Supplies	TP HLDR-PB	0	1	0
\$24.99	Custodial Supplies	Tray Liner	0	3	11
\$169.00	Custodial Supplies	Val Ext Mnsry Stc Wht Paint - 5G	0	0	1
\$169.00	Custodial Supplies	Val Ext Mnsry Stc Tan Paint - 5G	0	0	1
\$5.47	Custodial Supplies	Wall Protect 3-1/4" White	0	0	1
\$29.99	Custodial Supplies	W/P H/E COMBI LCK	0	1	0
\$4.00	Custodial Supplies	CLOROX 1.5G	0	24	0
\$1.92	Custodial Supplies	Clorox Powder 32 oz	0	96	0
\$5.00	Custodial Supplies	PineSol 2G	0	24	0
\$19.99	Custodial Supplies	ANTIFBac Hand Soap 1G	0	10	0
\$10.00	Custodial Supplies	ANTIFBac Hand Soap 1G	0	4	0
\$434.98	F & E	Netgear R6300 AC Router 802.11AC Dual-Band	0	0	1
\$830.25	F & E	Brother 8910DW Printer Dlux	0	0	1
\$386.00	F & E	Brother TN350	0	1	1
\$819.99	F & E	Sunroc SS Drinking Fountain	0	0	1
\$725.87	F & E	Dalite Laptop Cart	0	3	0
\$765.00	F & E	DOUBLE-SIDED MAGNETIC MARKBOARD W/WOOD FRAME (6' W X 4' H)	0	0	1
\$849.00	F & E	Franklin Indoor Enclosed Bulletin Board W/Two Doors (5' X 3'H)	0	0	1
\$489.00	F & E	ABC Magnetic Dry Erase Board (6'W X 4' H)	0	0	1
\$50.19	F & E	Programmable Micro Automatic Gate Remote (HomeLink Compatible)	0	0	10
\$4,703.91	F & E	6' x 8" H Freestanding Portable Partition - Nine Panels (16' 9"L)	0	0	1
\$8.85	F & E	Quality Tray 10 X 14	0	0	48
\$126.24	F & E	Quality Cart Black	0	0	3
\$599.99	F & E	Epson EX-51	0	1	1
\$462.37	F & E	ACER Note Book	0	2	0
\$961.25	F & E	Toshiba Laptop	0	1	0
\$1,299.99	F & E	PA Sound System - 2 Wired Mics, 1 Wireless Mic, Mixer	0	1	0
\$1,000.00	F & E	JBL PA System	0	2	0
\$20.00	F & E	Projector Case	0	3	0
\$800.00	F & E	Mackie Thump PA Speakers 15"	0	2	0
\$10.00	Food Supplies	ANIMAL CRACKER	0	11	0
\$7.00	Food Supplies	Austin Variety 45ct	0	10	0
\$12.99	Food Supplies	Austin Variety 45ct	40	254	290
\$16.99	Food Supplies	Austin Variety 45ct	0	24	0
\$17.99	Food Supplies	Austin Variety 45ct	0	0	16
\$19.99	Food Supplies	Austin Variety 45ct	0	24	24
\$12.50	Food Supplies	Austin Zoo	20	0	0
\$12.99	Food Supplies	Austin Zoo	0	18	0
\$12.50	Food Supplies	Cheeze It	20	0	0
\$11.99	Food Supplies	Cheeze It	0	8	0
\$10.00	Food Supplies	CINNAMON TOAST BAR	0	16	0
\$10.00	Food Supplies	COCOA PUFFS BAR	0	12	0
\$12.99	Food Supplies	Disney Cracker	0	5	5
\$17.99	Food Supplies	Dnr Napkins	0	0	1
\$10.00	Food Supplies	GOLD FISH CRACKERS	0	11	0
\$7.99	Food Supplies	Honey Maid	25	0	0
\$7.99	Food Supplies	Honey Maid	0	25	0
\$8.99	Food Supplies	Honey Maid	0	90	72
\$13.99	Food Supplies	Honey Maid	0	10	0
\$12.99	Food Supplies	Honey Maid	0	18	80
\$12.98	Food Supplies	Honey Maid	0	0	36
\$12.97	Food Supplies	Honey Maid	0	12	0
\$17.99	Food Supplies	Honey Maid	0	0	16

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SUMMARY OF USE INVOICE ITEMS AND PRICE PER ITEM CALCULATION			2011	2012	2013
Price Per	Type	Item	Quantity	Quantity	Quantity
\$19.99	Food Supplies	Honey Maid	0	24	16
\$10.00	Food Supplies	MINI PRETZELS	0	11	0
\$16.99	Food Supplies	Nature Valley - Oats n' Honey	0	0	14
\$25.99	Food Supplies	Pape Plates	0	0	2
\$19.99	Food Supplies	Quaker Chewy	0	0	37
\$11.99	Food Supplies	Rice Crispy	20	20	0
\$12.23	Food Supplies	Rice Crispy	0	0	17
\$12.97	Food Supplies	Rice Crispy	0	20	0
\$12.99	Food Supplies	Rice Crispy	0	80	0
\$12.98	Food Supplies	Rice Crispy	0	0	36
\$12.99	Food Supplies	Rice Crispy	0	32	118
\$16.99	Food Supplies	Rice Crispy	0	24	20
\$19.99	Food Supplies	Rice Crispy	0	24	28
\$65.71	Food Supplies	S&F - Snacks and Fruits Variety 12/15	0	1	0
\$10.00	Food Supplies	SCOOBY CRACKERS	0	11	0
\$10.00	Food Supplies	STRAWBERRY CHERRIOS	0	12	0
\$19.98	Food Supplies	Veg Tray	0	0	6
\$7.99	Food Supplies	Water 8oz 35PK	0	0	30
\$6.00	Food Supplies	Water 8oz 35PK	0	4	0
\$39.98	Other Supplies	68 SCHLAGEKEY	0	1	0
\$153.00	Postage	Federal Exp	0	1	0
\$0.44	Postage	USPS Stamps	0	1000	0
\$182.07	Postage	USPS Stamps	0	1	0
\$150.00	Postage	USPS Stamps	0	1	0
		NSF Charge	0	0	0
			0	0	0
Total			0	0	0
Sales Tax			0	0	0
Total With Tax			0	0	0

Quantity Totals

703 3,551 2,442

Grand Total 2011 - 2013 Quantities

6,696

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APPENDICES

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

CSIS California School Information Services

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM AB139 STUDY AGREEMENT May 20, 2013

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Los Angeles County Office of Education, hereinafter referred to as the COE, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to school districts and county offices of education upon request. Pursuant to the provisions of Education Code Section 1241.5 (b), a county superintendent of schools may review or audit the expenditures and internal controls of any school in his or her county if he or she has reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. The extraordinary audits conducted by the county superintendent shall be focused on the alleged fraud, misappropriation of funds, or other illegal fiscal practices and shall be conducted in a timely and efficient manner.

All work shall be performed in accordance with the terms and conditions of this agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The COE has requested that the team assign professionals to conduct an AB 139 extraordinary audit of the Wisdom Academy for Young Scientists. Per Education Code Section 1241.5 (b), (c), the superintendent has reason to believe that fraud, misappropriation of funds, or other illegal practices may have occurred.

The Wisdom Academy for Young Scientists Charter School conducts business as a California nonprofit organization. In addition to the authority granted under Education Code sections 1241.5 (c) and 47604.3, the county superintendent may conduct an investigation of the charter school based on written complaints by parents or other information that justifies the review.

The primary focus of this review will be to provide the county office with reasonable assurances, based on the testing performed, that adequate management and internal controls are in place for the reporting and monitoring of financial transactions, and that fraud, misappropriation of funds or other illegal activities have not occurred.

Internal controls include the processes for planning, organizing, directing and controlling program operations, including systems for measuring, reporting and monitoring performance. The receipt of cash and/or cash transactions, payroll, purchasing, and accounts payable are high-risk areas in which potential fraud and issues such as nonexistent employees or vendors, or misappropriation of assets including cash, may be detected. This review's objectives will include evaluation of policies, procedures, internal controls and transactions performed by the charter school.

Testing for this review will be based on sample selections from the current and one prior fiscal year; it will not include all transactions and records for this period. Sample testing and review results are intended to provide reasonable but not absolute assurance regarding the accuracy of the charter school's financial transactions and activity to accomplish the following:

- Prevent internal controls from being overridden by management.
- Ensure ongoing state and federal compliance.
- Provide assurance to management that the internal control system is sound.
- Help identify and correct inefficient processes.
- Ensure that employees are aware of internal control expectations.

The team's review of the Wisdom Academy for Young Scientists will include, but not be limited to, the items below. The team will do the following:

1. Evaluate the charter school's internal control structure, policies and procedures to test transactions and reporting processes to determine if adequate procedures are in place to safeguard assets, including physical objects, charter school data, and intellectual property.

Evaluation of policies and procedures will include the following:

- i. Review compliance with policies and procedures including, but not limited to, those related to human resources, finance, purchasing, granting agencies, and state and federal government programs and funding.
 - ii. Review document and records retention procedures to determine whether the charter school provides reasonable assurance that asset records are safeguarded and transactions are correctly recorded.
2. Evaluate the reliability and integrity of information used for internal management decisions and external agency reports.
 3. Determine if authorization procedures are appropriate and consistently followed. Review administrator and manager approvals and whether signature authority is delegated only to authorized employees.

APPENDICES

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4. Determine whether proper segregation of duties exists. The team will evaluate personnel, payroll, accounts payable and cash transactions, and will do the following:
 - i. Review the authorization process for cash receipts
 - ii. Determine if protective measures are in place for safeguarding assets, processes and data.
 - iii. Determine whether safe combinations are changed periodically and anytime a staff member who knows the combination terminates employment.
5. Evaluate reporting processes. The team will do the following:
 - i. Evaluate monitoring and verify that controls are operating properly.
 - ii. Evaluate controls that prevent management from overriding internal controls and thus prevent the potential misappropriation of funds.
 - iii. Evaluate whether clearly established lines of authority and responsibility exist within and between departments for proper review and reporting purposes, and if these are shown on organizational charts.

B. Services and Products to be Provided

1. Orientation Meeting - The team will conduct an orientation session at the charter to brief management and supervisory personnel on the team's procedures and the purpose and schedule of the study.
2. On-site Review - The team will conduct an on-site review at the charter office and at school sites if necessary; and will continue to review pertinent documents off-site.
3. Progress Reports - The team will inform the COE of material issues as the review is performed.
4. Draft Reports - When appropriate, electronic copies of a preliminary draft report will be delivered to the COE's administration for review and comment on a schedule determined by the team.

APPENDICES

5. **Final Report** - Electronic copies of the final report will be delivered to the COE and/or charter following completion of the review. Printed copies are available from FCMAT upon request.
6. **Follow-Up Support** - If requested, the team will meet with the COE and/or charter to discuss the findings and recommendations of the report.

3. PROJECT PERSONNEL

The study team will be supervised by Anthony L. Bridges, CFE, Deputy Executive Officer, Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

- | | | |
|----|------------------------------|--------------------------------------|
| A. | Julie Auvil, CPA, CMGA | FCMAT Fiscal Intervention Specialist |
| B. | Debi Deal, CFE | FCMAT Fiscal Intervention Specialist |
| C. | Marisa Ploog, CPA, CFE, CGMA | FCMAT Fiscal Intervention Specialist |

Other equally qualified staff or consultants will be substituted in the event one of the above individuals is unable to participate in the study.

4. PROJECT COSTS

The cost for studies requested pursuant to E.C. 42127.8 (d) (1) shall be:

- A. \$800 per day for each FCMAT staff member while on site, conducting fieldwork at other locations, presenting reports, or participating in meetings. The cost of independent consultants will be billed at their actual daily rate.
- B. All out-of-pocket expenses, including travel, meals and lodging.

Based on the elements noted in Section 2A, the total estimated cost of the study will be \$18,000.

- C. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT services may be reimbursed from funds pursuant to EC 1241.5 set aside for this purpose. Other payments, when deemed necessary, are payable to Kern County Superintendent of Schools - Administrative Agent.

5. RESPONSIBILITIES OF THE COE AND/OR DISTRICT

- A. The charter will provide office and conference room space during on-site reviews.
- B. The charter will provide the following if requested:
 - 1) A map of the local area
 - 2) Existing policies, regulations and prior reports addressing the study request

APPENDICES

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- 3) Current or proposed organizational charts
- 4) Current and two prior years' audit reports
- 5) Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the charter and sent to FCMAT in an electronic format
- 6) Documents should be provided in advance of field work; any delay in the receipt of the requested documents may affect the start date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository to which the charter shall upload all requested documents.

- C. The COE and/or charter's administration will review a preliminary draft copy of the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with pupils. The charter shall take appropriate steps to comply with EC 45125.1(c).

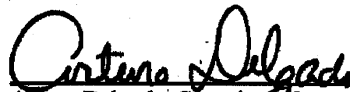
6. **PROJECT SCHEDULE**

The following schedule outlines the planned completion dates for different phases of the study:


<i>Orientation:</i>	<i>To be determined</i>
<i>Staff Interviews:</i>	<i>To be determined</i>
<i>Exit Interviews:</i>	<i>To be determined</i>
<i>Preliminary Report Submitted</i>	<i>To be determined</i>
<i>Final Report Submitted</i>	<i>To be determined</i>
<i>Board Presentation</i>	<i>To be determined</i>

7. **CONTACT PERSON**

Contact person: Alex Cherniss, Assistant Superintendent, Business
Telephone: (562) 922-6124
FAX: (562) 922-6678
E-mail: Cherniss_alex@lacoed.edu


Arturo Delgado, Superintendent
Los Angeles County Office of Education

5-22-13
Date


Anthony L. Bridges, CFE
Deputy Executive Officer
Fiscal Crisis & Management Assistance Team

May 20, 2013
Date

EXHIBIT 7

WISDOM ACADEMY FOR YOUNG SCIENTISTS

April 5, 2014

Arturo Delgado, Ed.D
Superintendent
Los Angeles County Office of Education
9300 Imperial Highway
Downey, California 90242

APR 14 2014

Benitez

Dear Dr. Delgado:

We are responding to information and allegations contained in the FCMAT audit on this date, as you have improperly demanded. You are not following Education Code section 1241.5, in that **you have not communicated any findings or recommendations for us to respond to**. Rather, your staff emailed the FCMAT audit to our individual board members with no explanation or recommendations. We sent you a letter explaining that you have 45 days to report your findings and recommendations, if any, to the WAYS Board. You have not done so, and you have not provided any findings or recommendations whatsoever. Instead, your staff responded by stating that LACOE will present its report at our board meeting later this month, but demanded that we "respond" to that future report now. We cannot see into the future and anticipate what your determinations and/or findings might be—and your demand that we guess is improper. Education Code section 1241.5 requires that we respond to your determinations and recommendations within 15 days **after you present them**. Your initial letter from staff was correct in that regard. Your initial letter made no mention of a Saturday April 5 deadline. It correctly stated that WAYS must respond to the superintendent's report of findings and recommendations made to our board 15 days thereafter. But now, your staff is inexplicably demanding that we respond today (a Saturday no less) to findings and recommendations **you have not yet made, and may never make**. **You are failing to proceed in the manner required by the statute, and we have stated that to you twice now.**

Because we cannot respond to your findings or recommendations that you have not provided us, this letter and attachments instead are in response to the alleged deficiencies identified by FCMAT in its audit. Notably, the FCMAT audit does **not** conclusively state any factual findings or determinations whatsoever. Nor does the audit make any recommendations whatsoever to WAYS. Rather, the audit concludes with its starting point—a "suspicion" that WAYS and/or its officials committed "fraud" or other "illegal activities". Rather than provide any factual findings, the audit identifies billing irregularities and misstates the circumstances and/or significance surrounding several transactions. For example, FCMAT incorrectly implies that there is something illegal or wrong about a WAYS employee participating in and/or founding a nonprofit corporation that serves children who may also attend WAYS. Nothing could be further from the truth. By definition, there is no conflict of interest for such service to nonprofit public benefit corporations. Similarly, there is no "eternal prohibition" against former employees from having financial transactions with WAYS. While true that there appears to have a conflict several years ago when WAYS leased property owned by a person who was then then executive director, any such conflict was long ago cured (at the Los Angeles County Board of Education's direction and approval) when the former executive director was separated from employment. There is no unlawful conflict or "fraud" evidenced by WAYS leasing property from the former executive director; and FCMAT did not (and cannot) conclude otherwise.

Also notable is that the FCMAT audit report erroneously states that *"WAYS is a tightly held small public charter school operation founded and primarily operated by one family and close associates."* This statement is plainly untrue, and reflects a fundamental misunderstanding of nonprofit corporations. WAYS is a small public charter school formed and operated entirely under the California Nonprofit Public Benefit Corporations Law. It was

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WISDOM ACADEMY FOR YOUNG SCIENTISTS

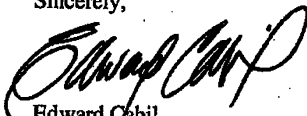
founded by the former executive director, governed by robust nonprofit corporate board of directors composed of members of the community, and is operated by professional teachers, and administration.

Another strange item in the FCMAT audit relates to LAUSD—an allegation with no explanation or evidence. The auditor appears to not understand how Proposition 39 works, or the SB740 rent reimbursement program (not even mentioned in the audit). The FCMAT audit report states, *"WAYS' governing board failed to disclose that LAUSD had awarded facilities under a Proposition 39 request for facilities on April 1, 2011. Subsequent to the approval for facilities by LAUSD that could have alleviated conflict of interest concerns, WAYS did not respond to LAUSD to indicate acceptance of the offer."* First and foremost, there is no requirement that a charter school "disclose" or "accept" Proposition 39 facilities. In fact, many charter schools within LAUSD do not accept the district's Prop 39 offers, because their commercial options are more practical for the schools, especially if they serve large free and reduce meal populations. FCMAT appears to think that Prop 39 is free—it's not. It's very expensive in LAUSD. In 2011, only about half the schools that received Prop 39 offers from LAUSD accepted them. The state's SB 740 rent reimbursement **does not pay** for Prop 39. Often in LAUSD, Prop 39 offers are much expensive than commercial space. In WAYS case, acceptance of Prop 39 space would render us completely ineligible for SB740 rent reimbursement. So, moving to Prop 39 space would in reality be at least twice as expensive to the school's bottom line. In any event, WAYS did in fact dialogue with LAUSD about the Prop 39 space. LAUSD denied the charter renewal in March 2011. LACOE did not approve the renewal until June 7, 2011—more than a month after the regulatory deadline for Prop 39 acceptance. LAUSD acknowledged WAYS response on July 6, 2011. There is nothing "fraudulent" about any of that.

These examples demonstrate that while the FCMAT audit may provide some useful information for LACOE and WAYS to consider, much of it is incorrect or incomplete in facts and circumstances. That is why it is beholden on the superintendent to make findings and recommendations to WAYS as required by the statute. **If the LACOE Superintendent believes that findings and/or recommendations are in order as a result of the FCMAT audit, he should present that in a report to the WAYS Board within 45 days as is required by statute. WAYS would very much appreciate a meaningful opportunity to consider and adopt LACOE's recommendations, if any. But at this point, LACOE has not provided any findings or recommendations whatsoever as a result of the FCMAT audit.**

Attached is a table responding to statements made in the FCMAT audit. Supportive evidence is attached as exhibits.

Sincerely,


Edward Cabil
Executive Director

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Kinder Campus
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Facsimile: 323-589-6550

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCM AT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
Allegation that county office had received allegations of multiple fiscal irregularities, questionable expenditures and inappropriate related-party transactions at WAYS charter school.	1	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	WAYS management has made several requests to LACOE staff to provide evidence of the allegations they claim to have received.	N/A
"FCMAT focused on the allegations of misappropriation of assets, misuse of grant funds and conflict of interest to "determine" whether Wisdom Academy for Young Scientists Charter School and/or its personnel were involved in or committed fraudulent activities."	1 & 45	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	The FCMAT audit made no findings or determinations that WAYS and/or its personnel were involved in or committed fraudulent activities. However the audit suggests that fraudulent activities may have occurred in the closing recommendation on page 45.	Exhibit 1: Pages 1 and 45 of the FCMAT audit report.
"Based on the evidence presented to FCMAT, there is sufficient documentation to demonstrate that fraud, mismanagement and misappropriation of the charter school funds and assets may have occurred."				
"The FCMAT study team conducted initial county office interviews in June 2013 during the schools' summer vacation and then visited the three charter school campuses in	1	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	The report failed to declare that the FCMAT audit team interviewed and collected documents from the WAYS back office provider in July 2013, prior to the audit teams fieldwork in November 2013. Moreover, the FCMAT audit team failed to notify WAYS management of the initial meetings with the back office provider. Emails from the back office provider and the FCMAT audit team verify this event.	Exhibit 2: Emails from the back office provider and the FCMAT

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
November 2013 to conduct interviews, collect data and review documents.” “The inability for the governing board to exercise due diligence and implement internal controls has effectively allowed the former executive director, current executive director and related parties unrestricted access to the assets of the organization and implied authority to enter into a variety of business arrangements for personal gain without board authorization and/or approval.”	3	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	This statement is ambiguous and inflammatory. The FCMAT audit does not provide verification of whether the audit team witnessed the alleged actions of the former executive director, current executive director, and “related parties”. Moreover, it does not base its allegation on any evidence other than hearsay.	audit team. N/A
“The involvement of the former executive director, related parties, business associates, former board members and numerous businesses owned by the former executive director and her husband has raised questions regarding potential conflict of interest, significant influence over financial transactions, self-dealing, control over fiscal management and related party transactions in violation of government and education codes.”	3	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	Since the 2010-11 school year, the former executive director has not been involved in any WAYS business. Her private business affairs do not concern WAYS.	N/A

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
"Since that time, the management of the charter school has repeatedly resisted implementation of the conditions for approval by ignoring requests by the County office staff for information to support that the conditions have been met. On several occasions, verification that the conditions have been met including required reports such as financial information, interim budget reports, audited financial statements and monthly reports have been submitted after repeated requests by Los Angeles County Office of Education (LACOE) staff or have not been submitted at all."	3	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	The FCMAT audit does not provide verification of whether the audit team witnessed or if evidence exists that the alleged resistance of WAYS to implement the conditions for approval, failure to provide required reports, or ignored requests by the county office staff.	N/A
"In January 2014, three of five board members resigned, citing similar complaints that are verified in the minutes and audio recordings of board meetings."	4	"verified in the minutes and audio recordings of board meetings."	The FCMAT audit report erroneously states that three of five board members resigned in January 2014. The WAYS board meeting minutes and audio records verify that one of the seven Board Members resigned in January 2014.	Exhibit 3: WAYS Board Meeting February 3, 2013 Agenda, Minutes, and Audio (Audio available upon request.)

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
<p>"LACOE staff note several irregularities and possible misappropriation of funds within the WAYS charter school organization that oversees three charter school sites. These allegations of fraud involve ongoing conflicts of interest and the mismanagement of charter school funds related to facility leases, related-party transactions between the former executive director who owns two of the properties leased by the school and is related to owners of private businesses that conduct school, execution of a vehicle lease without board approval, and a substantial separation of service payment to the former executive director without sufficient supporting documentation. Governance issues include an ineffective governance structure caused by continued interference by the former executive director through her son and daughter that hold key positions of authority and</p>	4	<p>FCMAT failed to provide evidence to WAYS and in the AB139 audit report.</p>	<p>Evidence does not exist to confirm that the allegations the LACOE noted can be verified.</p> <p>Contrary to the allegations made in this report, the WAYS Board Meeting Minutes and Audio since 7/2011 to date, verify that there is no evidence that the current former executive director, current executive director, director of operations, and vice principal disrupted or eliminated the governing board's ability to exercise its fiduciary responsibilities and duty of care.</p> <p>WAYS board meeting minutes dated July 31, 2012 (Exhibit 4), provide evidence to verify the board approval for the school vehicle lease.</p> <p>WAYS board meeting minutes and resolution dated October 26, 2012, provide evidence to verify the WAYS board received legal counsel from the WAYS attorney, and approved the settlement with the former executive director.</p>	<p>Exhibit 4: WAYS Board Meeting July 31, 2012 Minutes and Resolution to Purchase School Business Vehicle</p> <p>Exhibit 5: WAYS Board Meeting October 26, 2012 Minutes and Settlement Agreement Resolution</p>

FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
<i>decision making in the organization, effectively eliminating the governing board's ability to exercise its fiduciary responsibilities and duty of care. Evidence of board meeting cancellations and disruption by the current executive director and the founder's son (director of operations) are corroborated through emails, board minutes and audio recording of board meetings."</i>				
<i>"Prior to the board president's resignation in January 2014, threatening outbursts by the founder's son at a specially scheduled board meeting ended the meeting, after which she obtained a restraining order for her personal protection."</i>	4	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	The WAYS governing board has no record of a resignation from the former board [chair]. The former board chair was voted off of the WAYS board on January 30, 2014 by a unanimous vote, as verified in the WAYS board meeting minutes (Exhibit 4). Furthermore, the director of operations did not commit any crime, or make a threatening outburst during any board meeting. The rumor of a restraining order being obtained by the former board chair cannot be confirmed. Moreover, there exists no record of a restraining order against the WAYS director of operations.	Exhibit 6: WAYS Board Meeting January 30, 2014 Minutes
<i>"Based on these allegations, the Los Angeles County Office of Education, Charter Schools Division conducted a preliminary investigation, and based on the results of their initial findings, requested assistance from FCMAT"</i>	4	Education Code Sections 47604.4 and 1241.5(c).	WAYS was not involved in LACOE's initial investigation. LACOE did not inform WAYS of an investigation, nor did they request WAYS management team participation at any point. This is the first indication to WAYS that LACOE conducted a preliminary investigation regarding the aforementioned allegations. Moreover, all of the allegations that the report asserts that LACOE based its preliminary investigation, seem to be based on events that LACOE staff claim to have occurred subsequent to the they requested assistance from FCMAT in May 2011, which	Not applicable.

FCMAT AB 139 Audit – WAYS RESPONSE PAGE 5

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
<i>pursuant to Education Code Sections 47604.4 and 1241.5(c). "</i>			makes the FCMAT audit report and LACOE's allegations even more ambiguous.	
<i>"If the county superintendent determines that there is evidence that fraud or misappropriation of funds has occurred, the county superintendent shall notify the governing board of the charter school, the State Controller, the Superintendent of Public Instruction and the local district attorney. "</i>	4	Education Code Sections 47604.4 and 1241.5(c).	Both FCMAT and the county superintendent failed to provide evidence to determine that fraud or misappropriation of funds has occurred prior to, subsequent to, and in the FCMAT audit report.	Exhibit 1: Pages 1 and 45 of the FCMAT audit report.
<i>"...and previous board president to hold key positions in the organization and run the day-to-day operations. "</i>	9-44	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	The FCMAT audit report erroneously refers to WAYS' current executive director as a "former board president" throughout the audit report. Exhibit __, WAYS board member rosters, provide evidence that the current executive director never served as "president" of the WAYS board of directors.	Exhibit 7, WAYS Board Member Rosters 2010-11, 2011-12, 2012-13, 2013-14
<i>"Blank Page or Missing Information</i>	8	Blank Page or Missing Information	WAYS cannot determine whether the published FCMAT audit of WAYS report is complete because there are various blank pages throughout the audit report.	Not applicable.
<i>WAYS is a tightly held small public charter school operation founded and primarily operated by one family and close associates. "</i>	9	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	The FCMAT audit erroneously states that "WAYS is a tightly held small public charter school operation founded and primarily operated by one family and close associates." WAYS is a nonprofit public benefit corporation founded by the former executive director, governed by robust board of directors composed of members of the community, and is operated by professional teachers, and administration. Evidence of this is provided in Exhibit __: List of WAYS Board Members and Administration.	Exhibit 8: List of WAYS current Board Members and Administration.
<i>" [the] founder/former</i>	9	FCMAT failed to provide evidence to WAYS and in the	The FCMAT audit report makes this false and misleading	Exhibit 9:
FCMAT AB 139 Audit – WAYS RESPONSE PAGE 6				

FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
<i>executive director selected the board members, which gave her and other family members significant influence over financial decisions that benefited them financially."</i>		AB139 audit report.	allegation with no substantial evidence. The former executive director did not select the WAYS board members. She does not have any influence over financial decisions that benefit her or her family. Evidence of this is provided in (Exhibit 9) the WAYS Board Meeting Minutes 2011-12, 2012-13, 2013-14, in which Board Members were inaugurated; and (Exhibit 10) required WAYS Board questionnaire form, completed by current and previous Board Members.	WAYS Board Meeting Minutes and Audit (Audio can be provided upon written request) 2011-12, 2012-13, 2013-14 Exhibit 10: WAYS Board Questionnaire
<i>"...the founder/former executive director positioned her son, daughter and previous board president to hold key positions in the organization and run the day-to-day operations, and by this action still maintained effective control over the financial affairs of the organization."</i>	9	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	The director of operations, reports to and is immediately supervised and evaluated by the executive director and the WAYS Board of Directors (Exhibit 11). The vice principal, reports to and is immediately supervised and evaluated by the principal, and executive director (Exhibit 12). The aforementioned facts identifies the structure that WAYS has in place creates checks and balances in efforts to avert the abuse of power and manipulation of decision-making. The FCMAT audit report fails to provide evidence that the director of operations and vice principal are involved in any positions or transactions that will personally benefit them. The current director of operations and vice principal was employed by WAYS before the release of the former executive director. The former executive director did not appoint or position any WAYS employee, nor does she have any influence or control over the financial affairs of the organization. Moreover, the WAYS board of directors fully implements its governance structure, which sets forth provisions to avert any	Exhibit 11: WAYS Director of Operations Job Description Exhibit 12: WAYS Vice Principal Job Description Exhibit 13: WAYS Governance Structure

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
			possibility of nepotism and/or conflicts of interest. Evidence of this is provided in Exhibit __: the WAYS governance structure illustration.	
"Although WAYS had a fiscal policies and procedures handbook, the organization failed to implement or monitor several of the adopted policies and procedures. Recent board minutes document that when board members expressed the need to review and approve certain financial transactions or asked for the back office provider to present the financial statements during open board meetings, management repeatedly ignored these requests."	10	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	This allegation is unsupported by any evidence. Although FCMAT claims that "recent board documents this allegation", FCMAT fails to provide specific evidence of the alleged occurrence presented in the WAYS board meeting audio recordings and/or minutes. WAYS board minutes and WAYS board meeting audio recordings from July 1, 2013 through March 13, 2014 (Exhibit 9), do not verify the statements in the audit report. WAYS administration and back office provider give financial reports to the Board regularly at monthly meetings and follow all approval protocol.	Exhibit 9: WAYS Board Meeting Minutes and Audio (Audio can be provided upon written request) 2011-12, 2012-13, 2013-14
"In some cases, management canceled board meetings and caused major disruptions that ended board meetings prematurely."	11	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	The FCMAT audit report makes this subjective statement, without providing viable evidence to support their claim. Considering that the FCMAT audit report deliberated on all information provided to them up to February 28, 2014, WAYS is surprised that the FCMAT audit report fails to bring light to the LACOE superintendent letter titled "Notice of Concern" dated December 20, 2013 (Exhibit 14), and a follow-up letter from the LACOE Charter Schools Office (CSO) coordinator dated January 24, 2014 (Exhibit 15) issued WAYS governing board, which required a response from WAYS by January 31, 2014. The LACOE superintendent's letter and follow-up from the CSO coordinator indicate that LACOE had concerns regarding misinformation provided to them from staff in LACOE internal	Exhibit 14: LACOE Notice of Concern dated December 20, 2013 Exhibit 15: LACOE Charter Schools Office

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
			<p>offices. Not surprising, the concern was regarding the statements made in the scurrilous email from the former WAYS board member. The LACOE superintendent inappropriately refers to the scurrilous email addressed the executive director as 'a written complaint received by LACOE from a former board member'.</p> <p>On January 31, 2014 the WAYS executive director, on behalf of the governing board, provided LACOE a detailed written response to the LACOE superintendent's concerns stated in the notice of concern letter (Exhibit 16). In the response letter, the executive director verified that the former board member's email that was an internal communication intended for him, not address to LACOE, and indicated that he investigated the claims asserted in the former board member's letter, as well as a grievance letter from the director of operations, which provided a different view of the incident that occurred on October 24, 2013.</p> <p>Furthermore, the executive director explained that the November 21, 2013 board meeting was cancelled, because the agenda was not posted in accordance with the Brown Act. To date, WAYS has not received any inquiry or response from the LACOE staff regarding this matter. WAYS management did not cancel or cause any major disruptions that ended board meetings prematurely.</p> <p>Evidently the statement in the FCMAT Audit Report, was based on the scurrilous email addressed to the WAYS executive director, on January 25, 2014, from a former disgruntled Board Member who was voted off of the WAYS board by a majority board vote, subsequent to the WAYS school site council recommendation to the board of directors to remove the former board member and her counterpart from the WAYS governing Board for several reasons outlined in the school site councils resolution dated January 23, 2014 (Exhibit 17). The WAYS school site council is a committee initiated by the school principal, is made up of elected parents, teachers, and community members. The school site council is charged with representing the WAYS community made up of students, parents and teachers.</p>	<p>coordinator letter dated January 24, 2014</p> <p>Exhibit 16: WAYS Executive Director letter dated January 31, 2014</p> <p>Exhibit 17: WAYS School Site Council Resolution dated January 23, 2014</p>

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
<i>"Independent audit reports for the last three fiscal years report 15 instances of significant and/or combined internal control conditions. Several of these findings have not been addressed by management and the governing board; therefore, these findings are repeated each year."</i>	11-14	Audited Financial Statements Schedule of Findings and Questioned Costs for Audit Years 2011, 2012 and 2013 (Table on Page 11-14)	<p>The FCMAT audit report misrepresents the WAYS annual independent report issued over the past three fiscal years. The independent audit and reports for fiscal years ending June 30, 2011, and June 30, 2012, were conducted and written by the same audit firm. Specifically: 2011) In the independent audit report year ending June 30, 2011, the audit firm identified 6 material findings. In the summary of this report auditors gave WAYS an unqualified opinion. 2012) In the independent audit report year ending June 30, 2012, the audit firm identified only 2 material findings. In the summary of this report auditors gave WAYS an unqualified opinion.</p> <p>WAYS changed its audit firm in 2013, to audit the fiscal year ending June 30, 2013. Audit Firms are likely to have different philosophy and approach to the audit process, all toward the same purpose of ensuring that the financial statements are fairly presented. When such change occurs, it is very possible that unusual findings will arise, which is within the intent of the independent audit report. 2013) In the independent audit report year ending June 30, 2013, the audit firm identified 7 material findings and issued WAYS a qualified opinion.</p> <p>The report exaggerates 15 findings referenced in the audit report, which were issued over three years. Instead, the audit report suggests, "Several of these findings have not been addressed by the governing board." In fact, only 2 of the categories of were repeated over three years. Moreover, the details of the findings were different in each of the reports for three years. Technically, there are no findings, which were repeated over three consecutive years; therefore the FCMAT audit report's suggestions are inaccurate and exaggerated in efforts to implicate the WAYS board and management.</p> <p>Exhibits 18, 19, and 20 contain the internal audit report summaries for fiscal years ending June 30, 2011, 2012, and 2013.</p>	<p>Exhibit 18: WAYS Independent t Audit Report year-end June 30, 2011</p> <p>Exhibit 19: WAYS Independent t Audit Report year-end June 30, 2012</p> <p>Exhibit 20: WAYS Independent t Audit Report year-end June 30, 2013</p>
<i>"... the sale of a school vehicle used by the director</i>	16	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	The FCMAT audit report falsely suggests that the director of operations overstepped his authority by managing the school's	Exhibit 21:

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
<i>of operations was not approved by the governing board. Instead, the vehicle, a Lexus, was sold by the founder/former executive director's son in December 2013 without board approval."</i>			sizeable assets without direction or approval from the executive director and board of directors. On August 30, 2013, the WAYS executive director and director of operations determined that it would be in the best interest of the school if WAYS sold the school business vehicle in order to meet the expense of the acquiring a second school van. By doing so, WAYS would reduce the school expenses associated with pupil transportation, and hiring chartered school bus companies. Verified in the board meeting documents on September 26, 2013, and February 3, 2014 (Exhibit 21), the executive director presented the recommendation to sale the school vehicle, in which the WAYS board of directors considered and approved. The director of operations was not present at the aforementioned board meeting. The director of operations, within the scope of his responsibilities, carried out the directive of the WAYS executive director and board of directors, in the best interest of the school.	WAYS Board Meeting Agenda and Documents September 26, 2013 and February 3, 2014
<i>"This report will demonstrate that payments made to the private dance studio owned by the vice principal were not disclosed in accordance with laws and regulations set forth by the FPPC."</i>	16	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	There are no records to ascertain the audit reports allegation that WAYS made payments to any private dance studio, nor to any company privately owned by the vice principal. Moreover, the vice principal verified she does not "own" a private dance studio.	Not applicable.
<i>"Evidence in the board minutes and audio recordings, verbal and written complaints by former board members and direct observations by LACOE staff reveal instances where the founder/former executive director continued to be present and seated at the</i>	16	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	These statements are not substantiated by the aforementioned board documents as FCMAT and LACOE suggested. In fact, the founder was at no point seated at the Board table during discussions regarding facility leasehold agreements for properties that she owned. This did not occur during the duration of her employment with WAYS and certainly not after her employment was terminated. The WAYS board is acutely knowledgeable of the law as it relates to California conflicts of interest codes. The WAYS board excused the founder from the consideration of the WAYS Manchester and Kinder Campus lease agreements because of a possible conflict of interest or lack	Not applicable.

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
board table during discussions regarding facility leasehold agreements for her personal properties. Evidence in the board minutes indicates that at least two occurrences transpired when she was no longer employed by WAYS.			of impartiality.	
<p>"On September 16, 2011, subsequent to her departure from WAYS, the founder/former executive director was present at the board meeting. She refused to be unseated from the board table during discussions concerning the relocation of WAYS to a property not owned by the founder/ former executive director."</p> <p>"Individuals at this meeting who supported continued use of her facilities by WAYS schools caused such a disruption that the board meeting was disbanded."</p> <p>"During the September 22, 2011 board meeting one week later, the founder/former executive</p>	16-17	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	<p>In several instances throughout the FCMAT audit report, it appears that the FCMAT audit team drew several conclusions based on hearsay from specific former and current LACOE employees, who seem to have vengeful personal agendas against the WAYS founder. The audit report erroneously repeats "as fact" several false and defamatory statements against the WAYS founder that were made to impugn her character and damage her reputation.</p> <p>The aforementioned citations from the FCMAT audit report risk the possibility of a claims for damages for slander and defamation against FCMAT, LACOE and WAYS. The statements were reckless. To the extent WAYS is subjected to any such claims for damages, we intend to seek indemnity from FCMAT and LACOE.</p> <p>There is no evidence that an official board meeting was held on September 16, 2011. According to WAYS employees, parents, community members, and former board members, five of the board members in attendance ended the meeting abruptly following the directive of the LACOE Charter School Office coordinator to "shut the [board] meeting down" for an undisclosed reason, as was quoted by a former WAYS board member, before the board meeting was brought to order.</p> <p>Furthermore, the "individuals" who supported the continued location of the school, as cited in the FCMAT audit report, were</p>	Exhibit 22: WAYS Board Meeting Cancellation Notice

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response																														
director was observed by LACOE staff seated at the board table having private conversations with one board member."			WAYS employees, students, parents, and other stakeholders. On September 22, 2011, no board meeting was held due to a lack of quorum, as confirmed by the notice of board meeting cancellation provided in Exhibit 22. There is no evidence that the founder communicated with a board member, moreover no evidence to confirm her presence at the attempted board meeting. Additionally, the WAYS governing board is knowledgeable of the Ralph M. Brown Act and California Non-Profit 501(c)(3) laws and regulations specifically to the degree that board meetings are open to public attendance. Prohibiting the founder from attending the WAYS Board meetings, as LACOE and the FCMAT audit team appear to indirectly suggest WAYS should do, is absolutely discriminatory and unlawful.																															
"The founder/former executive director and other family members were present and exercised significant influence during board meetings that provided a direct personal financial benefit."			WAYS cannot determine whether the published FCMAT audit of WAYS report is complete, because there are various blank pages throughout the audit report.	Not applicable.																														
Blank Page or Missing Information	18	Blank Page or Missing Information																																
In an attempt to address the conflict of interest with the facility lease agreements for the properties occupied by the schools, the founder/former executive director placed the properties in a revocable trust named OCI Development Corporation in 2010-11.	19	<table><tr><th>Fiscal Year</th><th>Payee</th><th>Annual</th></tr><tr><td>2007-08</td><td>Founder</td><td>\$10,400</td></tr><tr><td>2008-09</td><td>Founder</td><td>169,440</td></tr><tr><td>2009-10</td><td>Founder</td><td>179,500</td></tr><tr><td>2009-10</td><td>Founder -</td><td>30,000</td></tr><tr><td>2010-11</td><td>OCI</td><td>28,245</td></tr><tr><td>2010-11</td><td>OCI</td><td>74,840</td></tr><tr><td>2011-12</td><td>OCI</td><td>226,650</td></tr><tr><td>2012-13</td><td>OCI</td><td>216,986</td></tr><tr><td>Grand</td><td></td><td>\$1,070,921</td></tr></table>	Fiscal Year	Payee	Annual	2007-08	Founder	\$10,400	2008-09	Founder	169,440	2009-10	Founder	179,500	2009-10	Founder -	30,000	2010-11	OCI	28,245	2010-11	OCI	74,840	2011-12	OCI	226,650	2012-13	OCI	216,986	Grand		\$1,070,921	The FCMAT audit report erroneously cites, in attempt to address the conflict of interest with the facility lease agreements for the properties occupied by the schools. It appears there was a conflict of interest several years ago when the school's executive director was an owner of the school site. That conflict was cured when the former director separated from employment in 2011 at the direction and approval of the LACOE Board. There has been no conflict in that regard since 2011. Furthermore, the grand total (\$1,070,921 and \$1,100,921) paid in rent expenses over the 8-year period provided in the FCMAT audit report erroneously reflects conflicting figures. Later in the report, FCMAT attempts to total an amount of questionable expenses using these erroneous figures.	Not applicable
Fiscal Year	Payee	Annual																																
2007-08	Founder	\$10,400																																
2008-09	Founder	169,440																																
2009-10	Founder	179,500																																
2009-10	Founder -	30,000																																
2010-11	OCI	28,245																																
2010-11	OCI	74,840																																
2011-12	OCI	226,650																																
2012-13	OCI	216,986																																
Grand		\$1,070,921																																
WAYS paid \$1,070,921 to the founder/former executive director and her holding company, OCI Development Corporation, for leasehold agreements located at 706 E.																																		

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
<p>Manchester Avenue, Los Angeles, CA and 8778 S. Central Avenue, Los Angeles, CA from the 2007-08 through 2012-13 fiscal years as shown in the following table.</p> <p>According to a report on the WAYS charter petition and appeal to LACOE dated May 10, 2011 by the LACOE Charter School Review Team, it was revealed that WAYS' governing board failed to disclose that LAUSD had awarded facilities under a Proposition 39 request for facilities on April 1, 2011. Subsequent to the approval for facilities by LAUSD that could have alleviated conflict of interest concerns, WAYS did not respond to LAUSD to indicate acceptance of the offer.</p>	19	<p>FCMAT failed to provide evidence to WAYS and in the AB139 audit report.</p>	<p>See WAYS transmittal letter.</p> <p>The timeline of events, which led to the WAYS governing board's refusal of the Proposition 39 facilities offer:</p> <p>March 1, 2011 LAUSD denied WAYS charter renewal petition (Exhibit 23)</p> <p>April 1, 2011 LAUSD awarded WAYS facilities under Proposition 39, without an approved charter renewal petition. (Exhibit 24)</p> <p>May 1, 2011 LAUSD required a response to the Proposition 39 grant award from WAYS, who was denied charter renewal at the time. WAYS did not meet the deadline.</p> <p>June 7, 2011 LACOE approved WAYS charter renewal petition. (Exhibit 25)</p> <p>June 30, 2011 The WAYS board of directors officially denied the Proposition 39 award, at the special board meeting, in which the founder was not present. (Exhibit 26)</p> <p>July 6, 2011 LAUSD confirms receipt of the WAYS governing boards official response. (Exhibit 27)</p> <p>WAYS could not enter into a long-term agreement with LAUSD under Prop 39 without securing its charter petition authorization, which did not occur until two months after the LAUSD Prop 39</p>	<p>Exhibit 23: Evidence of LAUSD denial of WAYS Charter Petition</p> <p>Exhibit 24: Proposition 39 Facilities Award Email from LAUSD</p> <p>Exhibit 25: Evidence of LACOE authorization of WAYS Charter Petition.</p> <p>Exhibit 26: WAYS June 30, 2011 Board Meeting</p>

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
			facilities grant was awarded.	Minutes Exhibit 27: LAUSD Confirmation of receipt of WAYS response to Proposition 39 award.
"No contracts or lease agreements exist for Loraine Turner..."	20	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	(Exhibit 28) Lease agreements were made available to the FCMAT audit team during their field work visit at the WAYS campus on November 13-15, 2013	Exhibit 28: Lease Agreements between WAYS and 714 East Manchester Avenue, Los Angeles, CA 90001
"As a condition of approval for WAYS' charter school petition to LACOE in June 2011, the founder/former executive director was to terminate her employment with WAYS and be removed from any association with the school."	21	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	The Memorandum of Understanding agreement between WAYS and LACOE (Exhibit 29), an attachment of conditions that WAYS must meet subject to LACOE charter authorization, specifically states, "Prior written notice of any proposed service/employment contract and/or agreement with the former executive director whose contract was terminated by the WAYS board in June 2011, and a copy of the contract agreement prior to execution (to monitor fulfillment of the conditions of authorization attached hereto as Attachment E.)"	Exhibit 29: Memorandum of Understanding agreement between WAYS and LACOE
"Founder/Former	21-22	FCMAT failed to provide evidence to WAYS and in the	There is no mention of a conditional requirement to disassociate or terminate the employment of any WAYS employee in the executed binding MOU document.	Exhibit 30: FCMAT AB 139 Audit – WAYS RESPONSE PAGE 15

FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
<i>Executive Director – Settlement Agreement” (Section)</i>		AB139 audit report.	<p>a copy of the proposed settlement agreement with the former executive director, prior to execution on October 26, 2012. LACOE did not provide any comment or ask any questions. In maintaining its fiduciary responsibility to protecting the interest of the school, the FCMAT allegations regarding the settlement in the FCMAT audit report cannot be responded to in detail in this response, other than to state that WAYS carefully evaluated its exposure to liability in consultation with its liability insurance carrier, and reached a prudent settlement result rather than defend expensive litigation..</p> <p>The LACOE charter schools office coordinator, confirmed receipt of the WAYS issued written notice to the LACOE superintendent on October 26, 2014 at 11:22am (Exhibit 30), and a copy of the proposed settlement agreement with the former executive director, prior to execution.</p> <p>In maintaining its fiduciary responsibility to protect the interest of the school, the allegations regarding the settlement in the FCMAT audit report are not established in this response.</p>	LACOE confirmation of WAYS notice to LACOE dated October 26, 2012
<i>“WAYS Back Office Provider Warned of Books and Supplies Expenditures Exceeding Budget” (Section)</i>	23-30	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	<p>In accordance with the Generally Accepted Accounting Principals (GAAP), WAYS based its 2011-12 projected budget on prior year receivables and expenditure data. In efforts to maintain a tone of conservative spending, the WAYS budget did not make significant adjustments to the approved budget.</p> <p>In the same year and shortly after charter renewal, WAYS encountered an unforeseen substantial increase in student population upon the authorization revocation of several nearby charter schools. In 2011-12, the WAYS student population more than doubled compared to the prior year. The increase in student enrollment required the lease of another facility to house up to 280 new enrollees. Naturally, WAYS operating significantly expenses exceeding the budget. The increased expenditures included cost similar to a start-up charter, such as classroom furniture, classroom supplies, capital equipment, technological equipment, security systems, instructional materials, custodial</p>	Exhibit 31: WAYS Enrollment Trends 2007-2013

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
			supplies, and more. The needs associated with the substantial increase in enrollment and deadlines to open the school put WAYS under significant pressure. OSE Business Services (OSE), an independent company, supported WAYS by providing the aforementioned school supplies and equipment. Through this, OSE established a healthy association with WAYS. (Exhibit 31) Provided by the California Department of Education, WAYS annual enrollment trends in years 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, corroborate the aforementioned explanation. During the course of the FCMAT audit team fieldwork days at the WAYS campus, the director of operation provided the audit team with the checking account cancelled-check images, which included copies of the front and back of OSE Business Services checks.	Exhibit 32: WAYS Director of Operations email dated January 10, 2014 Exhibit 33: WAYS Director of Operations email dated January 13, 2014 Exhibit 34: WAYS Director of Operations email dated January 21, 2014
"FCMAT requested copies of the OSE cashier's checks and regular checks, both front and back, from the director of operations and copied the executive director in an email dated Friday, December 13, 2013. One month later, on January 13, 2014, the team received nine of the 10 requested cashier's checks. The missing cashier's check was received on January 21, 2014. Repeated requests to management for the regular check copies were never received and no explanation was provided." "Of the nine copies of the cashier's checks provided to the team, it is not	23-24	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	In emails dated January 10, 2014 (Exhibit 32), January 13, 2014 (Exhibit 33), and January 22, 2014 (Exhibit 34), the Director of Operations provided the FCMAT team all information and explanations requested by FCMAT in emails dated November 29, 2013 (Exhibit 35), December 11, 2013 (Exhibit 36), and December 13, 2013 (Exhibit 37).	

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response																								
entirely clear that the copies came directly from the bank." "Because WAYS executive management failed to provide OSE's regular checks front and back copies as requested by the team, and because OSE cashier's checks did not contain account information identifying the account where funds were deposited, the team is unable to authenticate the OSE payments."				Exhibit 35: FCMAT email dated November 29, 2014. Exhibit 36: FCMAT email dated December 11, 2014 Exhibit 37: FCMAT email dated December 13, 2014																								
"The team received information from the seven comparable elementary charter schools listed in the table below. The analysis compares purchases of copier paper from all vendors in the selection group with the WAYS purchases from OSE (even though paper was also purchased from other vendors described later in this report) and based on student enrollment for 2011-12 through 2012-	28-29	<table><tr><th>School</th><th>Average Enrollment</th><th>No. of Cases</th><th>Cases of Copier</th></tr><tr><td>Charter School</td><td>304</td><td>186</td><td>0.61</td></tr><tr><td>Charter School</td><td>416</td><td>332</td><td>0.80</td></tr><tr><td>Charter School</td><td>601</td><td>551</td><td>0.92</td></tr><tr><td>Averaged Totals - All Sample</td><td>382</td><td>314</td><td>0.82</td></tr><tr><td>WAYS</td><td></td><td>97</td><td></td></tr></table>	School	Average Enrollment	No. of Cases	Cases of Copier	Charter School	304	186	0.61	Charter School	416	332	0.80	Charter School	601	551	0.92	Averaged Totals - All Sample	382	314	0.82	WAYS		97		The FCMAT audit report attempts to compare WAYS to several unidentified charter schools. The accuracy of the charter comparison cannot be ascertained because it does not account for variables such as: technology, equipment, accommodations, or services that schools often use to subsidize expenses on paper such as, purchasing low quality recycled paper in quantities that require special storage accommodations from wholesale distributors, digital curriculum, consumable notebooks, and reproduction services. Contrary to the actions and statements quoted in the FCMAT audit report regarding the director of operations description of copier usage and paper provisions, the WAYS management made efforts to reduce the cost of paper and reproduction by distributing paper to individual teachers and staff, which is a common practice in all public schools.	Not applicable.
School	Average Enrollment	No. of Cases	Cases of Copier																									
Charter School	304	186	0.61																									
Charter School	416	332	0.80																									
Charter School	601	551	0.92																									
Averaged Totals - All Sample	382	314	0.82																									
WAYS		97																										

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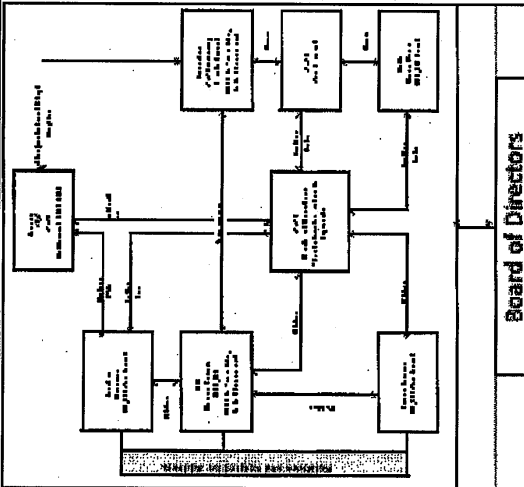
FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
13. "Documentation for the van lease payments authorized by the WAYS director of operations show that the van lease agreement and additional back-up documentation for lease was missing even though the back office provider had requested these documents on previous occasions."	33-35	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	The vehicle referenced on this page is a 1995 Ford E-350 (15-passenger) van. This van has been in use since the founding years of WAYS in 2006, and was finally donated to WAYS by the previous owner, Emeka Enwezor in the fall of 2012. Also previously owned by Godfrey Okonkwo until 2011, WAYS made lease payments to Mr. Okonkwo totaling \$4800 in fiscal year 2010-11. Subsequently, the van was sold or transferred to Emeka Enwezor in 2011. WAYS made final lease payments to Mr. Enwezor totaling \$4800 in fiscal year 2011-12, and afterward the van was donated to WAYS in the winter of 2012. The WAYS director of operations email to FCMAT dated January 10, 2014 (Exhibit 32) provides evidence that WAYS, and the back office provider, had the 2011-12 lease agreement on file. Additionally, the email the director of operation explicitly explains the prospect for missing executed leases and board approvals. The director of operations writes, "I was able to locate the Van Lease Agreement from 2011-12. However I was unable to locate a signed copy of the agreement. During this year WAYS experienced significant turnover in the Board of Directors and administration. Many official school documents were kept by those individuals who are no longer associated with WAYS, and have yet to be returned after several requests to do so. I suspect that the signed van lease and Board documentation, if any, may be within those lost documents."	Exhibit 32: Director of Operations email dated January 10, 2014
"During the Thursday, November 14, 2013 discussion with the WAYS director of operations, he stated that Godfrey Okonkwo was paid for the van lease in the first year of the lease for the van from Emeka Enwezor, and the second year Emeka	36	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	The FCMAT audit report erroneously paraphrases the director of operations statements, and as a result presents misleading information. Also, the report refers to Emeka Enwezor as "her" [gender being female], which further demonstrates the erroneously paraphrased statements. When the FCMAT team inquired about the lease payments that were made to toward the van lease, the WAYS director of operations specifically stated "The van lease reimbursement was paid to Mr. Okonkwo in fiscal year 2010-11, lease paid to Mr. Enwezor in fiscal year 2011-12, and the van was finally donated	Exhibit 38: Vehicle Donation Letter from Emeka Enwezor

FCMAT AB 139 Audit – WAYS RESPONSE PAGE 19

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
<p>Enwezor was paid directly for the van lease. The team inquired whether Emeka Enwezor was related and was told that, "She is a friend of the family and we rent her van ... but she gave the van to the school this year."</p> <p>"WAYS Related Parties – WAYS Founder/Former Executive Director, Godfrey Okonkwo, WAYS Director of Operations, WAYS Vice Principal, Emeka Enwezor & Obiesie Enwezor" (Section)</p> <p>"Based on the team's analysis of possible relatives, transactions authorized by the director of operations do not represent an arm's-length transaction."</p> <p>"The relationships and related parties are presented in the following table:"</p>	35-39		<p>to the school last year [fall of 2012]. Furthermore, the donation letter verifies Mr. Enwezor's donation of the van (Exhibit 38)</p>	<p>Exhibit 39: WAYS Conflict of Interest Policy</p> <p>Exhibit 40: WAYS Financial Policies and Procedures</p> <p>Exhibit 13: WAYS Governance Structure</p>
<p>"5. LACOE engaged the services of a private</p>	38	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	<p>The FCMAT audit report raises several concerns that question the credibility of the audit report. The report asserts that LACOE</p>	<p>Exhibit 41 WAYS</p>

FCMAT AB 139 Audit – WAYS RESPONSE PAGE 20

FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
investigator following written and verbal complaints that the vice principal of WAYS was working at Innovative WAYS Academy, her private middle school of which she was the executive director. Direct surveillance and video on 16 separate occasions between March 5, 2013 and April 22, 2013 revealed that the WAYS vice principal spent 29.5 hours at her private middle school while employed full time at WAYS."			<p>used federal and state government resources to hire someone to "stalk" the WAYS vice principal for 48 days, following alleged written and verbal complaints that she founded a private middle school. FCMAT and LACOE fail to provide the objective of securing private investigation services to "stalk" the vice principal. The only finding of from "stalking" the vice principal was that she was observed at the private middle school for 29.5 hours during the 48 day period.</p> <p>First, in accordance with the California Education Code, the WAYS approved charter states <i>"The Charter School, as the LEA, shall be ultimately responsible for determining how to respond to parent concerns or complaints."</i> LACOE consistently failed to comply with the terms set forth by California Education Code by refusing to notify WAYS management of complaints made against the school or its personnel, in accordance with the due process procedures regarding complaints set forth in the WAYS charter. Historically, LACOE repeatedly ignored WAYS request for evidence of the written and verbal complaints LACOE claims to have received. The FCMAT audit report provides the first clue that there was any complaint regarding the WAYS vice principal. Moreover, the FCMAT audit report fails to disclose that the 48-day period, in which LACOE employed "private investigative services" to stalk the vice principal, include weekends, federal holidays, and 5 weekdays in which WAYS was closed for spring break.</p> <p>During the 48 -day period the vice-principal hosted a number of events at the location of the private middle school, which required planning and rehearsals. (See evidence of the events in (Exhibit 41) WAYS March 2013 and April 2013 calendars, and (Exhibit 42) evidence of the formal ball and cumulative science competition events that were held at the private middle school location.)</p>	<p>March 2013 and April 2013 calendars</p> <p>Exhibit 42</p> <p>Evidence of the formal ball and cumulative science competition events</p>

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FCMAT AB139 Audit - WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
"c. The director of operations and brother of the WAYS vice principal and owner of DeDe Dance Studio authorized the checks from WAYS totaling \$73,800 that were paid to DeDe Dance Studio."	38	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	There is no historical or present evidence to support the allegation that director of operations ever "authorized the checks" paid to DeDe Dance Studio.	Not applicable.
"...the [FCMAT audit] team did not observe students present in that facility during the fieldwork days."	38	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	<p>DeDe Dance Studio, a Non-Profit 501(c)(3) organization (Exhibit 43) founded by the WAYS vice principal and the other community members, was envisioned for the benefit of the children and families of the WAYS community. The nonprofit corporation has no owners whatsoever—it's a nonprofit public benefit corporation. On an unpaid-volunteer basis, the stakeholders operate the non-profit. No person, including the WAYS vice principal, "owns" any financial interest in the non-profit organization as the FCMAT audit report erroneously suggests.</p> <p>Furthermore, the DeDe Dance Studio program operates in Building A of the WAYS Manchester Campus. After being notified on October 30, 2013 that the FCMAT audit fieldwork days would take place on November 13-15, 2013, WAYS management reserved the Building A to accommodate the audit team for the time-period of their site visit. During the FCMAT team's fieldwork days, the team occupied the WAYS Manchester Campus buildings A and C. The FCMAT introduction interview with the executive director and director of operations took place in Building A. During that meeting, the executive director presented several large photos that decorate the interior walls throughout the school building and identified them as pictures of current and former WAYS students who benefited from DeDe Dance Studio program by participating in events that range from volunteer work in the community to an annual grand Debutante and Beaux Formal Ball.</p>	<p>Exhibit 43: DeDe Dance Studio Non-Profit 501(c)(3) organization letter.</p> <p>Exhibit 44: Photographic evidence of the DeDe Dance Studio events.</p> <p>Exhibit 45: Email from FCMAT regarding fieldwork schedule</p>

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
"e. DeDe Dance Studio is operated at and identifies the business location as the WAYS school site. The team was unable to determine that any offsetting rent for the facility was paid by DeDe Dance Studio to WAYS."		FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	Historically, WAYS entered into a separate lease agreement with the founder for Building A of the Manchester Campus (Exhibit 46), in which rent is listed as one dollar (\$1) per month. Considering the invaluable benefits WAYS students receives from DeDe Dance Studio over the past decade compared to the insignificance of cents on the dollar that WAYS potentially accrued, WAYS does not collect rent reimbursements from DeDe Dance Studio.	Exhibit 46: Commercial Lease Agreement for 706 East Manchester Ave, Building A
"The WAYS back office service provider stated they had been requesting backup documentation for the Lexus transaction from the director of operations but never have received any." "FCMAT cannot confirm that the Capital Expense Analysis was ever presented to the WAYS board." "FCMAT had observed the director of operations using the Lexus as his own personal vehicle."	39-42	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	On August 20, 2013 the director of operations dropped off the complete file of all original Lexus purchase documents at the office of the back office provider for them to make copies. The file contains the original Retail Installment Sale Contract and amortization schedule showing the principal payments and remaining payoff on the Lexus, which the back office provider should have used to properly account for the Lexus in accordance with GAAP. The complete file containing the originals was returned to the director of operations on August 23, 2013, after the back office provider had completed copying the original documents for their files. Furthermore, precisely same file containing all original purchase documentation for the Lexus was provided to FCMAT on January 10, 2014 in the email response from the director of operations to the FCMAT audit team (Exhibit 32), and made available to during their fieldwork visit in November 2013. Moreover, the capital lease expense analysis was provided in the WAYS board meetings on July 31, 2012, September 26, 2013, and February 3, 2014. Additionally, the audit report does not describe or provide the criteria that FCMAT used to determine that they observed the director of operations using the Lexus as his own personal vehicle, which is an incredibly subjective and immaterial	Exhibit 32: WAYS Director of Operations email to FCMAT dated January 10, 2014

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FCMAT AB139 Audit - WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response																		
"WAYS Failed to Obtain Governing Board Approved for Purchase of Computers and Issued an Irregular Payment" (Section)	42-43	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.	accusation. Note: Payment information not provided on Wells Fargo website. Search for records at school.	Not applicable.																		
"WAYS Charter School Summary of Related and Irregular Transactions" (Section) "The table below is a compilation of payments made through WAYS to the founder/former executive director, family members of the founder and close associates. Many of these payments were authorized by the director of operations and the current executive director (former board president.)" "The above transactions represent significant influence that the WAYS founder/former executive director, family of the founder and close associates had over financial decisions that personally benefited them. Several of these transactions were authorized for payment by	44-45	<table><tr><th>WAYS Charter School Summary of Related and Irregular Transactions</th><th>Transaction Description</th><th>Amount</th><th>Date</th><th>Type</th><th>Accounting</th></tr><tr><td>Payment to Founder/Former Executive Director</td><td>Payment to Founder/Former Executive Director</td><td>\$1,100,921</td><td>12/15/10</td><td>Leasehold Agreement</td><td>Subsidized by the Charter Schools Facilities Initiative Grant over an 8 year period, were approved by the WAYS board annually after the founder/former executive director disclosed her financial interest in the properties, as evidenced in previously filed full disclosure form 700s; and evidence that she was not permitted to make recommendations or participate in Board considerations of lease agreements. Moreover, in 2010 the WAYS governing board hired The Service Company, an independent real estate service provider, to conduct research which confirmed that the founder leased the properties to WAYS at a rate significantly less than the fair market value.</td></tr><tr><td>Payment to Founder/Former Executive Director</td><td>Payment to Founder/Former Executive Director</td><td>\$115,550</td><td>12/15/10</td><td>Rent and other charges</td><td>subsidized by the Charter Schools Facilities Initiative Grant over an eight-year period to through the aforementioned property leases with the founder and another independent property owner. Evidence of the lease agreements for the referenced independent property owner was provided to the FCMAT audit team during the site visit and back office provider visit.</td></tr></table>	WAYS Charter School Summary of Related and Irregular Transactions	Transaction Description	Amount	Date	Type	Accounting	Payment to Founder/Former Executive Director	Payment to Founder/Former Executive Director	\$1,100,921	12/15/10	Leasehold Agreement	Subsidized by the Charter Schools Facilities Initiative Grant over an 8 year period, were approved by the WAYS board annually after the founder/former executive director disclosed her financial interest in the properties, as evidenced in previously filed full disclosure form 700s; and evidence that she was not permitted to make recommendations or participate in Board considerations of lease agreements. Moreover, in 2010 the WAYS governing board hired The Service Company, an independent real estate service provider, to conduct research which confirmed that the founder leased the properties to WAYS at a rate significantly less than the fair market value.	Payment to Founder/Former Executive Director	Payment to Founder/Former Executive Director	\$115,550	12/15/10	Rent and other charges	subsidized by the Charter Schools Facilities Initiative Grant over an eight-year period to through the aforementioned property leases with the founder and another independent property owner. Evidence of the lease agreements for the referenced independent property owner was provided to the FCMAT audit team during the site visit and back office provider visit.	The FCMAT report's attempt to create the perception of fraud, misappropriation of assets and possible criminal activity is egregiously defamatory and specifically targets the family of the WAYS director of operations and vice principal. The report consistently makes allegations with out providing supporting evidence, and selectively distorts partially factual evidence to skew the perception of the reader of the FCMAT audit report. \$1,100,921 Facility Leasehold Agreements subsidized by the Charter Schools Facilities Initiative Grant over an 8 year period, were approved by the WAYS board annually after the founder/former executive director disclosed her financial interest in the properties, as evidenced in previously filed full disclosure form 700s; and evidence that she was not permitted to make recommendations or participate in Board considerations of lease agreements. Moreover, in 2010 the WAYS governing board hired The Service Company, an independent real estate service provider, to conduct research which confirmed that the founder leased the properties to WAYS at a rate significantly less than the fair market value. \$115,550 Rent and other charges were subsidized by the Charter Schools Facilities Initiative Grant over an eight-year period to through the aforementioned property leases with the founder and another independent property owner. Evidence of the lease agreements for the referenced independent property owner was provided to the FCMAT audit team during the site visit and back office provider visit.	Not applicable.
WAYS Charter School Summary of Related and Irregular Transactions	Transaction Description	Amount	Date	Type	Accounting																	
Payment to Founder/Former Executive Director	Payment to Founder/Former Executive Director	\$1,100,921	12/15/10	Leasehold Agreement	Subsidized by the Charter Schools Facilities Initiative Grant over an 8 year period, were approved by the WAYS board annually after the founder/former executive director disclosed her financial interest in the properties, as evidenced in previously filed full disclosure form 700s; and evidence that she was not permitted to make recommendations or participate in Board considerations of lease agreements. Moreover, in 2010 the WAYS governing board hired The Service Company, an independent real estate service provider, to conduct research which confirmed that the founder leased the properties to WAYS at a rate significantly less than the fair market value.																	
Payment to Founder/Former Executive Director	Payment to Founder/Former Executive Director	\$115,550	12/15/10	Rent and other charges	subsidized by the Charter Schools Facilities Initiative Grant over an eight-year period to through the aforementioned property leases with the founder and another independent property owner. Evidence of the lease agreements for the referenced independent property owner was provided to the FCMAT audit team during the site visit and back office provider visit.																	

FCMAT AB 139 Audit WAYS RESPONSE PAGE 24

FCMAT AB 139 Audit - WAYS RESPONSE PAGE 24

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
<p><i>the director of operations, who is the son of the founder/former executive director, and the current executive director (the former board president) and gave these individuals the ability to simultaneously control and benefit from these transactions. The lack of documentation to support transactions."</i></p> <p><i>"There is little evidence of responsible governance by the board and clearly a lack of fiscal accountability by the administration. The governing board has failed and often been prevented from its ability to maintain and exercise its responsibilities, authority, and control."</i></p>			<p>\$341,710 Leasehold improvements to all properties leased by WAYS were made in compliance with Los Angeles City building codes to accommodate the needs of the charter school program, families, and students.</p> <p>\$35,483 was subsidized over an eight year period by the federal Universal Service Administrative Company through the E-rate Program to enhance the technological infrastructure of each of the WAYS campuses, including the Salvation Army and those owned by the founder, to meet the 21st Century technology standards and enhance the students educational experience.</p> <p>\$566,803 was covered by and paid through the WAYS insurer subsequent to the wrongful termination lawsuit judgment in favor of the plaintiff in 2012. WAYS did not pay this amount from its financial resources.</p> <p>\$228,665 was paid through a settlement agreement between WAYS and its former executive director, which is legally confidential by nature.</p> <p>\$466 payment to Avatar Technology was issued in error and voided.</p> <p>On average \$52,957 annually supplies and equipment provided by OSE Business Service over a three-year period totaling \$158,871, were ordered and received by WAYS management to meet the need of WAYS' educational program and directly benefited the WAYS students.</p> <p>\$73,800 was subsidized through the California After School Education and Safety (ASES) grant over a five-year period, was disbursed to through contracts with the non-profit 501(c)(3) organization, DeDe Dance Studio, to provide afterschool character enrichment and extra curricular skills development</p>	

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FCMAT AB139 Audit – WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCMAT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
			<p>programs and events.</p> <p>WAYS leased the Ford van, which was previously owned by Godfrey Okonkwo until 2011. WAYS made lease payments to Mr. Okonkwo totaling \$4800 in fiscal year 2010-11, prior to LACOE charter authorization.</p> <p>WAYS made its final lease payments to Mr. Enwezor totaling \$4800 in fiscal year 2011-12, and afterward the van was donated to WAYS in November 2012.</p> <p>In August 2013, the WAYS executive director recommended the sale of the school's Lexus, in efforts to provide financial provisions to afford the purchase of another school van to better service the needs of the students and WAYS community. Subsequently, the Lexus was listed for sale on various websites at the competitive price of \$27,000, and sold for the negotiated price of \$26,000. The WAYS board of directors approved the sale of the Lexus on February 3, 2014.</p> <p>Contrary to the accusations regarding the WAYS governing board and management staff alleged in the FCMAT audit report, the aforementioned facts validate the effectiveness of the WAYS management staff and substantiates that the WAYS governing board fulfills its fiduciary responsibilities to maintain and exercise its authority, and control.</p> <p>Throughout the FCMAT audit report, the audit team asserts that it will demonstrate the aforementioned deficiencies, but fails to provide factual evidence to substantiate their allegations. The audit reports assertions of the aforementioned alleged deficiencies are corroborated through scandalized subjective hearsay, and "written and verbal reports" that FCMAT and LACOE allege to have received, but never provide to WAYS or in this audit report.</p>	Not applicable.
"Based on the evidence presented to FCMAT, there is sufficient documentation to demonstrate that fraud, mismanagement and misappropriation of the charter school funds and assets may have occurred."	45	FCMAT failed to provide evidence to WAYS and in the AB139 audit report.		

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FCMAT AB139 Audit - WAYS RESPONSE TABLE

FCMAT audit / LACOE statements, allegations, and errors	On Page(s) of the FCM AT audit	Evidence to support the allegations provided in the FCMAT Audit	WAYS response to the statements, allegations, and errors	Evidence to support the WAYS response
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FCMAT AB 139 Audit - WAYS RESPONSE PAGE 27

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Missing
**FCMAT AB 139 Audit – WAYS RESPONSE
TABLE OF EXHIBITS**

Exhibit 1	Pages 1 and 45 of the FCMAT audit report.
Exhibit 2	Emails dated July 12, 2013 from the back office provider and the FCMAT audit team.
Exhibit 3	WAYS Board Meeting February 3, 2013 Agenda, Minutes, and Audio (Audio available upon request.)
Exhibit 4	WAYS Board Meeting July 31, 2012 Minutes and Resolution - School Business Vehicle
Exhibit 5	WAYS Board Meeting October 26, 2012 Minutes and Resolution - Settlement Agreement
Exhibit 6	WAYS Board Meeting January 30, 2014 Minutes
Exhibit 7	WAYS Board Member Rosters 2010-11, 2011-12, 2012-13, 2013-14
Exhibit 8	List of WAYS current Board Members and Administration.
Exhibit 9	WAYS Board Meeting Minutes and Audit (Available upon written request) 2011-12, 2012-13, 2013-14
Exhibit 10	WAYS Board Questionnaire
Exhibit 11	WAYS Director of Operations Job Description
Exhibit 12	WAYS Vice Principal Job Description
Exhibit 13	WAYS Governance Structure
Exhibit 14	LACOE Notice of Concern dated December 20, 2013
Exhibit 15	LACOE Charter Schools Office coordinator letter dated January 24, 2014
Exhibit 16	WAYS Executive Director letter dated January 31, 2014
Exhibit 17	WAYS School Site Council Resolution dated January 23, 2014
Exhibit 18	WAYS Independent Audit Report year-end June 30, 2011
Exhibit 19	WAYS Independent Audit Report year-end June 30, 2012
Exhibit 20	WAYS Independent Audit Report year-end June 30, 2013
Exhibit 21	WAYS Board Meeting Agenda and Documents September 26, 2013 and February 3, 2014
Exhibit 22	WAYS Board Meeting September 22, 2011 Cancellation Notice
Exhibit 23	Evidence of LAUSD denial of WAYS Charter Petition
Exhibit 24	Proposition 39 Facilities Award Email from LAUSD
Exhibit 25	Evidence of LACOE authorization of WAYS Charter Petition.
Exhibit 26	WAYS June 30, 2011 Board Meeting Minutes
Exhibit 27	LAUSD Confirmation of receipt of WAYS response to Proposition 39 award.
Exhibit 28	Lease Agreements between WAYS and 714 East Manchester Avenue. Los Angeles, Ca 90001
Exhibit 29	Memorandum of Understanding agreement between WAYS and LACOE
Exhibit 30	LACOE confirmation of WAYS notice to LACOE dated October 26, 2012
Exhibit 31	WAYS Enrollment Trends 2007-2013
Exhibit 32	WAYS Director of Operations email dated January 10, 2014
Exhibit 33	WAYS Director of Operations email dated January 13, 2014
Exhibit 34	WAYS Director of Operations email dated January 22, 2014
Exhibit 35	FCMAT email dated November 29, 2014.
Exhibit 36	FCMAT email dated December 11, 2014
Exhibit 37	FCMAT email dated December 13, 2014
Exhibit 38	Vehicle Donation Letter from Emeka Enwezor
Exhibit 39	WAYS Conflict of Interest Policy
Exhibit 40	WAYS Financial Policies and Procedures
Exhibit 41	WAYS March 2013 and April 2013 calendars
Exhibit 42	Evidence of the formal ball and cumulative science competition events
Exhibit 43	Dance Studio Non-Profit 501(c)(3) organization letter.
Exhibit 44	Photographic evidence of the DeDe Dance Studio events.
Exhibit 45	Email from FCMAT regarding fieldwork schedule
Exhibit 46	Commercial Lease Agreement for 706 East Manchester Ave, Building A

FCMAT AB 139 Audit – WAYS RESPONSE (EXHIBITS)

000145

EXHIBIT

2

FCMAT AB 139 Audit - WAYS RESPONSE TABLE (EXHIBIT)

000146

Fw: Document Request List WAYS

1 message

Bali Business Management <balibusinessmanagement@yahoo.com>

Fri, Jul 12, 2013 at 2:45

PM

Reply-To: Bali Business Management <balibusinessmanagement@yahoo.com>

To: EDWARD CABIL <edcabil@sbcglobal.net>

I am forwarding this email to you because you were not copied in the original email from Debi Deal and I believe you need to be informed of it. See attached list and message below from FCMAT Specialist Debi Deal. Thank you.

Haji

Bali Business Management
4221 Wilshire Blvd., Suite 350
Los Angeles, CA 90010
323 935-4220 (office)
323 935-4230 (fax)

Thank you -  Have a Great Day!

----- Forwarded Message -----

From: Debi Deal <ddeal@fcmat.org>

To: "balibusinessmanagement@yahoo.com" <balibusinessmanagement@yahoo.com>

Cc: Veronica Morrow <vmorrow@fcmat.org>; Hazel Fields <hfields@fcmat.org>; "Michael Ammermon (mwacpa@me.com)" <mwacpa@me.com>; Anthony Bridges <abridges@fcmat.org>

Sent: Friday, July 12, 2013 11:07 AM

Subject: FW: Document Request List WAYS

Mr. Haruna,

Please find attached a document request list for the AB139 Extraordinary Audit for WAYS charter school. As explained to Linda Williams in your office this morning, the FCMAT team will be at LACOE on Monday to commence the audit. The team would like to interview you on Thursday or Friday of next week if possible as your company is the back office provider.

Contact information for instructions for uploading the documents are listing on the attachment. Please provide general ledger information in Excel format.

Please let me know of your availability.

Thank you.

Debi Deal, CICA, CFE
Fiscal Intervention Specialist
FCMAT
661-802-0228



Document Request List WAYS.pdf
245K

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EXHIBIT

3

FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000148

**Wisdom Academy for Young Scientists Public Charter School
Special Board Meeting
Monday, February 3, 2014
5:30 PM to 7:00 PM
706 East Manchester Avenue -- L.A. CA 90001**

(Posted January 31, 2014)

Mission: Our mission is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Board Member Roll Call - Present/Absent**

1. Cheryl Johnson	_____
2. Norman Golden	_____
3. Dorothy Valenti	_____
4. Armando Espinoza	_____
5. Hon. Sandra Davis	_____
6. Kimberly Daniels, Esq.	_____

IV. Approval of the Board Meeting Minutes -- August 29, 2013 and January 30, 2014

V. Additions to the Agenda (Provisions of Emergency/Urgency)

VI. Staff and Consultants Reports / Public Communication on Non-Agenda Items

Individuals of the public who have submitted a Request to Speak form will be allowed 2 minutes to address the Governing Board. This segment shall not exceed 15 minutes.

VII. Open Session

- a. Board Member Resignation Letter-- Action
- b. Newly Required Student Fee's Policy -- Action
- c. 2013-14 Fiscal Year Executive Director Contract 2013-14 -- Action Item
- d. Commercial Property Lease 2013-14 Fiscal Year -- 706 East Manchester Ave & 8778 South Central Ave Los Angeles, Ca. Negotiator -- Mr. Edward Cabil -- Action Item
- e. Commercial Property Lease 2013-14 Fiscal Year -- 7651 South Central Ave Los Angeles, Ca. Negotiator -- Mr. Edward Cabil -- Action Item
- f. Resolution to sell school vehicle -- Action Item
- g. Selection of auditor WILKINSON HADLEY KING & COMPANY, LLP -- Action
- h. Wisdom Academy for Young Scientists Annual Financial Audit -- Action
- i. Single Plan for Student Achievement -- Action
- j. Unaudited Actuals Financial Report -- Action
- k. Title I Budget 2013-14 -- Action
- l. Special Education Budget 2013-14 -- Action
- m. After School Education and Safety Program 2013-14 Budget
- n. First Interim Financial Report -- Action
- o. Updates Regarding FCMAT Audit -- Discussion Item

Recommendations

- a. Approval of Board Member Resignation Letter
- b. Adoption of Student Fee's Policy
- c. Approval of 2013-14 Fiscal Year Executive Director Contract 2013-14 -- Action Item
- d. Approval of Commercial Property Lease 2013-14 Fiscal Year -- 706 East Manchester Ave & 8778 South Central Ave Los Angeles, Ca. Negotiator -- Mr. Edward Cabil -- Action Item
- e. Approval of Commercial Property Lease 2013-14 Fiscal Year -- 7651 South Central Ave Los Angeles, Ca. Negotiator -- Mr. Edward Cabil -- Action Item
- f. Approval of Resolution to sell school vehicle -- Action Item

Wisdom Academy

2/3/14

2

000149

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered, seconded, and adopted:

"Be it Resolved, that the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to accept the resignation of Board Member Kimberly Daniels on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in accordance with applicable provisions of laws of the State of California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

000150

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of **WISDOM ACADEMY for YOUNG SCIENTISTS**

**706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001**

Duly called and held on the 3 day of February, 2014, the following resolution was offered, seconded, and adopted:

"Be it Resolved, that the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to adopt the Student Fee's Policy on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in accordance with applicable provisions of laws of the State of California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

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**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered, seconded, and adopted:

"Be it Resolved, that the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to enter a Employment Agreement with Edward J. Cabil on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in accordance with applicable provisions of laws of the State of California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered, seconded, and adopted:

"Be it Resolved, that the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to enter a Commercial Property Lease 2013-14 Fiscal Year - 706 East Manchester Ave & 8778 South Central Ave Los Angeles, Ca on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in accordance with applicable provisions of laws of the State of California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG
SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered,
seconded, and adopted:

"Be it Resolved, that the Board of Directors of this
corporation be and is hereby authorized, empowered, and
directed to enter a Commercial Property Lease 2013-14
Fiscal Year - 7651 South Central Ave Los Angeles, Ca on
behalf of said corporation.

Furthermore, all actions taken regarding this matter are in
accordance with applicable provisions of laws of the State of
California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a
majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG
SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered,
seconded, and adopted:

"Be it Resolved, that the Board of Directors of this
corporation be and is hereby authorized, empowered, and
directed to approve the resolution to sell the school vehicle
(2011 Lexus RX350) on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in
accordance with applicable provisions of laws of the State of
California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a
majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

Wisdom Academy for Young Scientists
Capital Expense Analysis

Purchase

Item: SUV or Sedan (Vehicle)

Use: Executive Business Transportation

Reason: Merle Williamson Foundation (MWF) may provide the Administrative Personnel an automobile vehicle and operating expenses for the use of conducting MWF business and reasonable personal use. Provided that MWF Administrative Personnel chose to utilize the Executive Business Transportation, this will reduce the automobile use reimbursement costs and wear and tear for individual Personnel property.

Impact: +/- 10,000 annual Personnel transportation expenses

Date: July 2012

Sale

Item: SUV or Sedan (Vehicle)

Use: Executive Business Transportation

Reason: In best interest of the stakeholders of the Merle Williamson Foundation (MWF), selling the Executive Business automobile vehicle should provide the funds to better serve the school. In which those funds may be used to purchase a vehicle for pupil transportation.

Impact: \$26,000 - \$32,000 one-time payment; +/- \$10,000 annual Personnel transportation reimbursements.

Date: August 2013

Purchase

Item: School Bus/Van (Vehicle)

Use: Pupil Transportation, Utility Vehicle

Reason: Subsidize expenses for rentals and chartered school buses for short-distance fieldtrips and destinations. Provide a van for Pupil transportation and select utility use.

Impact: +/- 10,000 annual Pupil transportation expenses

Date: TBD

Escrow.com - Transaction #679061 Details

<https://my.escrow.com/myescrow/Transaction.asp?TID=679061>

[My Transactions](#) [New Transaction](#) [My Profile](#)

Transaction #679061 - Jason-Inyoung-RX350
(You are the Seller)

Logged in as: Jason Okonkwo (mrjason7@gmail.com)
[Help](#) | [Sign Out](#)

Status

Select any status for help.

- 1 BUYER AND SELLER
AGREE TO TERMS
- 2 BUYER SENDS PAYMENT
TO ESCROW.COM
- 3 SELLER SHIPS MOTOR
VEHICLE TO BUYER
- 4 BUYER RECEIVES MOTOR
VEHICLE
- 5 ESCROW.COM PAYS
SELLER

• Closing Statement sent

Closing Statement sent via E-Mail

- The Buyer has accepted the merchandise.
- The closing statement was sent to your E-Mail account.
- Did you enjoy using Escrow.com? Send us your [feedback](#)!

Merchandise

No.	Item Description	Quantity	Unit Price	Total Price
1	Lexus RX350 2011	1	\$26,000.00	\$26,000.00
Sub-total				\$26,000.00
Shipping Fee				\$0.00
Fee: Escrow				\$-115.70
Total				
Transaction ID:				\$25,884.30
Escrow ID: 484243				

Terms

Transaction #: 679061
Escrow #: 484243
Transaction Title: Jason-Inyoung-RX350
Buyer: Inyoung Kwon
(ivkwon@hotmail.com)
Seller: Jason Okonkwo
(mrjason7@gmail.com)
Inspection Period: 3 calendar days
Escrow Fee to be paid by: Split(Buyer/Seller)
The buyer is responsible for 100% of the escrow fee in the event the transaction is cancelled or the merchandise is returned.
Transaction fulfilled using: Cargo Shipping
Shipping fee to be paid by: Buyer

History

Jan 26 2014
10:08AM PDT
Funds
disbursed.
Final closing
statements
sent to both
parties.
Jan 27 2014
9:28PM PDT
Inspection
period
ended, Buyer
accepts
merchandise.
Jan 27 2014
9:26PM PDT
Buyer
received
merchandise.
Inspection
period starts.
Jan 27 2014
12:02PM PDT
Seller
shipped
goods by
Buyer pick
up (Phone:
4036080016)
with tracking
number -

Escrow.com - Transaction #679061 Details

<https://my.escrow.com/myescrow/Transaction.asp?TID=679061>

Buyer
Pick-up

Dec 12 2013
2:49PM PDT
Escrow.com
approves
payment.

Dec 12 2013
2:48PM PDT
Buyer paid
by wire
transfer,
awaiting
Escrow.com
approval.

Dec 2 2013
3:12PM PDT
Both parties
have
accepted the
offer,
awaiting
buyer
payment.

Nov 30 2013
2:30PM PDT
Buyer
initiates the
transaction

[Customer Support](#) | [Privacy Policy](#) | [Terms of Use](#)
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PROVIDED BY
ESCROW.COM

Internet Escrow Services, Inc.
Escrow Trust Account
30318 Esperanza
Rancho Santa Margarita, CA 92688
(949) 635-3800

BANK OF AM
10-66/22

Escrow Number: 13-484243

Pay TWENTY-FIVE THOUSAND EIGHT HUNDRED EIGHTY-FOUR AND
30/100 ***** US Dollars

TO Merte Williamson Foundation
THE 706 East Manchester Ave
ORDER Los Angeles, CA 90001
OF

INTERNE
ESCROW AC

RED CHECK NUMBERING IMAGES THROUGH TO BACK OF SHEET

⑈ 119107 ⑈ ⑆ 122000661⑆ 11594-28440⑈

INTERNET ESCROW SERVICES, INC.

Escrow Number: 13-484243

Sellers Proce
Transaction N

Check No: 119107

Date: 01-28-2014

Amount: 25,884.30

Property:

Buyer : Inyoung Kwon

Seller : Jason Okonkwo

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**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG
SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered,
seconded, and adopted:

"Be it Resolved, that the Board of Directors of this
corporation be and is hereby authorized, empowered, and
directed to approve the auditor selection of Wilkinson Hadley
King & Company, LLP on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in
accordance with applicable provisions of laws of the State of
California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a
majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG
SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered,
seconded, and adopted:

"Be it Resolved, that the Board of Directors of this
corporation be and is hereby authorized, empowered, and
directed to approve the Audit year-end June 30, 2013 on
behalf of said corporation.

Furthermore, all actions taken regarding this matter are in
accordance with applicable provisions of laws of the State of
California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a
majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

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**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 31 day of JULY, 2012, the following resolution was offered,
seconded, and adopted:

"Be it Resolved, that the Board of Directors of this corporation be and
is hereby authorized, empowered, and directed to authorize the
Executive Director or designee to enter a lease or purchase
agreement for a vehicle for school use behalf of said corporation.

Furthermore, all actions taken regarding this matter are in accordance
with applicable provisions of laws of the State of California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of
the Board of Directors of this corporation on the date specified.


(Signature of Board President)

Wisdom Academy for Young Scientists

August 6, 2012

To the Finance Authority,

In accordance with Merle Williamson Foundation dba Wisdom Academy for Young Scientists Resolution of Board of Directors dated July 31, 2012 regarding "authorization to lease or purchase a vehicle for school use on behalf of the corporation. I authorize and designate Jason Okonkwo to carry out all business regarding this matter, and to sign on behalf of the organization.

Sincerely,


Edward Cabil
Executive Director

***Empowering Students to be Leaders,
Change Agents, and True Scientists***

706 E. Manchester Avenue
Los Angeles, CA 90001
(323) 752-6655 • Fax: (323) 752-6644

8778 S. Central Avenue
Los Angeles, CA 90002
(323) 589-6500 • Fax: (323) 589-6550

e-mail: wisdomacademy4ys@yahoo.com • web: www.wisdomacademy.org

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EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

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WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Friday, October 26, 2012 3:00 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Friday, October 26, 2012 at the school of Wisdom Academy for Young Scientists. Board Member, Eleanor Jones, called this meeting to order at 3:55pm.
- II. All members and guests stood and saluted the flag.
- III. Board Members Present: Eleanor Jones, Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Norman Golden
Board Members Absent: Karen Haynes
Others in Attendance: Jason Okonkwo, Edward Cabli, Deara Okonkwo, Karen Horowitz, Larry Moore, Hallu Haruna
- IV. Additions to the Agenda
- V. Approval of Minutes
 - a. July 31, 2012 – Approved 5/0
 - b. September 27, 2012 – Approved 5/0
- VI. Reports
 - a. Executive Director – Oral Report
 - b. Vice Principal(s) – Oral Report
 - c. Director of Operations – Oral Report
- VII. Discussion/Action Items
 - a. Action: Amended Fiscal Policy – Moved to Next Board Meeting
 - b. Discussion: Board Retreat – Mrs. Jones will coordinate the Board Retreat and provide updates at next Board Meeting.
 - c. Discussion: Prospective Board Members – Prospective Board Members will be recruited and invited to join the Board.
- VIII. Closed Session
 - a. Conference with Legal Counsel: Anticipated Litigation (Significant exposure to litigation pursuant to Government Code § 54956.9, subd. (b)): (one potential case) – In close session the Board considered a claim made against WAYS that presented significant exposure to litigation. With consultation with our legal counsel, the Board authorized the Executive Director to make a settlement offer to the claimant. Action Taken, See Board Resolution attached. – Approved 5/0
- IX. Oral Communication
 - a. None
- X. Future Agenda Items
 - a. Amended Fiscal Policy

XI. The board meeting of WAYS was officially adjourned at 5:32 PM

<i>Eleanor D. Jones</i>	<i>31 Jan '13</i>	<i>Dorothy Valenti</i>	<i>1-31-13</i>
Secretary of Board	Date	President of Board	Date

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**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 26th day of October, 2012, the following resolution was offered, seconded, and adopted:

"Be it Resolved, that the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to approve Edward Cabil to propose a Settlement Offer to the Previous Executive Director (Exhibit A) on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in accordance with applicable provisions of laws of the State of California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of the Board of Directors of this corporation on the date specified.



(Signature of Board President)

EXHIBIT

6

FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000168

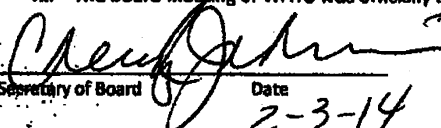
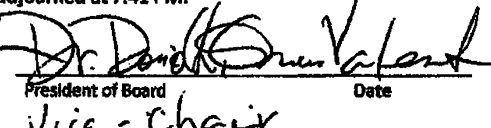


WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Thursday, January 30, 2014 5:30 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Thursday, January 30, 2014 at the school of Wisdom Academy for Young Scientists. Board Member, Eleanor Jones, called this meeting to order at 6:28pm.
- II. All members and guests stood and saluted the flag.
- III. Board Members Present: Cheryl Johnson, Dorothy Valenti, Kimberly Daniels, Armando Espinoza
Board Members Absent: Carol Lee Tolbert, Saundra Davis
Others in Attendance: Jason Okonkwo, Edward Cabil
- IV. Additions to the Agenda
- V. Approval of Minutes
 - a. None
- VI. Reports
 - a. None
- VII. Closed Session
 - a. ANTICIPATED LITIGATION – One potential item (pursuant to Gov. Code § 54956.9(d)(2).) –
 - I. A representative from the schools legal representation firm to advise the Board of Directors regarding one potential item of anticipated litigation.
- VIII. Open Session
 - a. Consideration of and potential action concerning the WAYS School Site Council resolution regarding the Board Membership of Carol Lee Tolbert and Saundra Davis (the School Site Council has requested resignation or removal of Board Members Tolbert and Davis)
 - i. Removal of Carol Lee Tolbert as Board Member
 1. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Kimberly Daniels
 2. Oppose – None
 - ii. Removal of Saundra Davis as Board Member
 1. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 2. Oppose – Kimberly Daniels
- IX. Oral Communication
 - a. Adrienne Cooks – Oral Report
 - b. Flora Gomez – Oral Report
- X. Future Agenda Items
- XI. The board meeting of WAYS was officially adjourned at 7:41 PM.

  2-3-14
Secretary of Board Date President of Board Date
2-3-14 Vice-Chair

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**WAYS BOARD ROSTER
2013/2014**

Board Member Name	Title	Email Address	Telephone	Mailing Address
Dr. Dorothy Valenti	Member	dvalenti747@yahoo.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Adraine Cook	Member	aecook@lasd.org	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Armando Espinosa	Interim Chair/Treasurer	armando.espinosa.10@my.csun.edu	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Maria Garcia	Member	cmcmariygc@hotmail.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Cheryl Johnson	Member	johnsoncenter@msn.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001

WAYS BOARD CALENDAR OF MEETINGS

Date	07/25/13	08/29/13	09/26/13	10/24/13	11/21/13	1/30/14	02/27/14	03/27/14	04/25/13	06/26/14
Time	5:00pm	5:00pm	5:00pm	5:00pm	5:00pm	5:00pm	5:00pm	5:30pm	5:30pm	5:30pm

*Subject to change. Updated 3/13/14

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WAYS BOARD ROSTER

FY – 2012/2013

Board Member Name	Title	Email Address	Telephone	Mailing Address
Dr. Dorothy Valenti	President	dvalenti747@yahoo.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Karen Haynes	Treasurer	katoant@aol.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Armando Espinosa	Secretary	armando.espinosa.10@my.csun.edu	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Eleanor Jones	Member	eleanor@c-pass.biz	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Cherly Johnson	Member	johnsoncenter@msn.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Norman Golden	Member	normansk@gmail.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001

WAYS BOARD CALENDAR OF MEETINGS

Date	07/26/12	08/30/12	09/27/12	10/25/12	11/29/12	1/31/13	02/28/13	03/28/13	04/25/13	03/30/13	06/27/13
Time	4:00pm	4:00pm	4:00pm	4:00pm	4:00pm	4:00pm	4:00pm	4:00pm	4:00pm	4:00pm	4:00pm

*Subject to change.

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WAYS BOARD ROSTER FY - 2011/2012				
Board Member Name	Title	Email Address	Telephone	Address
Edward Cabil	Member	edcabil@shrcglobal.net	323-933-1993	706 E. Manchester Avenue. LA, Ca. 90001
Jonathan Fields	Member	jonathanfields55@yahoo.com	323-377-9937	706 E. Manchester Avenue. LA, Ca. 90001
Karen Haynes	Member	karen.haynes@twcable.com	323-459-5000	706 E. Manchester Avenue. LA, Ca. 90001
Kandee Lewis	Vice President	Kandeale@aol.com	323-787-9252	706 E. Manchester Avenue. LA, Ca. 90001
Alex Love	President	alexlove93@hotmail.com	310-972-9527	706 E. Manchester Avenue. LA, Ca. 90001
Loretta McDonald	Member	lmcDonald@lbms.com	310-902-5293	706 E. Manchester Avenue. LA, Ca. 90001
Oliver Ortega	Member	oliverisloco@gmail.com	323-545-8312	706 E. Manchester Avenue. LA, Ca. 90001
Cathy Roby	Treasurer	cathy_robv@yahoo.com	310-488-2489	706 E. Manchester Avenue. LA, Ca. 90001
Tamara Smith	Member	tdsmith0052@yahoo.com	310-333-1982	706 E. Manchester Avenue. LA, Ca. 90001
Adell Walker	Member	jazz4azz@aol.com	323-630-8886	706 E. Manchester Avenue. LA, Ca. 90001
Dorothy Valenti	Secretary	dvalenti747@yahoo.com	770-882-5252	706 E. Manchester Avenue. LA, Ca. 90001

Date	07/28 - 29/2011	8/19/2011	9/16/2011	10/21/2011	11/18/2011	1/20/2012	2/17/2012	3/16/2012	4/20/2012	5/18/2012	6/22/2012
Location	Board Retreat	WAYS	WAYS	WAYS	WAYS	WAYS	WAYS	WAYS	WAYS	WAYS	WAYS
Time	All Day	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.

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**Wisdom Academy for Young Scientists
Conflict of Interest Filers - Assuming/Leaving
Form 2010-11**

Name	Assumed Office	Assuming Office Received	Left Office	Leaving Office Received
Cabill, Edward	6/7/2011	7/14/2011		
Cureton, Michael	6/7/2011	7/14/2011		
Fields, Jonathan	6/7/2011	7/14/2011		
Haynes, Karen	6/7/2011	7/14/2011		
Lewis, Kandee	6/7/2011	7/14/2011		
Love, Alexandria	6/7/2011	7/14/2011		
McDonald, Loretta	6/7/2011	7/14/2011		
Okonkwo, Jason	6/7/2011	7/14/2011		
Onwuegbusi, Dorothy	6/7/2011	7/14/2011		
Ortega, Oliver	6/7/2011	7/14/2011		
Roby, Cathy	6/7/2011	7/14/2011		
Smith, Tamara	6/7/2011	7/14/2011		
Walker, Adell	6/7/2011	7/14/2011		
Watson, Aleke	6/7/2011	7/14/2011		

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Los Angeles County Office of Education
Conflict of Interest - Annual During the Year
For The Fiscal Year 2008-2009

	Name	Division	Title	Date Signed	Date received
1	Albright, David	Business Operation	Facility Planning Office		
2	Anderson, Annette	Labor Relations/ HRS	Director, Labor Relations		
3	Anderson, Sandra	Board	Board Member		
4	Barrios, Patricia M.	Business Operation	Buyer		
5	Beauchamp, Sharon	Board of Education	Board Member		
6	Berndt, John Stirling	Head Start-State Preschool	Assistant Director		
7	Brache, Anne Karen	Business Operations - Contracts	Procurement Services Assistant		
8	Brettin, Ronald	Business Operation	Senior Real Estate Specialist		
9	Carrera, Pablo	Technology Services	Data Center Manager		
#	Chavez, Raymond	Instructional Technology Outreach	Director		
#	Cleveland-Woods, Keasha	Head Start-State Preschool	Assistant Director		
#	Coleman, Billie Joe	Special Education	Regional Director		
#	Crotty, Jonathan	Human Resource Services (HRS)	Project Director III		
#	Delgado, Lupe	Parent and Community Services	Director		

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# Dickinson, Jack Vernon	Technology Services	Data Center Manager		
# Elkins, William	JCCS	Interim Director		
# Esparza, Mike P.	Business Operation	Buyer		
# Farran, Robert W.	Special Education	SELPA Director		
# Fees, Pamela Ann	School Financial Services	Director, SFS		
# Ferrara, Ronald Kenneth	Personnel Commission	Personnel Commissioner		
# Flores, David G.	Alternative Education	Director		
# Ford, Anna	Personnel Commission	Personnel Commissioner		

Los Angeles County Office of Education
Conflict of Interest - Annual During the Year
For The Fiscal Year 2008-2009

Name	Division	Title	Date Signed	Date received
# Freer, Rudell	Board of Education	Board President		
# Freudenberg, Rodney	Personnel Commission	Director, Office of Personnel Commission		
# Gale, Shari Kim	Office of General Counsel	General Counsel		
# Gibbs, Pamela	Governmental Relations	Director		
# Gilbert-Lurie, Leslie K.	Board of Education	Board Vice President		
# Gong-Guy, Ellen	Special Education	SELPA Director		
# Guillaume, Raymond Charles	Special Education	Regional Director		
# Gundry, Jon	Superintendent Office	Deputy Superintendent		

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# Harris, Deborah	Business Operation	Procurement Services Manager		
# Henry, Micheel	Personnel Commission	Personnel Commissioner		
# Hopko, Kim Sharon	Special Education	Director		
# Landry, Paul	Internal Audit & Analysis	Director		
# Larrabee, Lawrence Duane	Business Operation	Real Estate Specialist		
# Lem, Elizabeth D.	Educational Services	Assistant Superintendent		
# Lopez, Marie	Business Operation	Supervising Buyer		
# Lucas III, John	Educational Programs	SELPA Director III		
# MacKeamp, Russell J.	Technology Services	Interim Director		
# Maloney, Cynthia	Business Operation	Procurement Services Assistant		
# Martinez, Abel	Technology Services	Assistant Director, Technology Support		
# Martinez, Elsa Denise	Alternative Education	Principal		
# McNulty, Timothy	Downey- Montebello SELPA	Consultant (retired)		
# Morales, Rocio Terrazas	Business Operation	Buyer		

Los Angeles County Office of Education
Conflict of Interest - Annual During the Year
For The Fiscal Year 2008-2009

Name	Division	Title	Date Signed	Date received
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# Morelos, Lilibeth	Business Operation	Buyer		
# Mothner, Henry	School Improvement	Director III		
# Papadakis, Angeline (Angie)	Board of Education	Board Member		
# Pavia, Carolina	Human Resource Services (HRS)	Assistant Superintendent		
# Quinones, Richard	Technology Services	Director, Educational Technologies Network		
# Reza, Martha R.	Human Resources Services	Director, EASE		
# Riley, Gerald	Educational Programs	Assistant Superintendent		
# Robinson, Sheila Lorraine	Business Operations	Buyer		
# Robles, Darline P.	Superintendent Office	Superintendent		
# Rush, Dale	Technology Services	Personal Computing Support Manager		
# Russo, Pietro V.	Technology Services	Assistant Director, Technology Services		
# Saenz, Thomas A.		Board Member		
# Sanchez, Raynette Roaz	Curriculum and Instructional Services	Director		
# Santamaria, Anneli V.	Business Operations	Facilities Planning Manager		

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# Shelton, Donald Kenneth	Business Services	Assistant Superintendent		
# Socik, Stephen Charles	Business Operations	Procurement Services Manager		
# Stephens, Roberta Liston	Business Operations	Real Estate Specialist		
# Tausch, Debbie L.	School Financial Services	Assistant Director, SFS		
# Thibodeaux, Patrick Joseph	Technology Services	Interim Assistant Director		
# Thompson, Victor C.	Student Support Services	Director		

Los Angeles County Office of Education
Conflict of Interest - Annual During the Year
For The Fiscal Year 2008-2009

Name	Division	Title	Date Signed	Date received
# Wagner, Nancy	Career and Workforce Development/ ROP	Director		
# Vaughn, Sophia	Board of Education	Board Member		
# Westmoreland, Vera Martina	Educational Programs	SELPA Director		
# Yamarone, Stephen Paul	Head Start-State Preschool	Assistant Director		
# Younglove, Sarah	Head Start-State Preschool	Director		

EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

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MERLE WILLIAMSON FOUNDATION

Wisdom Academy for Young Scientists

Board of Directors and Administration

2013-14

Name	Title
Armando Espinoza	Board Member
Dr. Dorothy Valenti	Board Member
Cheryl Johnson	Board Member
Adraïne Cook	Board Member
Maria Garcia	Board Member
Edward Cabil	Executive Director
Jason Okonkwo	Director of Operations
Karen Horowitz	Principal
Deara Okonkwo	Vice-Principal

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EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

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WAYS Board Meeting Minutes and Audio Records 2011-12, 2012-13, 2013-14 are maintained at the Manchester Campus (706 East Manchester Avenue Los Angeles, Ca 90001) and available upon written request to the Executive Director.

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EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000184

PROSPECTIVE CHARTER SCHOOL BOARD MEMBER QUESTIONNAIRE

As you are already aware, serving on a public charter school board is a position of great trust and responsibility. As a board member of a public school, you are not only ultimately responsible for the education of all students enrolled in the school but also entrusted with the obligation to see that the public monies which are given to the charter school are legally and wisely spent.

In providing the information requested, prospective board members will assist the Innovation and Charter Schools Division in determining if the application demonstrates that the school will be run in a financially, organizationally and educationally sound manner.

Background

1. Please provide your educational and employment history. Please attach your resume.
2. Please indicate whether you will be at least eighteen years old by January 1 of the year in which the proposed charter school would open.
3. Please indicate how you became aware of the proposed charter school and the opportunity to serve as a member of its board if it is chartered, including who invited you, to sit on the board.
4. Please explain why you wish to serve on the board.
5. Please indicate if you have previously served on a board of a school district or a not-for-profit corporation (including the board of a non-public school) and describe any relevant experience.
6. Please describe your understanding of the appropriate role of a public charter school board member.
7. Please indicate specifically the knowledge and experience that you would bring to the board.
8. Please provide a forecast of where you see the school in one year and then again in five years.
9. How would you handle a situation in which you believe one or more members of the school's board are involved in self-dealing (working for their own benefit, or the benefit of their friends and family)?

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Conflict of Interest

10. If you, your spouse or other immediate family members knew any of the other prospective board members prior to being invited to sit on the board, please so indicate and describe the relationship with each such other prospective board member.
11. If you, your spouse or other immediate family members know any people already known to be prospective school employees, please so indicate and describe the relationship.
12. If you, your spouse or other immediate family members know anyone that plans to do business with the school, please so indicate and describe the relationship and the nature of the potential business.
13. If the school proposes to partner with an educational service provider (a management company), please indicate if you, your spouse or other immediate family members know any employees, owners, or agents of that provider. If your answer is yes, please indicate the individuals you know and the nature of the relationship.
14. If the school proposes to enter into a contract with an educational service provider, please indicate whether you, your spouse or other immediate family member have a direct or indirect ownership, employment, contractual or management interest in the educational service provider.
15. Please indicate if you, your spouse or other relative (by marriage or blood) anticipate conducting any business with the educational service provider, the school, or both. If so, please describe the potential relationship.
16. Please indicate if you foresee any potential ethical or legal conflicts of interests should you serve on the school's board. If so, describe such potential conflicts.

Educational Philosophy

17. Please describe your understanding of the school's mission and/or philosophy.
18. Please indicate your level of familiarity with the educational program that the school proposes to utilize.
19. Please describe what you believe to be the key characteristics of a successful school. What specific steps do you think the board of the school will need to take to ensure that this school is successful?

Name (please print)

Signature

Date

This request for information was developed by the State University of New York Charter Schools Institute.

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EXHIBIT

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FCMAT AB 139 Audit - WAYS RESPONSE TABLE (EXHIBIT)

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Wisdom Academy for Young Scientists Charter

Page. 115-116

DIRECTOR OF OPERATIONS, FINANCIAL MANAGER

Purpose:

The position of Director of Operations is a Full time/Exempt position/with an at-will-work agreement. Under direct supervision of the CEO, and in collaboration with the Principal: The Director of Operations is responsible for planning, coordinating, and supervising the day-to-day business operations of the organization; and is responsible to plan, organize; prepare, develop, monitor, review, analyze, maintain and adjust the organizations budgets, funds, and accounts; coordinate, direct, and participate in financial record-keeping and related auditing functions to assure accurate and timely accounting and reporting of funds and budgets.

Qualifications:

- B.A. or B.S. degree from a recognized four-year college.
- Three years broad, varied and increasingly responsible experience with budgeting, computer information systems, and organizational procedures.
- Possession of a Certified Public Accountant (CPA) License is highly desirable;
- Two years of experience in finance or accounting work;
- At least one years in a management/supervisory position involving policy development, and budget preparation.
- Charter school experience desirable.

Knowledge, Skills, Abilities:

- Knowledge of principles, methods and procedures, related to purchasing, operation, safety, computer networking programs, food service, budgeting and accounting, electronic data processing techniques and methods, purchasing and inventory control systems;
- Knowledge of principles, methods, techniques and strategies of organization, management and supervision; Knowledge of law, policies and regulations pertaining to youth and employee records;
- Preparation of financial and statistical documents and reports;
- Analyze student achievement data, draw logical conclusions and prepare comprehensive reports;
- Deal effectively and graciously with situations requiring tact and judgment;
- Exercise patience, common sense, and good humor to thrive within the pressures, competing priorities and demands of a school office environment.

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The Primary roles and responsibilities of the Director of Operations shall include/but are not limited to:

- Operations: Prepares necessary to hire, upgrade, terminate or authorize special payments to staff.
- Processes Department of Justice Live Scan appointments; may be designated to be the Custodian of Records, and monitor Live Scan results.
- Plans and coordinates arrangements for school and community activities; acts as liaison between school and other schools, the Charter Authorizer, outside agencies, the parents, and the public at large.
- Develops, implements, and monitors work practices, systems, and methods that are effective, efficient, and consistent with Charter School standards, policies, and procedures.
- Collaborates with the school Principal to coordinate master calendar of meetings and events.
- Investigates circumstances of employee on-the-job injuries; prepares required documentation; and reports safety hazards.
- Scrutinizes facility wear and tear and makes recommendations as to facility improvement.
- Monitors accountability timelines and coordinates timely completion of administrative/clerical tasks.
- Promotes and maintains a positive and effective school climate by ensuring that all interactions with staff, students, parents, and the public at large are prompt, efficient, helpful and friendly.
- Finance: Plans, coordinates, supervises and administers the financial operations of the Charter School, including accounting, budgeting and payroll;
- Assures compliance with policies, practices and procedures; plans, organizes, coordinates, administers, integrates, evaluates and controls such functions as accounting, budgeting and payroll for the Charter School;
- Gathers, reviews, compiles, organizes, coordinates, analyzes and integrates all accounting functions, statistical analyses and financial reports;
- Provides leadership and works with staff to develop and retain highly competent, service-oriented staff through training and management practices;
- Participates in various budget review sessions and incorporates revisions; reviews, evaluates and within level of authority, approves requisitions and invoices and monitors expenditures to appropriate funds or accounts;
- Plans, organizes, coordinates and supervises internal and external auditing functions;
- Advises Board Members, CEO, and management regarding financially related issues;
- Confers with representatives of private firms, other governmental agencies, legal authorities and the public in regard to matters affecting

financial services;

Establishes and maintains effective working relationships with federal, state,
county and District staff; perform other duties as assigned.

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EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

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Wisdom Academy for Young Scientists Charter

Page. 114-115

PRINCIPAL

Purpose:

The position of Principal is a Full time/Exempt position/with an at-will-work agreement. Candidate must have proven experience in educational leadership, educational vision for and experience and success with at-risk children, demonstrated ability in program design and/or development, entrepreneurial, and interest and commitment to educational reform.

Qualifications:

- Bachelor's degree from an accredited institution; and
- California Teaching Credential; CLAD or BCLAD
- California Administrative Services Credential
- Masters Degree

The Primary roles and responsibilities of the Principal shall include/but are not limited to:

- The Principal is responsible for instructional leadership, including developing school direction, in collaboration with the Director of Operations and CEO, consistent with WAYS needs and goals.
- The Principal is responsible for setting and maintaining high standards for student performance. The Principal is responsible for enabling the school to meet the improvement standards and other goals and obligations established in the charter.
- The Principal shall cooperate, with prior approval from the CEO, with outside evaluators in their efforts to assess the school's performance by establishing strong systems for data management and analysis and making the same available to the evaluators. The Principal shall assist the CEO in developing and implementing a school accountability plan.
- The Principal must ensure smooth running of daily school operations, which includes managing crises effectively, maintaining discipline and order in the school and most importantly ensuring the overall safety and security of the school.
- The Principal, in constant collaboration with all stakeholders, shall be the lead person in the implementation of WAYS discipline policies.
- The Principal is responsible for managing staff and employees at all school sites. Managing staff includes utilizing each employee in an effective manner as well as evaluating and responding to professional development needs. The Principal must also conduct periodic evaluations on performance and give feedback in a timely manner.

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- The Principal must develop and manage relationships with parents, family and students including monitoring student status and progress and ensuring that students are aware of progress.
- The Principal is expected to be committed to the school's mission, vision and policies and to promote and enforce the same in concert with the CEO.
- The Principal will attend and prepare a report for each scheduled CEG board meeting. The report will take into consideration the school accountability plan.
- The Principal will assist the CEO by helping to edit and or write grants.
- The Principal will work in collaboration with the Director of Operations in developing and proposing an annual budget for the fiscal year with input from faculty and parents and present it to the CEO.
- Prepare regular student achievement reports
- Recruit, evaluate and manage staff including certificated teaching staff, classified staff and special programs classified assistants.
- Develop, coordinate and assess instructional programs including standards based core curriculum intervention programs special education program master plan for English Learner students.
- Supervise school wide curriculum and assessment mapping including regular student achievement data analysis.
- Develop Master Schedule in alignment with instructional program needs and supervise implementation of schedule.
- Manage and direct safe school program including emergency operations and student discipline.
- Develop and implement relevant and meaningful professional development for instructional personnel.
- Supervise implementation and or implement school policies.
- Supervise and support all compliance related reporting including categorical programs (Title, Bilingual) Civil Rights Compliance, Federal Meal Program.
- Supervise and support the maintenance of all Enrollment and admissions procedures and records as well attendance procedures and records.
- Facilitate the development of school wide vision goal setting and positive school culture.
- Train and coach teaching staff on school wide teaching and learning practices.
- Coordinate and support parent workshops, parent participation programs and family evaluations.

EXHIBIT

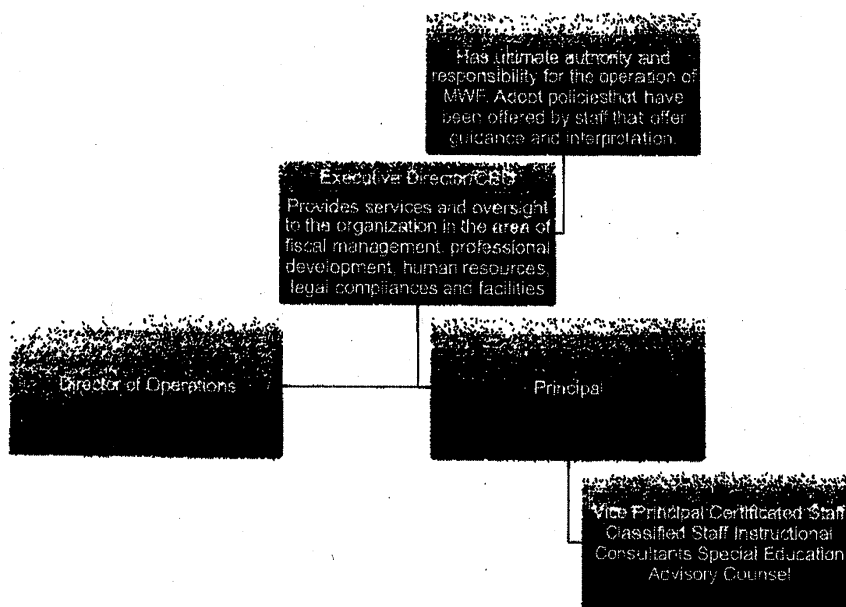
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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

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**Merle Williamson Foundation
Dba Wisdom Academy for Young Scientists**

Governance Structure



Revised 7/2011

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EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

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Los Angeles County Office of Education

Leading Educators • Supporting Students • Serving Communities

December 20, 2013

*Via First Class Mail
and E-mail: kids@civicpride.net*

Arturo Delgado, Ed.D.
Superintendent

Los Angeles County
Board of Education

Rebecca J. Turrentine
President

Kelle Braude
Vice President

Douglas R. Boyd

José Z. Calderón

Rudell S. Freer

Raymond Reiser

Thomas A. Saenz

Hon. Carol Lee Tolbert, President
Wisdom Academy for Young Scientists Board
Ms. Kimberly Daniels
Ms. Sandra Davis
Mr. Armando Espinosa
Mr. Norman Golden
Ms. Cherly Johnson
Ms. Eleanor Jones
Ms. Dorothy Valenti
5106 Genoa Street
Oakland, CA 94608

Hon. Tolbert and Members of the Wisdom Academy for Young Scientists Board:

Notice of Concern: Noncompliance with Law, Charter and Terms and Conditions of Authorization

This *Notice of Concern (Notice)* documents ongoing areas in which Wisdom Academy for Young Scientists (WAYS) has failed to comply with the law, its charter, and the Los Angeles County Office of Education (LACOE) Monitoring and Oversight Memorandum of Understanding (MOU).

Failure to Fulfill Reporting Requirements: WAYS has not been responsive to reasonable requests from the authorizer (*Education Code (EC) 47604.3*) for fiscal information and other reporting requirements as follows:

1. **Monthly financial reporting:** WAYS has not submitted its monthly financial statements for October, November, and December 2013. While there have been multiple requests from the Controller's Office for these reports, the school has been nonresponsive.

Resulting Violations: EC 47604.3; Charter Element 4 Section 4.6 (Governance: Responding to Inquiries); and MOU Section 3.4 (Revenue and Expenditure Reporting) and Attachment B (Fiscal Oversight Requirements and Financial Reporting).

2. **First Interim Financial Report:** The First Interim Financial Report was due December 2, 2013 (EC 47604.33). There were multiple requests from the Controller's Office, with a communication from the school on December 5, 2013, indicating WAYS would submit on December 6, 2013; it was not received. As of the writing of this letter, the signed certification for the First Interim Financial Report has not been received.

Resulting Violations: EC 47604.3 and 47604.33; Charter Element 4, Section 4.6 (Governance: Responding to Inquiries); Charter Element 9 (Annual Financial Audits) paragraph 2; and MOU Section 3.4 (Revenue and Expenditure Reporting).

Hon. Carol Lee Tolbert, President
Wisdom Academy for Young Scientists Board
December 20, 2013
Page 2

3. **Title I Budget:** The September 27, 2013 *Notice of Concern Regarding Student Achievement* requested that WAYS submit "...a copy of the school's Title I budget to the Charter School Office (CSO) by November 15, 2013. LACOE will review the budget to ensure funds are correctly allocated and monitor expenditures to ensure they are aligned with the SPSA/SSDP." The school's principal was reminded to submit the budget during a site visit on October 17, 2013, and again during a meeting with WAYS on November 21, 2013. To date, the budget, which must be approved by the School Site Council and Governing Board, has not been submitted. A November 20, 2013 email from the WAYS Board President states the school's Governing Board has not approved the expenditure plan and a review of board meeting agendas/minutes provides no evidence of approval.

Resulting Violations: Federal Title I Requirements; EC 47604.3; Charter Element 4, Section 4.6 (Governance: Responding to Inquiries); and Charter Element 7, Section 7.3 (Means to Achieve a Racial and Ethnic Balance: Federal Compliance).

4. **Previously Documented Reporting Failures for School Year 2013-14:** In addition to the current issues of non-compliance, WAYS received the following formal and informal communications regarding its failure to comply with the reporting requirements:

- a. **Valid Unaudited Actual Report for 2012-13:** On October 3, 2013, LACOE's Chief Financial Officer, Dr. Alex Cherniss, sent a letter to the WAYS Board regarding the school's failure to submit a valid unaudited actual report for 2012-13 by the September 15, 2013 due date.

Resulting Violations: EC 47604.33(a)(4), 42100(b), and 47604.3; Charter Element 4, Section 4.6 (Governance: Responding to Inquiries); Charter Element 9 (Annual Financial Audits) paragraph 2; and MOU Section 3.4 (Revenue and Expenditure Reporting).

- b. **Student Exit Reports:** On November 21, 2013, CSO staff met with WAYS' principal and support staff to discuss submission of the Student Exit Reports required under its MOU. A meeting summary was sent to WAYS by email on December 2, 2013, regarding the specific reporting issues discussed at this meeting. That meeting constituted the third communication on this reporting requirement. On November 30, 2013, an email was sent to WAYS' Executive Director outlining the school's failure to comply with the reporting requirements subsequent to two (2) prior verbal communications.

Resulting Violations: EC 47604.3; Charter Element 4, Section 4.6 (Governance: Responding to Inquiries); Charter Element 9 (Annual Financial Audits – Audit and Inspection of Records); and MOU Section 3.3 (Student Attendance Accounting and Reporting).

Failure to Comply with Other Charter Terms:

1. **Element 9, Annual Financial Audits:** The WAYS charter dated December 18, 2012 states, "*Board Finance Committee will develop a contract that includes the scope of the audit and requirements in the form of a Request for Application (RFA) to seek qualified applicants.*" A review of WAYS Board Agendas/minutes and board meeting audio recordings do not reflect compliance with the Charter for the change in the Auditor used in school year 2011-12 to the Auditor identified for school year 2012-13. Additionally, there is no indication the board approved the contract with the current auditor.

2. **Element 4, Governance:**

- a. **Monthly Board Meetings:** The WAYS charter dated December 18, 2012 states, "*The Governing Board of WAYS will meet monthly.*" Since July 2013, the WAYS Board held regular meetings in July and September, special meetings in August and October (due to lack of a quorum on regular

Hon. Carol Lee Tolbert, President
Wisdom Academy for Young Scientists Board
December 20, 2013
Page 3

meeting dates), and no meeting in November or December. On November 19, 2013, at 4:45 p.m., the CSO received an email from the Executive Director that the November meeting [calendared for November 21, 2013] was "postponed." No reason was provided, WAYS did not respond to the CSO's inquiry as to the reason for the "postponement," and no board meeting was held in November. No regular meeting was scheduled for December, and no special meeting was held.

b. Provide Overall Oversight: The WAYS charter dated December 18, 2012 states,

The Governing Board ultimately will be charged with assessing how the school is doing overall. The President of the Governing Board will provide an annual report to the Board of Principals of the Merle Williamson Foundation in April of each year.... it will review the information [from administration] and ascertain whether recommendations need to be made or committees need to be formed to work on specific issues. These committees may examine closely the curriculum and staffing priorities for maximum effectiveness; identifying budgetary priorities involving the use of discretionary funds; evaluating the academic effectiveness of the school program, its administration and staff, and make recommendations for improvement, accordingly. These committees are established to implement the business of the Governing Board and to facilitate it's functioning. Furthermore, the Governing Board facilitates communication and team building and acts as negotiator for disagreements.

Matters that arise concerning budgets, curriculum, school discipline, and other school matters will begin at the level of teachers and parents. The Governing Board may, from time to time, establish committees and working groups to develop a policy for the school regarding specific issues and present its findings to the Governing Board and the School Community. WAYS has adapted a set of detailed procedures and policies for all fiscal matters, which are outlined in Element I. Core policies that the board will adopt include:

- *Fiscal Policies – how the school's budget is drafted, approved and monitored; budget development calendar; staff roles related to fiscal issues.*
- *Instructional Program Policies – when necessary, establish formal policies to clarify or add specific/amend specific charter elements*
- *Personnel Policies – Establishes how the school recruits, hires, monitors, compensates, and dismisses staff. Policies will also be adopted that address state and federal labor laws related to non-discrimination, leaves, sexual harassment, and other matters. These policies will be adopted prior to hiring staff and will be drafted with legal consultation.*
- *Student and Parent Policies – how the school recruits orients, admit, disciplines, suspends, and expels students. These policies will also clarify parents' roles and responsibilities.*
- *Legal Policies – Board members' legal responsibilities, including conflict of interest, duty of care, confidentiality (See Appendix E).*
- *Internal Board Policies – Board composition and renewal/succession and to clarify any policy ambiguities*
- *Policy, policy – this policy will help to keep the policy development process at a minimum and describe how policies are made and revised.*

The Governing Board will:

- *Insure that the entire school is moving in the direction of the school vision.*
- *Serve as a clearinghouse for information to facilitate communication.*

Hon. Carol Lee Tolbert, President
Wisdom Academy for Young Scientists Board
December 20, 2013
Page 4

- *Monitor committees to ensure progress toward goals and accomplishment of duties.*
- *Assist Administration in dealing with incoming information to the school and disseminating information to the School Community.*

A November 20, 2013 email from the WAYS Board President to the Executive Director states,

... I read your email unilaterally postponing the Board of Directors' meeting; even though I emailed a draft agenda to you at 4:40 PM – in time for you to post it by 5:00 PM to meet the 72-hour deadline required by the Brown Act... However, you did find time to send out a scurrilous email requesting that the 'new' board members step down; and identifying me specifically.

a. Your administrative responsibilities do not give you the prerogative to postpone Board meetings... Moreover, you were keenly aware of the time-sensitive documents being requested by LACOE. We were to submit these documents below not later than November 22, 2013. I will list them for you:

- 1. Board Policy on Admissions/Enrollment/Lottery*
- 2. Board Policy on Student Fees*
- 3. Board Policy on Suspension & Expulsion*
- 4. Board Meeting Minutes for September 26, 2013*
- 5. Board Meeting Minutes for October 24, 2013*

b. Interestingly enough, LACOE sent an email earlier today indicating staff had emailed these unapproved Board Policies. I requested you to place the above policies on the November 21, 2013 Board agenda for review/modification/approval for the 2013-14 School Year in order to meet the requested deadline. These policies must still be approved by the Board of Directors; similar to Board minutes.

Additionally, other matters that needed to be considered by to the Board at its November 21, 2013 meeting included:

c. The Single Plan for Student Achievement along w/ the draft Student Achievement Plan outlining the strategies to be implemented that would ensure African-American and Special Education students; who did not meet their 2012-13 AYP growth targets, would meet their 2013-14 AYP growth targets. The final Student Achievement Plan is due to LACOE on December 2, 2013. I am sure Board members would like to have this information presented in a timely manner.

d. The Title One Budget due to LACOE by November 15, 2013 that was not submitted, and has yet to be reviewed and approved by the Board. This budget identifies the funds to be used to support both the 2013-14 Single Plan for Student Achievement as well as the Student Achievement Plan.

e. An overdue monthly budget presentation from Bali Business Management explaining to the Board a line item budget increase of \$118,000 from the previous school year in supplies. As you may recall, in August the Board 'conditionally' approved this year's budget in order that some funds could be used to open the school-year, although LACOE would receive a 'conditionally approved' 2013-14 budget. Since August, the Board has not had an opportunity to review the school's budget. In September, the contractor was called and instructed not to come. In October, when the contractor did come, the Board meeting was disrupted and the contractor was unable to present the budget, nor was the Board able to continue with the meeting as we were told to "get out". In fact, was directly yelled at and

000200

Hon. Carol Lee Tolbert, President
Wisdom Academy for Young Scientists Board
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Page 5

threatened by the employee to, "Get out and don't come back!" among his other verbal and physically menacing gestures.

f. Scheduling of Board Retreat that every board member agreed was needed for several reasons. (See Agenda)

g. Hearing critical Closed Session items

h. The review/approval of a contract for the Executive Director; if one had been provided. In fact, no contracts for this school year have been presented to the Board for review, approval or denial. Were the teachers' contracts approved prior to the end of school? I know this current Board did approve their Salary Schedule.

Since there is no scheduled Board Meeting in December, I am recommending that the Board schedule a December meeting, due to 'postponement' of its November meeting.

A review of WAYS Governing Board agendas/minutes and board meeting audio recordings documents concerns that the WAYS Governing Board is not fulfilling its responsibilities, corroborating the Board President's statements in the email cited, above. While there is evidence the Governing Board is requesting the information it needs to make informed decisions, that information is not being provided in a manner that allows the Governing Board to fulfill the duties and obligations described in the charter petition dated December 12, 2012.

The Board President's allegation (stated in paragraph "e") that a school employee's behavior resulted in the premature conclusion of a WAYS Board meeting was corroborated by the Executive Director's statement (Attachment 1) accompanying the audio recording of the meeting and a verbal report from another school employee. This is the second time we have received notice of an altercation that ended a WAYS Board meeting. In 2011, LACOE received written complaints from WAYS Board members that the behavior of another individual associated with the school resulted in the cancellation of a meeting. Those complaints were corroborated by verbal reports from parents and school staff. These incidents are serious; the WAYS Board must ensure compliance with charter Element 6, Health and Safety, Section 6.2, which states, "*Wisdom Academy for Young Scientists will maintain a safe and secure environment for its students, staff, administration, school volunteers, and visitors.*"

The Board President's allegation that the school's Executive Director is overstepping his authority is also an ongoing concern. In an email dated October 10, 2011, the Executive Director wrote to LACOE, "*I called a special meeting because a total of six board members resigned, thus leaving the board with only five active board members.*" While the email states, "*four of the remaining board members all agreed that we needed a called meeting because of the desperate and crucial situation surrounding WAYS...*" There is no evidence the board called the meeting as required by the Bylaws. The email continues, "*In an October 05, 2001 [sic] email, the board VP promised the board members that she would schedule a meeting with an agenda by Friday, October 07, 2011, if not sooner; however, no meeting nor agenda items were posted as promised, thus prompting my immediate actions!*" The email corroborates the administrator's history of overstepping his authority.

As you are aware, the December 12, 2012 version of the charter petition still contains contradictions and inconsistencies and fails to meet the conditions of authorization imposed by the County Board in its June 7, 2011 approval action.

Previously documented concerns reported to the County Board on May 10, 2011 (Attachment 2) and May 1, 2012 (Attachment 3) resulted in County Board action compelling WAYS to arbitration (Attachment 4). Arbitration documents have been filed; an arbitration date is pending.

000201

Hon. Carol Lee Tolbert, President
Wisdom Academy for Young Scientists Board
December 20, 2013
Page 6

Additionally, due to ongoing fiscal concerns documented in the school's 2011-12 Independent Audit and other evidence, I authorized an audit under EC 1241.5(c) and informed the school of such on May 17, 2013. (Attachment 5)

Based on the school's continued failure to comply with law, the terms and conditions of its charter, and the LACOE MOU, I will be recommending that the County Board issue a *Notice of Violation* under EC 47607(c) as follows:

A charter may be revoked by the authority that granted the charter under this chapter if the authority finds, through a showing of substantial evidence, that the charter school did any of the following: (1) Committed a material violation of any of the conditions, standards, or procedures set forth in the charter... (4) Violated any provision of law.

Should the results of the audit conducted under EC 1241.5(c) provide evidence of the school's failure to meet generally accepted accounting principles or fiscal mismanagement, the *Notice of Violation* may be broadened to encompass EC 47607(c)(3).

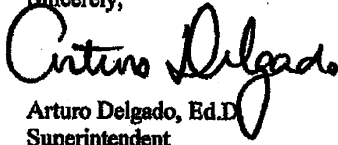
Prior to revocation, the County Board shall notify the charter public school of any violation of this section and give the school a reasonable opportunity to remedy the violation, unless the authority determines, in writing, that the violation constitutes a severe and imminent threat to the health or safety of the pupils. (EC 47607(d))

The school shall be notified of the time and date the recommendation to the County Board and shall be given the opportunity to review the evidence presented in support of the recommendation. Should the County Board approve the recommendation, the County Board and the LACOE will comply with the requirements of EC 47607(c) and the *California Code of Regulations*, Title 5, Article 2, Section 11965, subsections (b) - (f).

I am hopeful that the WAYS Board will take action to correct the violations documented in this letter and prevent future violations. Such a plan, and definitive Board actions that document its implementation, should be submitted to the CSO by January 20, 2014.

Should you have any questions, please contact the CSO at (562) 922-8806.

Sincerely,


Arturo Delgado, Ed.D.
Superintendent

AD/JH:ls
Attachments (5)

c: Los Angeles County Board of Education
Yolanda M. Benitez, Assistant Superintendent, Educational Services, LACOE
Olivia Fuentes, Director, Division of Accountability, Support and Monitoring, LACOE
Judy Higelin, Project Director III, Charter School Office, LACOE

000202

Attachment 1

Wisdom Academy for Young Scientists

November 12, 2013

Neha Patel
LACOE Charter Schools Office
9300 Imperial Highway
Downey, California 90242

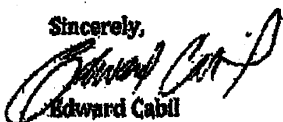
Dear Ms. Patel,

I am writing regarding Wisdom's October 24, 2013, Board Meeting audio recording.

The Wisdom's October 24, 2013, Board Meeting was ended abruptly at 8:40pm at the conclusion of the closed session due to an unanticipated interruption.

The audio enclosed is the only audio there is for the October 24, 2013, Board Meeting.

Sincerely,


Edward Cabil

*Empowering Students to be Leaders,
Change Agents, and True Scientists*

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Los Angeles, CA 90001
(323) 752-6655 • Fax: (323) 752-6644

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000203

Attachment 2

Board Meeting – May 10, 2011

Item VII. Reports / Study Topics

**Report on the *Wisdom Academy for Young Scientists, Grades K-5*
Appeal of a non-renewed Petition by Los Angeles Unified School
District Board of Education**

The Wisdom Academy for Young Scientists Charter School renewal petition is presented to the Los Angeles County Board of Education (County Board) pursuant to *Education Code* section 47605. Upon denial by Los Angeles Unified School District Board of Education, the petitioner exercised the statutory right of appeal to the County Board.

Charter renewal is governed by *EC* sections 47607 and 47605:

Section 47607(a)(2) states: Renewals... of charters are governed by the standards and criteria in § 47605, and shall include, but not be limited to, a reasonably comprehensive description of any new requirement of charter schools enacted into law after the charter was originally granted or last renewed.

Section 47605(b) limits the reasons for denying a renewal petition to the following:

- (1) The charter school presents an unsound educational program
- (2) The petitioners are demonstrably unlikely to successfully implement the program
- (3) The petition does not contain an affirmation of specified assurances
- (4) The petition does not contain reasonably comprehensive descriptions of 16 required elements of a charter

The County Board shall evaluate the petition according to the criteria and procedures established in law and may only deny the petition if it provides written findings addressing the reasons for the denial.

Section 47607(b) states: Commencing on January 1, 2005, or after a charter school has been in operation for four years, whichever date occurs later, a charter school shall meet at least one of [5 academic performances] ... criteria prior to receiving a charter renewal....

000204

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Section 47605(b) states: A school district governing board shall grant a charter for the operation of a school under this part if it is satisfied that granting the charter is consistent with sound educational practice.

The County Board shall evaluate the petition according to the criteria and procedures established in law and may only deny the petition if it provides written findings addressing the reasons for the denial.

Summary of Key Findings:

Finding 1: WAYS met the academic performance criteria for renewal under EC § 47607(b)(1) and (2).

Finding 3: The petitioner is unlikely to successfully implement the program. The governing board has demonstrated a lack of capacity to oversee the operation of the school by allowing self-dealing transactions and other Conflicts of Interest. In addition, members of the governing board have personal and business ties to the school and/or Executive Director. The board was ineffective in responding to the Conflict of Interest concerns identified in the Notice to Cure; this ultimately led to non-renewal of the charter. Deficiencies in the renewal petition and responses by the board during the Capacity Interview indicate a continued lack of understanding and familiarity with the content of the petition and requirements of law necessary to successfully implement the charter.

Finding 5: The petition lacks a reasonably comprehensive description of eleven (11) of the 16 required elements.

- Proposed educational program lacks an adequate description of the school's target populations, overestimates the number of students to be served in the first year of the renewal charter, and provides no build-out plan to support this level of enrollment. The petition fails to indicate how the school will identify and respond to the needs of pupils who are not achieving at or above expected levels, students with disabilities, and English learners. The Measurable Outcomes and Means for Measuring Pupil Progress do not address the needs of all student subgroups the school proposes to serve.
- The proposed Governance Structure fails to provide evidence of an organizational and technical design that reflect a seriousness of purpose necessary to ensure that the school will become and remain a viable enterprise. The governance structure fails to provide adequate oversight of the school's operation and fiscal management. The governing board's lack of effective oversight has jeopardized the school's charter status and there is no

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evidence that the board can implement the proposed educational program stated in the petition. The Organization Chart conflicts with information provided elsewhere in the petition regarding key management positions. The petition does not commit to complying with the Political Reform Act, which is required of all charter schools, and fails to include a Conflict of Interest policy. Certain provisions of the bylaws appear to be in direct conflict with the Brown Act.

- The following Required Elements are not reasonably comprehensive: Employee Qualifications, Means to Achieve a Racial and Ethnic Balance, Admission Requirements, Submission of Annual Independent Audit, Suspension and Expulsion Procedures, and Public School Attendance Alternatives, and Dispute Resolution Procedures.

The full Report on the Findings of Fact for the Wisdom Academy for Young Scientists Charter School is attached.

LACOE staff will present the report to the County Board.

Los Angeles County Office of Education
Charter School Office
Date: May 10, 2011

Report on the *Wisdom Academy for Young Scientists Charter Petition, Grades K-5*
Appeal of a Petition for Charter Renewal Denied by Los Angeles Unified School District
Board of Education

Background Information

The *Wisdom Academy for Young Scientists Charter School* (WAYS) petition seeks an application for renewal of their K-5 charter school in accordance with *Education Code* Section 47607.5. The school's current enrollment is approximately 250 students. The school proposes to grow enrollment to 500 students over the next five (5) years by expanding operations from its two (2) current sites (706 East Manchester 90001, and 8878 South Central Avenue 90002) to a larger facility. WAYS also applied to LAUSD for a Prop 39 site; sites were awarded on April 1, 2011.

The petition states the charter school's mission "is to create a transformational learning climate in which students become 'Empowered to be Leaders Change Agents and True Scientists.'"

The school's vision is "to create an educational program that educates the whole child." Nine (9) goals are stated under the vision.

WAYS first year of operation was 2006-07. Its Academic Performance Index (API) history (calculated as a small school with less than 100 students in Growth API) and enrollment figures are presented below.

Growth API			Enrollment Figures			
Year	Growth API	Number of Valid Scores*	Enrollment on First Day of Testing Grades 2-5	Total Enrollment Grades 2-5	Total Enrollment Grades K-1	Total Enrollment Grades K-5
2009-10	879	90	127	129	108	237
2008-09	843	95	98	97**	76	173**
2007-08	774	78	93	59	87	141
*Number of students included in Growth API. Students must be continuously enrolled since Census day (CBEDS) Source: CDE DataQuest			**4 additional students are included as enrolled in grade 6 although school is authorized for grades K-5 Source: CDE DataQuest			

The CDE states "APIs based on small numbers of students are less reliable and therefore should be carefully interpreted." Schools with less than 100 Valid Scores on the California Standards Test (CST) do not receive Similar School Rankings or comparison schools; therefore, it cannot be determined how WAYS' API compares to schools with similar demographics.

The chart compares the demographics of WAYS and the two (2) closest public non-charter schools.

2009-10 DEMOGRAPHIC Information:	WAYS	LAUSD Local District 7	South Park Elem.	93rd Street Elem.
Black or African American	61%	18.6%	17%	24%
Hispanic or Latino	39%	80.4%	82%	76%
Free & Reduced Price Lunch	100		100	100
English Learners	15		52	41
Students with Disabilities	4		9	8
Average Parent Education Level	2.53*		1.56**	1.57***

* 21% Not HS Grad. / 37% HS Grad. / 9 % Some College / 33% College Grad. ** 59% Not HS Grad. / 28% HS Grad. / 9 % Some College / 2% College Grad. / 2% Grad. School ***60% Not HS Grad. / 25% HS Grad. / 13% Some College / 1% College Grad. / 1% Grad. School
Data Sources: CDE STAR and LAUSD <http://search.lausd.k12.ca.us/cgi-bin/fcgi.exe?racelandethistory>

Report on the Wisdom Academy for Young Scientists Charter

Racial and ethnic demographic data shows WAYS does not reflect diversity of the community (LAUSD Local District 7) in which it is located or the two (2) closest LAUSD non-charter elementary schools. WAYS also enrolls fewer students with disabilities and English learners than near-by public non-charter schools. Conversely, its parents have a higher education level, which positively correlates with higher levels of student academic achievement.

Reason for Denial by the Local District

The Los Angeles Unified School District (LAUSD) Board of Education denied the petition based on written Findings of Fact that comply with requirements for denial under the following sections of the Charter School Act:

EC § 47605(b)(2) The petitioners are demonstrably unlikely to successfully implement the program:

Conflict of interest concerns exist pertaining to members of the WAYS Board of Directors and the WAYS Executive Director and Principal. Specifically, the WAYS founder and Executive Director receives both a salary for her position and lease payments for two properties which she owns that are occupied by the school. She negotiated the leases to WAYS charter school. The WAYS governing board was asked to independently address and resolve the conflicts by the mutually agreed upon date of October 15, 2010; the WAYS Board of Directors' response failed to resolve the issues by that deadline. The WAYS governing board was minimally responsive to staff communications; the Executive Director was the primary respondent to address the Conflict of Interest issues. LAUSD considered the governing board's lack of independent and effective response to the Notice of Concern to be inconsistent with its fiduciary responsibility considering that the Executive Director was the subject of the self-dealing Conflict of Interest concerns which called into question the Board's capacity to govern the Charter School and successfully implement the program set forth in the petition. The WAYS Board failed to resolve the Conflict of Interest issues and only minimally attempted to do so in January 27, 2011.

The WAYS governing board is unfamiliar with the content of the petition and/or requirements of law. Cited examples included inconsistencies between the charter petition and the WAYS' corporate bylaws regarding compliance with the Brown Act which called into question whether the Board is familiar with and complies with the requirements of the Brown Act. Additionally, the Board allowed self-dealing transactions to transpire, even though the Board in the charter agreed to comply with LAUSD's charter school policies and regulations regarding Conflict of Interest.

EC § 47605(b)(5) The petition fails to provide a reasonably comprehensive description of 12 of the 16 required elements: The Educational Program, Method for Measuring Pupil Progress, Governance Structure, Health and Safety Procedures, Means for Achieving a Racial and Ethnic Balance, Admission Requirements, Submission of Independent Audit, Suspension and Expulsion Procedures, Identification of Retirement Systems, Public School Alternatives, Dispute Resolution, Closure Procedures.

Any of the above findings alone may be cause for the denial of a charter under EC § 47605(b).

The Findings of Fact state the academic performance criteria for renewal under EC § 47607(b) were met.

Response from the Petitioner

The petitioner provided a written response to the findings of the local board and submitted it as part of the petition package. The response was considered during the review process.

Appeal to the Los Angeles County Board of Education

The Los Angeles County Board of Education (County Board) held a Public Hearing to determine support for the petition on April 19, 2011.

Report on the Wisdom Academy for Young Scientists Charter

LACOE Review Process

The LACOE Charter School Review Team (Review Team) considered the petition according to the requirements of law, *California Administrative Code of Regulations*, County Board Policy and Regulations, and LACOE review procedures.

The Review Team included staff from the Controller's Office, Business Operations and Services, Risk Management, Divisions for School Improvement, Curriculum and Instruction, Special Education, Student Support Services, Human Resource Services, Office of General Counsel, and the Charter School Office.

Findings are based on a review of the same petition submitted to the local district and supporting documents submitted by the petitioner, and information provided through the Capacity Interview and other communications with the petitioner and other representatives of the school. The petitioner also submitted proposed changes (technical adjustments) to the petition necessary to reflect the County Board as the potential authorizer. These changes should reflect the statutory, policy, and structural differences between a county office of education and a local district. These differences include, but are not limited to, the statutory authority of the County Superintendent of Schools to investigate complaints as well as structural differences in the responsibilities with regard to special education services. Proposed changes provided by the petitioner were considered by the Review Team.

Findings also take into account the petition was initially submitted to a local district and contains specific references to that district. The Charter School Office confirmed that LAUSD requires the petitioner to include specific language or content in a petition. This requirement was considered by the Review Team.

Findings of Fact

Finding 1: WAYS met the academic performance criteria for renewal under EC § 47607(b)(1) and (2).

WAYS attained its Academic Performance Index (API) growth target in the prior year, in two of the last three years, and in the aggregate for the prior three years.

Academic Performance Criteria: Met Assigned Growth Targets				
Year	API Base	Growth Target	API Growth	Actual Growth
2007-08	782*	5	774	-8
2008-09	775*	6	843	68
2009-10	843*	A**	879	36
Aggregate Growth		10		96

*API is calculated for a small school (between 1 and 99 valid scores) which makes it less reliable and should be carefully interpreted. ** No growth target for schools where API is 800 or above.

WAYS ranked in deciles 4 to 10, inclusive, on the API in the prior year and in two of the last three years.

Academic Performance: Decile Ranks*		
Year	Statewide Rank	Similar Schools Rank
2007-08	8	N/A*
2008-09	5	N/A*
2009-10	8	N/A*

* Not calculated for small schools

While WAYS met the academic criteria necessary to be considered for renewal, there are concerns that the school has not increased or sustained its percentage of "Valid" CST scores indicating an unstable student enrollment base. Valid scores are based on the number of students tested who were continuously

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enrolled from norm day (CBEDS) in October through the first day of testing. For 2009-10, only 71% of tested students were continuously enrolled. At South Park Elementary School, 88% of tested students were continuously enrolled. On average, 26% of students who enroll at WAYS withdraw prior to standardized testing based the "Elementary Principal's Statistical Report" for 2007-08 through 2010-11.

Finding 2: The petition provides an unsound educational program for students to be enrolled in the school. [EC § 47605(b)(1)]

The program is determined to be unsound for specific subgroups of students as described under Finding 5: Elements 1 – 3.

Additionally, based on enrollment data for Hispanic/Latino students, English learners, students with disabilities, and data showing the number of students who leave during the year, the school is not providing a program of educational benefit for all students the petition states the school intends to serve.

Finding 3: The petitioners are demonstrably unlikely to successfully implement the program. [EC § 47605(b)(2)]

Based on review of the petition, supporting documents provided by the petitioner, documents provided by LAUSD, and the Capacity Interview with the school's leadership team, the petition does not meet the criteria established in CCR, Title 5, § 11967.5.1(c).

1. Review of the renewal petition submitted on behalf of the WAYS board indicates the WAYS governing board lacked the capacity to govern the school.
 - A. The governing board was *unfamiliar with the content of the petition and requirements of law* with respect to Conflict of Interest. The submitted charter states the school will comply with *Government Code 1090*; however, some members of the board had prior relationships with the school and/or the Executive Director and members of her family.
 - i. The board president, a business management consultant, lists Wisdom Academy as a client on her resume, which contradicts her statement on the *Prospective Charter School Board Member Questionnaire* that consulting services were not provided.
 - ii. One board member stated on the *Prospective Charter School Board Member Questionnaire* that she is the Board President for DeDe Dance Studio, owned by the Executive Director's daughter, and is currently used by the charter school; this indicates a Conflict of Interest.
 - B. The governing board failed to comply with the terms of the charter by allowing the school to enter into a self-dealing transaction with its Executive Director regarding the school's facilities. There is no evidence that the governing board considered other sites or conducted an independent assessment of lease rates prior to entering into the agreement with the Executive Director.
 - C. The governing board allowed other conflicts of interest to exist through the hiring of members of the Executive Director's family and by permitting the Executive Director to supervise these family members while the Principal supervised other similarly employed personnel. The Executive Director's son, originally hired to oversee custodial and gardening services was promoted to Director of Operations, which involves financial responsibilities according to the Executive Director. The Executive Director's daughter, who is employed as a teacher and dance instructor, owns the dance studio used by the school.
 - D. The governing board demonstrated its inability to effectively govern the school by its failure to respond fully and in a timely fashion to the September 29, 2010 Notice to Cure regarding Conflicts of Interest issued by LAUSD. The LACOE Review Team reviewed documents received

Report on the Wisdom Academy for Young Scientists Charter

from both the district and the charter school. The documents indicate WAYS failed to provide a sufficient cure. WAYS governing board had eight (8) months (September 2010 to April 2011) to remedy the concerns in the Notice to Cure, and failed to do so.

2. The WAYS governing board continues to be *unfamiliar with the content of the petition and requirements of law that would apply to the proposed charter school* and lacks the *necessary background* to effectively govern the school.

A. In its response to the Findings of Fact upon which the LAUSD Board of Education denied charter renewal, WAYS submitted documents pertaining to the governance structure of the school in an effort to demonstrate that the school had taken steps to address Conflict of Interest concerns. Although these documents may not have been considered by the LAUSD Board of Education because they were submitted after the deadline to provide evidence, the LACOE Review Team considered the documents to determine whether they would substantially resolve the conflicts. The Review Team determined the documents were inadequate to resolve the Conflict of Interest concerns based on the facts presented below:

- i. The action taken by the Executive Director, and supported by the WAYS governing board, failed to resolve the conflict regarding her ownership of the property. Documents submitted by WAYS indicate the properties were placed into a revocable trust. WAYS' attorney concurred that this action failed to resolve the conflict in that "the transfer to a holding company through a revocable trust, [was] not transferring the property ownership under California law." (page 3 of the March 25, 2011 Response to LAUSD Findings of Fact) WAYS' governing board allowed the conflict to continue by executing a lease agreement with the holding company rather than requiring the Executive Director to take action that would definitively end the conflict.
- ii. The governing board failed to disclose that the school had been offered Prop 39 facilities, a viable option to resolving the issue. At the April 19, 2011 Capacity Interview, the Review Team inquired about the school's statement that it had requested a Prop 39 site. Neither the Executive Director nor WAYS board members disclosed that LAUSD had offered the school facilities on April 1, 2011. LAUSD received a letter of acceptance signed by the Executive Director on May 2, 2011. LACOE has yet to hear from WAYS regarding their decision.
- iii. Changes to the governance structure proposed after the petition was submitted to LAUSD continue to be inadequate. The Organizational Chart indicates three (3) positions report directly to the board due to the Conflict of Interest posed by the familial relationships: the Executive Director, Principal, and Director of Operations. This structure places an undue burden on the board to manage the day-to-day operations of the school. There is no evidence the current board has the capacity to govern effectively under this structure.
- iv. The governing board failed to demonstrate the ability to avoid future Conflict of Interest situations. When asked at the Capacity Interview about potential conflicts arising from the employment of multiple family members, the chain of command, and continued use of the facilities owned by the Executive Director, the board members did not explain how they would ensure that no future Conflicts of Interest would develop or how they would handle such conflicts if they did occur. The board stated that additional changes to the governance structure are being considered; these options are outside of the scope of this review as they were not available to be considered by the LAUSD Board of Education.
- v. The renewal petition submitted by WAYS fails to comply with *EC § 47607(a)(2)* which requires that *Renewals...of charters are governed by the standards and criteria in 47605, and shall include...a reasonably comprehensive description of any new requirement of charter*

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schools enacted into law after the charter was originally granted or last renewed... The petition contains references to outdated laws, policies, and practices, contains significant contradictions and omissions regarding key positions of employment, and provides elements that are not reasonably comprehensive. These deficiencies, reported under Finding 5, indicate the governing board lacks the knowledge of the laws under which the charter would operate.

3. *The petitioner has a history of involvement in education agencies (public or private) considered as unsuccessful.*
 - A. The Executive Director is listed as the petitioner. Properties she owns and leased to WAYS were previously used to house her private school. CDE records compiled from data supplied by the private school operator indicate that enrollment declined from 60 to 20 students in the three years prior to the school closing.
 - B. The WAYS Executive Director closed her private school with the intent to use the facilities she owned to house a charter school. The chronology of public records and statements made by the Executive Director during the Capacity Interview indicate she closed the private school due to insufficient enrollment. The petitioner stated she inquired about the process of becoming a charter school and was informed that the private school would need to be closed for one year prior to becoming a charter. The petitioner purposely closed the charter school as required and applied for a charter after the one year required waiting period.

The status of the Conflict of Interest issues is unclear. With the acceptance of the Prop 39 sites, the conflict regarding facilities may be resolved only if the school stops leasing its current facilities. The conflicts concerning personnel could only be resolved through a material revision to the governance structure of the charter including, but not limited to, the Executive Director's resignation or release from her current position and with the provision that she hold no future positions funded by the school. Regardless of the potential resolution to the certain Conflict of Interest issues, the Review Team considers the governing board to be ineffective in governing the school and demonstrably unlikely to successfully implement the proposed charter.

Finding 4: The petition contains an affirmation of all specified assurances. [EC § 47605(b)(4); EC § 47605(d)]

Finding 5: The petition does not contain a reasonably comprehensive description of all required elements. [EC § 47605(b)(5)(A)-(P)]

Based on criteria provided by the *California Code of Regulations, Title 5, (5 CCR)* eleven (11) of the 16 elements are not reasonably comprehensive.

Element 1: Description of the Educational Program. Not reasonably comprehensive

The 5 CCR § 11967.5.1(f)(1) requires the petition to address eight (8) requirements. The petition fails to meet each of the established criteria rendering aspects of the educational program deficient for specific populations the school proposes to serve: English Learners, low-achieving students, high-achieving students, and students with disabilities. The deficiencies are as follows:

1. *Failure to indicate the proposed charter school's target student population, including, at a minimum, grade levels, approximate numbers of pupils, and specific educational interests, backgrounds, or challenges.*
 - A. The petition overestimates the number of students to be served in the first year of the renewal charter and provides no build-out plan to support this assumption.

Report on the Wisdom Academy for Young Scientists Charter

- i. There is no build-out plan to support the proposed enrollment. The petition states (page 31) 520 students will be served in the first year of operation. At the Capacity Interview, the leadership team indicated that number is attainable only if a new site is obtained with increased capacity. The petition lacks an expansion plan except to state "...scheduled expansion to 25 [classrooms]." No plan was provided during the Capacity Interview.
- ii. WAYS has never increased enrollment by 250 students in a single year. In 2009-10, the school enrolled 237 students, 46% of which were in grades K-1; in 2008-09, the school enrolled 177 students, of which 43% were in K-1; and in 2007-08, the school enrolled 146 students, of which 60% were in K-1. Historically, the school has seen reduced enrollment in its upper grades, although that trend was not as pronounced in 2009-10, the most recent year for which CDE data is available. At the Capacity Interview, the school stated it currently enrolls about 250 students.
- B. The school failed to meet its goal of serving a target population "similar to that of the surrounding community" defined as 50% Hispanic/Latino and 50% African American (page 34). In 2009-10, 61% of the students were Black or African American and 38% were Hispanic or Latino as compared to LAUSD Local District 7 which was comprised of 18.6% Black or African American students and 80.4% of Hispanic or Latino Students.
- C. The petition lacks specific information regarding its target population for students with disabilities and English learners. It states (page 33) the student population at the nearest non-charter public school is 63% English learners while the CDE reports 7% of WAYS students are English learners. The CDE reports 4% of WAYS students are identified as having disabilities which is half the rate of the two (2) closest non-charter public elementary schools.
2. *Lacks a framework for instructional design that is aligned with the needs of the pupils that the charter school has identified as its target student population.*
 - A. The petition lacks detail regarding the grade levels and outcomes for each grade level and there is no framework for curriculum and/or instructional approach for English learners outlining how this population of students will be provided access to core curriculum.
 - B. While the petition states the school will provide more instructional minutes than required by the state, WAYS has been reducing the number of minutes it provided based on its Independent Audit Reports. The year ended June 30, 2009, shows 72,900 actual minutes and the year ended June 30, 2010, shows 70,200 minutes. The petition proposes 53,500 minutes for year 2011-2012; it does not explain the reason for the reductions or how the school intends to maintain its academic performance as instructional minutes are reduced.
3. *Fails to indicate how the charter school will identify and respond to the needs of pupils who are not achieving at or above expected levels.* The goals (page 47) for low achieving students are not clear and there is no indication of what advanced academic challenges will be provided for gifted and talented students (page 48).
4. *Indicates how the charter school will meet the needs of students with disabilities, English learners, students achieving substantially above or below grade level expectations, and other special student populations.*
 - A. The element is deficient with respect to English learners because it fails to:
 - i. Describe adequate basic and supplemental resources to provide English learners equitable access to the core curriculum.

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- ii. Provide the manner in intervention will be given to students who struggle to acquire English language skills outside of the "45 minutes during the school day for focused English language development. This instruction will emphasize vocabulary development, phonemic awareness, and oral and writing English." (page 48)
 - iii. Describe how the Individualized Education Program (IEP) Team determines placement of English learners in need of special education services, state that non-biased assessments used to determine placement must be conducted in the student's primary language under Federal law, and that the IEP must be linguistically appropriate.
 - iv. Demonstrate understanding of the difference between meeting the needs of English learners and meeting the needs of students with disabilities. The petition (page 22) indicates that to ensure the success of English learners, the school will use a collaborative approach that fosters communication between its Resource Specialist and Speech Therapist. These specialists only provide direct services to students identified as having disabilities.
- B. The element is deficient with regard to students with disabilities because it fails to *specify the charter school's special education plan, including the process to be used to identify students who qualify for special education programs and services, how the school will provide or access special education programs and services, the school's understanding of its responsibilities under law for special education pupils, and how the school intends to meet those responsibilities.*
- i. It does not describe accommodations and/or modifications that may be used during standardized assessments or how WAYS is responsible for students with disabilities when the IEP Team exempts them from standardized testing.
 - ii. There is no mention of how parents of students with disabilities are informed about the school's educational program.
 - iii. There are deficiencies with regard to English learners and special education services as stated in "A," above.

Element 2: Measurable Pupil Outcomes. Not reasonably comprehensive

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(2) as follows:

1. It fails to *specify skills, knowledge, and attitudes that reflect the school's educational objectives and can be assessed by objective means that are frequent and sufficiently detailed enough to determine whether pupils are making satisfactory progress.*
- A. There are no identified measurable outcomes for students in Kindergarten and first grade who do not participate in Standardized Testing and Reporting (STAR).
- B. There is no ongoing means for measuring English learners' acquisition of English or academic growth in content areas. The petition states the (California English Language Development Test (CELDT) will be administered "periodically" to monitor student progress of English language acquisition; however, it can only be administered annually which is insufficient to *evaluate the effectiveness of and to modify instruction.* The petition indicates Open Court Reading assessments will be used as formative assessments for English learners; however, they are not designed to measure progress towards English language proficiency but rather language arts skills and concepts. It fails to provide assessments to determine academic growth in other content areas.

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- C. Goals cannot be measured as stated. The petition states the percentage of students achieving proficient and advanced in History/Social Science will increase on the CST by 5% each year; there is no History/Social Science CST for grades K-5.
- D. It lacks information on how students with disabilities will be assessed on making progress toward meeting their goals and benchmarks.

Element 3: Method for Measuring Pupil Progress. *Not reasonably comprehensive*

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(3) as follows:

- 1. It does not utilize a variety of assessment tools that are appropriate to the skills, knowledge, or attitudes being assessed, including, at minimum, tools that employ objective means of assessment consistent with the measurable pupil outcomes.
 - A. Information is limited on how stated internal assessments (text based, benchmark performance, unit level, etc.) are used as objective means to assess student progress consistent with measurable outcomes (page 98). Language is vague and fails to indicate how assessments are used in English-Language Arts, math, science, social studies, and English Language Development.
 - B. There is no information regarding assessment of K-1 students who do not participate in STAR. This is of particular concern since about half the school's enrollment is in grades K-1.
 - C. Out of date assessments are proposed in violation of EC § 47606(a)(2). The petition states the school will administer the CAT 6, which is obsolete, and proposes performance objectives based on data from this assessment.
- 2. It does not outline a plan for collecting, analyzing, and reporting data on achievement of English learners to school staff and to pupils' parents and guardians, and for utilizing the data continuously to monitor and improve the charter school's educational program. There is no mention of English learner's testing performance or academic monitoring of English language levels beyond use of the CELDT. Nor is there mention of providing accommodations and/or modifications for standardized tests for students with disabilities; tests used to determine eligibility for special education programs and services; the manner and type of data maintained for students with disabilities; or how information will be disseminated to parents of students with disabilities.

Element 4: Governance Structure. *Not reasonably comprehensive*

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(4) as follows:

- 1. There is lack of evidence of the charter school's incorporation as a non-profit public benefit corporation for the purpose of running a charter school. While the articles of incorporation and bylaws provide evidence of the charter school's non-profit public benefit corporation status, governing a charter school is not listed as the specific purpose of this corporation. The petitioners have failed to amend these documents to reflect the running of a public charter school. As stated above in Finding 3, 3.B, the WAYS Executive Director purposely closed her private school with the intent to use the facilities she owned to house a charter school.
- 2. There is a lack of evidence that the organizational and technical designs of the governance structure reflect a seriousness of purpose necessary to ensure that:
 - A. The charter school will become and remain a viable enterprise. The governance structure fails to provide adequate oversight of the school's operation and fiscal management. Failure of the articles of incorporation and bylaws to state the purpose of the corporation is to provide for the

Report on the Wisdom Academy for Young Scientists Charter

operation of a publicly funded charter school is further evidence that the structure lacks a *seriousness of purpose*. The bylaws states the board has only one regularly scheduled meeting, which is insufficient to provide for effective governing of a public charter school. The governing board's lack of effective oversight has jeopardized the school's charter status and there is no evidence that the board can implement the proposed educational program stated in the petition.

- B. The petition does not provide a clear description of the governance and management structure. It is difficult to know the duties and responsibilities of management. The Organization Chart (Appendix B) conflicts with information provided elsewhere in the petition.
- C. The petition makes no commitment to complying with the Political Reform Act (PRA), which is required of all charter schools. The petition fails to include a Conflict of Interest policy which is required under the PRA.
- D. The body of the petition states that meetings will comply with the Brown Act (page 109). However, certain provisions of the bylaws appear to be in direct conflict with the Brown Act.
 - i. Section 4.6, Place of Meetings allows for meetings outside California. The Brown Act requires that the Board's meetings be held within the boundaries of the territory within which it has jurisdiction.
 - ii. Section 4.7, Regular Meetings authorizes meetings "without call or notice" in violation of the Brown Act. The Brown Act requires that at least 72 hours before a regular meeting an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting shall be posted.
 - iii. Section 4.11, Telephone Meetings, authorizes teleconferencing and video teleconferencing to constitute presence but fails to state the necessary safeguards that would render it compliant with the Brown Act such as posting agendas at the teleconferencing location and ensuring those locations are fully accessible to members of the public.
 - iv. Section 4.14, Action without Meeting, permits the Board to take an action without a meeting if all the members of the Board consent in writing to such action. This violates the Brown Act requirement that the board not take action on any item of business outside a meeting.
 - v. Section 4.7, the Board of the Merle Williamson Foundation is required to meet only once per year, on the last Friday in June; the Brown Act requires regularly scheduled meetings.
 - vi. The Agenda for the Special Board Meeting held Saturday, April 30, 2011, documents specific violations of the Brown Act with respect to items discussed in Closed Session.

Element 5: Employee Qualifications. *Not reasonably comprehensive*

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(5) as follows:

- 1. There is insufficient information on *the general qualifications for the various categories of employees (e.g., administrative, instructional, instructional support, non-instructional support) and whether the qualifications are sufficient to ensure the health, and safety of the school's faculty, staff, and pupils.*
- 2. It fails to *identify those positions that the charter school regards as key in each category and specify the additional qualifications expected of individuals assigned to those positions.*

Report on the Wisdom Academy for Young Scientists Charter

- A. The petition fails to provide job descriptions and/or minimum qualifications for the following positions listed in the petition: Special Education Program Coordinator (page 96), Academic Co-Principals (page 112), Coordinator of Operations (page 128), and Academic Consultants and Director of Operations (Appendix B). Qualifications for Executive Director are absent.
- B. The Organization Chart (Appendix B) is deficient. It fails to include an Executive Director, although there is a job description (page 120) outlining critical duties such as "oversee the school-operating budget...instructional program...classroom management...supervise staff...be an active member of the school board." Based on the job description, it is unclear if the Executive Director is a member of the board. Appendix B lists board members by name; the Executive Director's name is absent. The Organizational Chart includes a "Director of Operations," with no job description or qualifications provided for that position. It is unclear if it is the same as "Coordinator of Operations." The Organizational Chart identifies "Auxiliary Staff," but lacks specific corresponding positions.
3. *Specify that all requirements for employment set forth in applicable provisions of law will be met, including, but not limited to credentials as necessary.* Teacher qualifications (page 122) state the CA SB 2042 teaching credential is required; this will exclude teachers who hold Ryan multiple subject credentials and life elementary credentials with added English language certification.

Element 6: Health and Safety Procedures. Reasonably comprehensive

Element 7: Means to Achieve a Reflective Racial and Ethnic Balance. Not reasonably comprehensive

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(7) based on evidence that:

1. During the term of its first charter, WAYS failed to achieve a racial and ethnic balance among its pupils that is reflective of the general population residing within the territorial jurisdiction of the school district in which it is located as indicated on in the chart on page two (2) of this report. Enrollment of Hispanic/Latino students is not comparable to the two (2) closest LAUSD non-charter elementary schools.
2. The description of the student population (required under Element 1) and the proposed recruitment plan show no indication WAYS is aware that it failed to achieve the required ethnic balance and provides no corrective action in its plan. The recruitment plan is vague and lacks benchmarks that could guide the school toward correcting the deficiency.

Element 8: Admission Requirements. Not reasonably comprehensive

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(8) as follows:

1. It does not comply with the requirements of EC § 47605(d) which, by reference, includes EC § 220 and CA Penal Code § 422.55 as the other applicable provision[s] of law in its statement of non-discrimination of protected classes. The petition additionally violates EC § 47607(a)(2) because the deficiency is the result of failing to update the renewal petition. This failure could result in the school engaging in discriminatory practices in its admissions procedures and policies.
2. The process for conducting the lottery is absent from the petition.
3. The preference given to siblings is likely to negatively impact the school from attaining its stated racial and ethnic goal.

Element 9: Annual Independent Financial Audits. Not reasonably comprehensive

Report on the Wisdom Academy for Young Scientists Charter

The petition fails to meet the requirements of *CCR, Title 5, § 11967.5.1(f)(9)* as follows:

1. It does *specify the timeline in which audit exceptions will typically be addressed* or specify the timelines for statutory reporting requirements including the submission of the preliminary budget.
2. It does not specify that the school's Board of Directors will hire an independent auditor or that the auditor selected will be on the State Controller's list of educational auditors.

Element 10: Suspension and Expulsion Procedures. *Not reasonably comprehensive*

The petition fails to meet the requirements of *CCR, Title 5, § 11967.5.1(f)(10)* as follows:

1. There is no differentiation between *offenses for which students in the charter school must and may be suspended and separately, the offenses for which students in the charter school must or may be expelled, providing evidence that the petitioner reviewed the offenses for which students must or may be suspended or expelled in non-charter public schools.*
2. There is insufficient specificity regarding *the procedures by which pupils can be suspended or expelled.* It fails to provide timelines necessary to comply with due process requirements. It refers to due process but never defines it with regard to the suspension and expulsion process. No information is provided regarding how members of the expulsion hearing panel will be selected to avoid Conflict of Interest. The petition lists three (3) standards where "a student's suspension may lead to expulsion..." but lacks criteria for meeting the standards, which could result in capricious and prejudicial practices.
3. It does not describe how parents are informed of *their due process rights in regards to suspension and expulsion.*
4. It fails to *demonstrate an understanding of the rights of pupils with disabilities in...regard to suspension and expulsion.* The petition references the Individuals with Disabilities Act (IDEA) and Section 504 but does not differentiate between them regarding the procedures to be used for suspension and expulsion. The petition discusses Manifestation Determination; however, there is no mention of how WAYS deals with pupils when the behavior is associated with the disability, or ensure the pupil is in the appropriate program/services. There is no mention of how WAYS deals with a student with disabilities who begins displaying negative behaviors, of calling an IEP Team meeting and writing a Behavior Support Plan, or deals with suspensions (cumulative) of over 10 days.

Element 11: STRS, PERS, and Social Security. *Reasonably comprehensive with specific omission*

The petition does not state *the staff who will be responsible for ensuring that appropriate arrangements for coverage have been made as required under CCR, Title 5, § 11967.5.1(f)(11).*

Element 12: Public School Attendance Alternatives. *Not reasonably comprehensive*

The petition fails to meet the requirements of *CCR, Title 5, § 11967.5.1(f)(12)* as it does not *specify that the parent/guardian of each pupil enrolled in the charter shall be informed that the pupil has no right to admission in a particular school of any local education agency as a consequence of enrollment in the charter school, except to the extent that such a right is extended by the local education agency.*

Element 13: Post-Employment Rights of Employees. *Reasonably comprehensive*

Element 14: Dispute Resolution Procedures. *Not reasonably comprehensive*

The petition fails to meet the minimum requirements of *CCR, Title 5, § 11967.5.1(f)(14)* as follows:

Report on the Wisdom Academy for Young Scientists Charter

1. Provides an unacceptable description of how the costs of the dispute resolution process would be funded. LACOE cannot agree to the provision, "Any party who fails or refuses to submit to arbitration shall bear all costs and expenses incurred by such other party in compelling arbitration of any controversy, claim or dispute."
2. It fails to recognize that if the substance of a dispute is a matter that could result in the taking of appropriate action, including, but not limited to, revocation of the charter in accordance with EC § 47607, the matter will be addressed at the County Board's discretion in accordance with that provision of law and any regulations pertaining thereto.
 - A. While the petition states that "any controversy or claim... except [one] that is in any way related to revocation of this Charter must be put in writing," the language does not unequivocally exempt any issue related to revocation from first having to go through Element 14 (Dispute Resolution).
 - B. The Dispute Resolution element provides for unreasonable timelines. For instance, mediation must occur within 120 days to four (4) months after the Issues Conference and there is no timeline within which arbitration, the final step, must occur.

Element 15: Exclusive Public Employer. Reasonably comprehensive

Element 16: Closure Procedures. Reasonably comprehensive with specific deficiencies

The petition fails to meet the requirements as defined by CCR, Title 5, § 11962 as follows:

1. It does not comply with the requirement for transfer and maintenance of personnel records in accordance with applicable law or state how the school will return any donated materials and property if closed.
2. Closure procedures reflect the LAUSD Board of Education as the authorizer; the petitioner did not submit necessary changes to reflect the County Board as the potential authorizer. This is of particular importance with regard to special education as WAYS currently operates as a school of the district for special education services and would be a Local Education Agency (LEA) if authorized by the County Board.

Finding 6: The petition does not satisfy all of the Required Assurances of Education Code section 47605(c), (e) through (j), (l), and (m) as follows:

Standards, Assessments and Parent Consultation. Does not meet the condition

The petition does not provide evidence required by EC § 47605(c) that charter schools:

1. Meet all statewide standards and conduct the pupil assessments required pursuant to EC § 60605 and 60851 and any other statewide standards authorized in statute or pupil assessments applicable to pupils in non-charter public schools. It fails to meet this condition due to its stated use of outdated tests and failure to specify correct procedures for students with special needs.
2. The school shall, on a regular basis, consult with their parents and teachers regarding the school's educational programs. It fails to meet the condition as there is no indication that WAYS provides a method for parents of English learners to provide input on programs specific to English learners and there is no mention of how parents of students with disabilities will be informed about the school's educational program.

Effect on the Authorizer and Financial Projections. Does not provide the necessary evidence

Report on the Wisdom Academy for Young Scientists Charter

EC § 47605(g) requires the petition to provide information regarding the proposed operation and potential effects of the school on the authorizer. Requirements regarding the budget and facilities currently under lease were met. Concerns are as follows:

1. The petition does not provide evidence that there are no potential civil liability effects. Due to the Conflict of Interest issues raised by LAUSD and WAYS' failure to resolve those conflicts, there are concerns with the potential liability effects that authorizing the charter may bring to the County Board if the charter is authorized and the conflicts continue or recur.
2. While the current budget and projections for the next two years seem reasonable, the cost of facilities is unknown as the current lease expires in June 2011. The budget reflects an increase to lease expenses for expansion, based on current expenditures; however, if the school were to remain at the current site, it is unknown whether the holding company might raise the rate for the current sites, which would impact the out-year budgets.

Teacher Credentialing Requirement. Does not meet the condition

EC § 47605(f) requires that *teachers in charter schools shall be required to hold a CCTC certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold....It is the intent of the Legislature that charter schools be given flexibility with regard to noncore, non-college preparatory courses.* The petition fails to meet the condition because there is no mention of the type of credential a teacher would need to teach students with disabilities and teacher qualifications limited to *SB 2042* credentials as reported under Element 5.

Attachment 3

Board Meeting – May 1, 2012

Item VI. Reports / Study Topics

Report on the *Wisdom Academy for Young Scientists Charter School* status of the June 7, 2011 conditions of renewal established by the County Board

On June 7, 2011, the County Board took action to grant renewal for Wisdom Academy for Young Scientists (WAYS) subject to specified conditions. The conditions of the County Board and WAYS' status on fulfilling those conditions are summarized below.

Make changes to the petition to reflect the County Board as the authorizer by June 30, 2011. (Required by <i>California Code of Regulations</i> , Title 5 § 11967)	Not met
WAYS' Board to approve and sign LACOE Monitoring and Oversight Memorandum of Understanding (MOU) by June 30, 2011.	WAYS' Board approved and signed MOU; however, the school has not complied with specific monitoring and oversight requirements.
Make an application to a Special Education Local Plan Area (SELPA) by June 30, 2011.	Met
WAYS' former Executive Director was not to be "employed by or at the charter school until such time, if any, that the allegations of conflict of interest be resolved fully in her favor."	WAYS' former Executive Director has not been employed by the charter. However, she has been involved in the school's day-to-day operations and governing board activities, and she attended a conference after her employment ended for which expenses were charged to WAYS. Allegations of Conflict of Interest that existed June 7, 2011, have not been resolved.
WAYS was to comply with all California Conflict of Interest Laws.	Unclear if the condition was met. WAYS did not provide requested information needed to determine if condition was met.
WAYS was to contract with Michael Cureton as its Executive Director for two (2) years.	WAYS contracted with Mr. Cureton for two (2) years; however, he abruptly resigned effective October 1, 2011, citing interference from the former Executive Director and

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Board Meeting – May 1, 2012
Report on the *Wisdom Academy for Young Scientists Charter School*
- 2 -

	Director of Operations as reason.
If any changes to Governance or Conflict of Interest were not permanent, it would be grounds for revocation.	Unclear if the condition was met. WAYS did not provide requested information needed to determine if condition was met.

Additional Concerns

- (1) WAYS failed to meet or pursue student outcomes identified in the charter (*EC 47607(c)(2)*); its 2011 Growth Academic Performance Index (API) score declined 143 points over the preceding year.
- (2) WAYS failed to respond to reasonable requests from authorizer for fiscal information pertaining to the school's internal controls and fiscal operations (*EC 47604.3*).
- (3) LACOE received complaints against WAYS, its governing board, and the former Executive Director by a parent, school employees, and former members of the WAYS' Board. Based on allegations identified in the complaints, the County Superintendent of Schools opened an investigation pursuant to *EC 47604.4*. The complaints allege WAYS engaged in fiscal mismanagement, the board did not fulfill its fiduciary responsibility or duty of care, conflicts of interest exist, and the school failed to implement the academic program stated in the charter. WAYS failed to cooperate with the County Superintendent of Schools investigation.

Background

WAYS is a K-5 school comprised of three (3) sites located within the geographic boundaries of the Los Angeles Unified School District (LAUSD). Current enrollment is 488 students.

The County Board received the renewal petition as an appeal after denial by the LAUSD Board of Education. LAUSD had denied the petition based on the following findings:

- (1) *EC 47605(b)(2)* The petitioners were demonstrably unlikely to successfully implement the program. Specific concerns regarding the WAYS Board included:

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Report on the *Wisdom Academy for Young Scientists Charter School*
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- Allowing self-dealing transactions to transpire, even though the charter agreed to comply with LAUSD's charter school policies and regulations regarding Conflict of Interest;
 - Failing to resolve Conflict of Interest issues and only minimally attempting to do so;
 - Being minimally responsive to staff communications and acting in a manner inconsistent with its fiduciary responsibility, calling into question its capacity to govern and successfully implement the program; and
 - Unfamiliarity with the content of the petition and/or requirements of law including the *Brown Act*.
- (2) EC 47605(b)(5) The petition failed to provide a reasonably comprehensive description of 12 of the 16 required elements.

The full report on the *WAYS Charter School* is attached.

Los Angeles County Office of Education
Charter School Office
May 1, 2012

**Report on the *Wisdom Academy for Young Scientists Charter School* Status
of the June 7, 2011 Conditions of Renewal Established by the County Board**

Background

Wisdom Academy for Young Scientists Charter School (WAYS) is located within the geographic boundaries of the Los Angeles Unified School District (LAUSD). The school has three (3) sites; one was approved by the Los Angeles County Board of Education (County Board) as a Material Revision to the Charter on August 9, 2011. WAYS currently has an enrollment of 488 students (CALPADS Spring 1 Certification, April 2, 2011).

The County Board took action to renew WAYS subject to specific conditions. The renewal petition was received by the County Board on appeal after it was denied by the LAUSD Board of Education based on the following findings:

EC 47605(b)(2) The petitioners are demonstrably unlikely to successfully implement the program:

Conflict of interest concerns exist pertaining to members of the WAYS Board of Directors and the WAYS Executive Director and Principal.... the WAYS Board...was minimally responsive to staff communications.... LAUSD considered the governing board's lack of independent and effective response to the Notice of Concern to be inconsistent with its fiduciary responsibility...which called into question the Board's capacity to govern the Charter School and successfully implement the program set forth in the petition. The WAYS Board failed to resolve the Conflict of Interest issues and only minimally attempted to do so....

The WAYS governing board is unfamiliar with the content of the petition and/or requirements of law... [including] whether the Board is familiar with and complies with the requirements of the Brown Act. Additionally, the Board allowed self-dealing transactions to transpire, even though the Board in the charter agreed to comply with LAUSD's charter school policies and regulations regarding Conflict of Interest.

EC 47605(b)(5) The petition fails to provide a reasonably comprehensive description of 12 of the 16 required elements: The Educational Program, Method for Measuring Pupil Progress, Governance Structure, Health and Safety Procedures, Means for Achieving a Racial and Ethnic Balance, Admission Requirements, Submission of Independent Audit, Suspension and Expulsion Procedures, Identification of Retirement Systems, Public School Alternatives, Dispute Resolution, Closure Procedures.

Action to Grant Renewal by the County Board was Subject to Conditions

The June 7, 2011 action to grant renewal was subject to the following conditions:

1. WAYS was to make changes to the petition to reflect County Board as the authorizer as required by the *California Code of Regulations*, Title 5 section 11967 by June 30, 2011;

2. WAYS' Board was to approve and sign the LACOE Monitoring and Oversight Memorandum of Understanding (MOU) by June 30, 2011;
3. WAYS was to make application to a Special Education Local Plan Area (SELPA) by June 30, 2011;
4. WAYS' former Executive Director was not to be "employed by or at the charter school until such time, if any, that the allegations of conflict of interest be resolved fully in her favor;"
5. WAYS was to comply with all California Conflict of Interest Laws;
6. WAYS was to contract with Michael Cureton as its Executive Director for two (2) years; and
7. If any changes to Governance or Conflict of Interest were not permanent, it would be grounds for revocation.

Status of Compliance with County Board Conditions of Renewal

To date, the school's status on fulfilling the conditions of renewal is as follows:

1. WAYS did not make changes to the petition to reflect County Board as the authorizer. Events relevant to the school's failure to comply with the conditions of renewal are as follows:
 - a. June 2011, WAYS began the revision process under the direction of Executive Director Michael Cureton; LACOE received a draft of proposed changes on August 21, 2011.
 - b. September 15, 2011, Mr. Cureton tendered his resignation effective October 1, 2011. He notified LACOE that Ms. Watson, school principal, would continue to lead the revision process until a new Executive Director is named.
 - c. October 14, 2011, WAYS Board Member, Edward Cabil resigned from the WAYS Board and is appointed interim Executive Director.
 - d. October 21, 2011, WAYS submitted a second revision of proposed charter changes to LACOE.
 - e. November 17, 2011, WAYS' attorney notified LACOE that the charter agreement is "fully authorized" and there "can be no other terms or conditions imposed by staff." The school rescinded previously submitted changes and invoked Dispute Resolution on the requirement to make changes. (November 11, 2011, WAYS Board named Mr. Cabil permanent Executive Director.)
 - f. December 21, 2011, LACOE responded to WAYS stating (1) the County Board has the authority to impose conditions of authorization; (2) WAYS' Board agreed to the changes reflecting the County Board as authorizer by signing the MOU (necessary changes were specified in the MOU as Attachment F); and (3) invoking Dispute Resolution regarding WAYS' unauthorized changes to the petition.
 - g. January 26, 2012, LACOE received a letter from WAYS dated *December 11, 2012*, which (1) disputed LACOE's ability to impose conditions for authorization; and (2) failed to respond to LACOE's request for an Issues Conference.
 - h. February 2, 2012, LACOE invited WAYS to an Issues Conference to discuss "whether the County Board may, as a condition of authorization, require changes to the charter necessary to reflect the County Board as the authorizer."

- i. February 6, 2012, WAYS sent LACOE a letter stating the purpose of the Issues Conference had not been identified. The letter states, "It is our position (as should be yours) that the WAYS charter document speaks for itself, as does the County Board's action approving the charter."
2. WAYS' Board approved and signed the LACOE MOU; however, the school has not complied with specific monitoring and oversight requirements of the MOU including:
 - a. Monthly attendance reports are not adequately reviewed by WAYS prior to submission, resulting in LACOE staff spending more than 131 hours through March overseeing WAYS attendance reports as compared to the average 29 hours spent for other charter schools authorized by the County Board. Additionally, reports were submitted as late as three (3) weeks past the due date and/or without required student exit reports.
 - b. School contact and student information lists are not submitted timely or accurately resulting in LACOE's inability to (1) determine resident schools, which is necessary for comparing the school's academic performance; and (2) contact families in the event of an emergency. Late and inaccurate submission results in a disproportionate amount of LACOE staff time being needed for monitoring and oversight as compared to other charters authorized by the County Board.
 - c. WAYS' Board agendas, minutes, meeting schedules, membership updates, and recordings are not submitted timely and complete. LACOE has conferenced with the school and provided written notice of *Brown Act* violations.
3. WAYS made application to and was accepted by the LACOE Charter SELPA.
4. WAYS' former Executive Director has not been employed by the charter as the Executive Director; however, she has been at the school, involved in its day-to-day operations and governing board activities, and attended a conference after her employment ended for which expenses were charged to WAYS. Allegations of Conflict of Interest that existed June 7, 2011, have not been resolved. See *Additional Concerns*, below.
5. It is unclear whether WAYS has complied with all California Conflict of Interest Laws. See *Additional Concerns*, below.
6. WAYS contracted with Mr. Cureton as its Executive Director for two (2) years; however, Mr. Cureton precipitously resigned after less than three (3) months, citing interference by the former Executive Director and her son. See *Additional Concerns*, below.
7. It is unclear whether changes to the governance structure or Conflict of Interest required by the County Board have been permanent. See *Additional Concerns*, below.

Additional Concerns

1. WAYS failed to meet or pursue student outcomes identified in the charter (*EC 47607(c)(2)*):
 - a. The California Department of Education (CDE) reported that in 2010-11, WAYS' Growth Annual Performance Index (API) declined 143 points from 2009-10.
2. WAYS has not been responsive to reasonable requests from the authorizer for fiscal information

pertaining to the school's internal controls and fiscal operations (*EC 47604.3*).

- a. Based on a review of credit card statements (supporting documents not available for review), and inquiries to WAYS' management and back-office services provider, WAYS exhibits a lack of internal control and oversight over credit card usage. For example, WAYS made credit card payments prior to obtaining receipts and verifying the validity of the charges, which is contrary to its fiscal policies and procedures.
 - b. Controller's Office staff was scheduled to visit WAYS' back-office services provider on November 18, 2011, to make further inquiries and review documentation, but the visit was objected to and cancelled by WAYS. Subsequently, on January 10, 2012, staff met with WAYS Executive Director and Director of Operations to discuss LACOE's concerns regarding WAYS' internal controls. WAYS' Executive Director acknowledged weaknesses exist.
3. LACOE received verbal and written complaints against WAYS, its governing board, and the former Executive Director by a parent, staff, and former members of WAYS' Board. Based on allegations identified in the complaints, the County Superintendent of Schools opened an investigation pursuant to *EC 47604.4*¹. The complaints allege WAYS engaged in fiscal mismanagement, the Board did not fulfill its fiduciary responsibility or duty of care, there were ongoing conflicts of interest, and the school failed to implement the academic program stated in the charter. Evidence supporting the various allegations includes but is not limited to the following:
- a. The former Executive Director interfered with governing board's ability to fulfill its responsibility to oversee the governance of the school.
 - i. Five (5) of WAYS' nine (9) Board members, in office at the time of County Board action, resigned between September 19 and October 20, 2011. The letters of resignation indicate concerns regarding conflict of interest, on-going Board resignations, dissention, the former Executive Director's verbal abuse of Board members, and the precipitous resignation of Mr. Cureton.
 - ii. The former Executive Director failed to comply with the WAYS Board request to remove herself as a signatory on school accounts until after October 28, 2011.
 - iii. Multiple complaints that the former Executive Director was present at and refused to be unseated from the board table at the September 16, 2011 board meeting. The agenda for this meeting included discussion of moving the school to facilities not owned by the former Executive Director. The meeting was disbanded due to unruly behavior by individuals supporting continued use of the former Executive Director's facilities.
 - iv. At the September 22, 2011 special Board meeting, LACOE staff observed that the former Executive Director was seated at the Board table, held private conversations with one Board member during the course of the meeting, and called an absent Board

¹47604.4(a) In addition to the authority granted by Sections 1241.5 and 47604.3, a county superintendent of schools may, based upon written complaints by parents or other information that justifies the investigation, monitor the operations of a charter school located within that county and conduct an investigation into the operations of that charter school.

member to ask if they were coming to the meeting. The meeting was disbanded due to lack of a quorum.

- b. The former Executive Director interfered with the day to day operations of the school.
 - i. In July 2011, the former Executive Director represented WAYS in a Department of Labor Relations Division of Labor Standard Enforcement Hearing as reported by the filing party.
 - ii. On August 30, 2011, LACOE staff observed the presence of the former Executive Director at a WAYS' professional development day including her access to confidential student level data. LACOE also obtained written evidence, corroborated by Mr. Cureton, that she had addressed the staff using materials identifying her as the "Chief Executive Officer of Wisdom Academy."
 - iii. On September 30, 2011, Mr. Cureton sent an email stating, "I will resign my position as Executive Director at Wisdom Academy for Young Scientists Charter School on October 1, 2011, because I am being constantly harass[ed] by the founder/former executive director and her son."
- c. WAYS has not implemented the academic program described in the charter.

- i. WAYS has not provided the science-centered curriculum stated in Element 1 of the charter. The petition states WAYS' mission as follows:

The mission consists of three main concepts: Empowering students to be leaders, through high quality education that is anchored in the California State Standards, enabling them to become true scientists who are global citizens as evidenced by their participation in a rigorous content rich science program and expecting them to be leaders who will act as change agents in their local community.
(Emphasis added)

As part of WAYS' renewal application to LAUSD, the district asked the question, "What innovative elements of your charter could be considered best practices and replicated by other schools?" WAYS' response, in part, was its "Science Centered curriculum."

- A. The 2010-11 California Standards Test (CST) for science (administered at fifth grade) indicates only 33% of students scored proficient or above in science. In the previous year, 81% of students scored proficient or above.
 - B. Observation by LACOE staff during October 19, 2011, and February 22, 2012, site visits is that the science kits named in the charter are not being utilized and are not present in classrooms. WAYS staff verbally confirmed this observation.
 - C. The complaint that textbooks are out of date is corroborated by statements made by WAYS staff that the school is in need of textbooks.
 - D. At a December 2011 Board meeting, the WAYS principal reported to the WAYS Board that the school was meeting with a contractor to "bring back"

a science program the school previously utilized. There was no evidence of that program during a February 22, 2012 site visit. During that visit, the principal stated the school has deferred the science focus until the school's performance in math and language arts improves.

B. April 2012, LACOE received a complaint against WAYS alleging the school did not provide adequate instructional materials, including textbooks, to implement the educational program.

d. The WAYS Board failed to fulfill its duty of care and fiduciary responsibility by:

i. Permitting the former Executive Director access to school financial accounts past her date of employment:

A. She remained as a signatory on school bank accounts for more than four (4) months past her date of employment.

B. She made charges to a credit card in the school's name between June 13 and June 30, 2011, for travel, accommodations, meals, and gasoline in the amount of \$2,155.00.

ii. Providing insufficient oversight to ensure adherence to its fiscal policies, including

A. The Director of Operations, son of the former Executive Director, approved the check request for the school's credit card payment including charges he initiated.

e. The following allegations are still pending due to WAYS' failure to cooperate with LACOE's request for information pursuant to EC 47604.4:

- *Fiscal mismanagement*
- *Breach of fiduciary responsibility*
- *Conflict of interest*
- *Breach of duty of care*

f. Over the course of the past six (6) months, LACOE issued repeated invitations to WAYS Board and Executive Director to participate in the investigation, only to be met by resistance and later refusal. WAYS even improperly invoked the Dispute Resolution Process to as to what it claims were "false" allegations prompting the investigation. In its last correspondence WAYS maintained its position that it refuses to participate in the investigation.

Attachment 4

APPROVED
LOS ANGELES COUNTY
BOARD OF EDUCATION

MAY 01 2012

Board Meeting – May 1, 2012

BY: AD.RC
Ex Officio Secretary

Item VIII. Recommendations

- D. Approval for the Superintendent to issue a letter to *Wisdom Academy for Young Scientists Charter School* requesting mediation pursuant to the Dispute Resolution Process stated in the charter petition

The Superintendent recommends that the Los Angeles County Board of Education (County Board) directs the Superintendent to issue a letter to Wisdom Academy for Young Scientists Charter School requesting mediation pursuant to the Dispute Resolution Process stated in the petition.

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Attachment 5



Los Angeles County Office of Education

Leading Educators • Supporting Students • Serving Communities

May 17, 2013

**Via First Class Mail, Facsimile to
(323) 752-6644 & (323) 537-8209
E-mail: edcabil@sbglobal.net**

Arturo Delgado, Ed.D.
Superintendent

Los Angeles County
Board of Education

Rudell S. Freer
President

Rebecca J. Turronline
Vice President

Douglas R. Boyd

Katie Braude

Gabriela Holt

Marla Paez

Thomas A. Saenz

Mr. Edward Cabil, Executive Director
Wisdom Academy for Young Scientists Board
Dr. Dorothy Valenti, President
Mr. Armando Espinosa
Mr. Norman Golden
Ms. Karen Haynes
Ms. Cheryl Johnson
Ms. Eleanor Jones
706 E. Manchester Ave.
Los Angeles, CA 90001

Dear Mr. Cabil and Members of the Wisdom Academy for Young Scientists Board:


Notice of Audit Pursuant to Education Code Section 1241.5(c)

This letter notifies the Wisdom Academy for Young Scientists (WAYS) that my office has approved the initiation of an audit under *Education Code* section 1241.5(c) to investigate possible fraud. We have contracted with the Fiscal Crisis and Management Assistance Team (FCMAT) to perform the audit. We have requested that FCMAT begin this audit as quickly as they can assign available staff.

We consider this to be an extraordinary request and we are approving the audit based on information contained in the school's 2011-12 Independent Audit as well as information provided by my staff. We will apprise you of the audit findings once the work has been completed.

My staff will be in contact with you regarding details as to the scope of the work and other contract issues. Should you have any questions regarding this audit, please contact Dr. Alex Cherniss at (562) 922-6124, or Ms. Marlene Dunn at (562) 922-6131.

Sincerely,


Arturo Delgado, Ed.D.
Superintendent

AD/AC/JH:ls

c: Los Angeles County Board of Education
Joel Montero, Chief Executive Officer, FCMAT
Yolanda M. Benitez, Assistant Superintendent, Educational Services, LACOE
Alex Cherniss, Ed.D., Chief Business Officer, Business Services, LACOE
Marlene Dunn, Director, Business Advisory Services, LACOE

EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000232



Los Angeles County Office of Education

Leading Educators • Supporting Students • Serving Communities

January 24, 2014

Arturo Delgado, Ed.D.
Superintendent

Los Angeles County
Board of Education

Rebecca J. Turrentine
President

Katie Braude
Vice President

Douglas R. Boyd

José Z. Calderón

Rudell S. Freer

Raymond Reiser

Thomas A. Saenz

Mr. Edward Cabil, Executive Director
Wisdom Academy for Young Scientists Board
Hon. Carol Lee Tolbert, President
Ms. Kimberly Daniels
Mr. Armando Espinosa
Ms. Sandra Davis
Mr. Norman Golden
Ms. Cheryl Johnson
Dr. Dorothy Valenti
706 E. Manchester Ave.
Los Angeles, CA 90001

Via First Class Mail and E-mail to:
edcabil@sbcglobal.net;
klds@civicpride.net;
kimberly@ksdanielslaw.com;
armando.espinosa.10@my.csum.edu;
saundavis@aol.com;
normanskx@gmail.com;
johnsoncenter@msn.com;
dvalenti747@yahoo.com

Dear Mr. Cabil and Members of the Wisdom Academy for Young Scientists Board:

Confirmation of Receipt of Responses to Superintendent's Notice of Concern

On December 20, 2013, Superintendent Dr. Arturo Delgado issued a *Notice of Concern* to Wisdom Academy for Young Scientists (WAYS). The letter requested an action plan, responsive to the issues stated in the letter, be submitted to the Charter School Office by January 20, 2014.

On January 21, 2014, the Los Angeles County Office of Education received two (2) responses: one from the WAYS Board President and one from the WAYS Executive Director. The responses contain contradictory information and request different timelines for submitting the action plan.

By Friday, January 31, 2014, please submit the school's response to the Superintendent's *Notice of Concern* to the Charter School Office.

Sincerely,

Judy Higelin
Project Director III
Charter School Office
Division of Accountability, Support and Monitoring

JH:ls

c: Los Angeles County Board of Education
Arturo Delgado, Ed.D., Superintendent, LACOE
Yolanda M. Benitez, Assistant Superintendent, Educational Services, LACOE
Olivia Fuentes, Director, Division of Accountability, Support and Monitoring, LACOE

EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000234

Wisdom Academy for Young Scientists

January 31, 2014

Via Electronic Mail & U.S. Mail
delgado_arturo@lacoe.edu
higelin_judy@lacoe.edu

Arturo Delgado, Ed.D
Superintendent
Los Angeles County Office of Education
9300 Imperial Highway
Downey, California 90242-2890

Re: Response to your letter dated December 20, 2013 and letter from Judy Higelin dated January 24, 2014

Dear Dr. Delgado:

Thank you for stating your concern to us about WAYS' Board governance. We recognize that we have had recent issues with inappropriate actions and communication coming from a specific Board Member. We, too, have been very concerned and our Board has taken steps to correct this matter, and we will continue to do so. At the January 30, 2014 Special Board Meeting, the Board voted to remove Carol Lee Tolbert from the WAYS Board. Thus, Carol Lee Tolbert is no longer a member of the WAYS Board and is no longer associated with WAYS in any capacity whatsoever. We believe this action is a major step in correcting our recent governance issues. Attachment 1 of this letter is our updated school contact list and attachment 2 of this letter is our List of current board members. WAYS intends to appoint additional members to its Board as soon as practicable.

I am further responding to your letter dated December 20, 2013, which you incorrectly mailed solely to the former WAYS Board Chair's residence in Oakland and her personal email address. As a result, WAYS did not receive your letter until January 14, 2014. Thus, it is unreasonable that you requested a response by January 20, 2014, which date is also a Federal recognized holiday. Going forward, please comply with the LACOE MOU with regard to such notices. The MOU specifically provides that LACOE send any and all notices and correspondence concerning WAYS to the Executive Director at the school's address. By incorrectly sending your notice to a single board member but addressing all of them, you could have inadvertently triggered a serial board communication (transmittal of your letter) in violation of the Brown Act. We expect you to comply with the MOU in this regard.

***Empowering Students to be Leaders,
Change Agents, and True Scientists***

706 E. Manchester Avenue
Los Angeles, CA 90001
(323) 752-6655 • Fax: (323) 752-6644

8778 S. Central Avenue
Los Angeles, CA 90002
(323) 589-6500 • Fax: (323) 589-6550

e-mail: wisdomacademy4ys@yahoo.com • web: www.wisdomacademy.org

000235

At the time your letter was sent, WAYS had in fact submitted the following required reports. It is unclear why you were under the impression that they had not been sent by that date. One report (the December financial statement) did not exist yet at the time of your letter. In any event, here is a summary of when each report was submitted.

October Financials were submitted November 15, 2013

November Financials were submitted December 13th 2013

December Financials were not due by the time LACOE wrote the letter, it was subsequently submitted January 15, 2014

First Interim was submitted December 12, 2013

Unaudited Actuals was submitted before the due date but LACOE asked for adjustments and final submission was October 9th

The on a number of instances, the former WAYS Board Chair and one other Board Member incorrectly included a member of your office as a recipient in WAYS internal confidential communication, which was explicitly intended for me, which you quote in your letter. Her email dated November 20, 2013, was not a "notice of an altercation" to LACOE. Furthermore, a majority of the statements made in the former Board Chair's email dated November 20 were inaccurate and unfounded. That is being sorted out as an internal matter.

The former WAYS Board Chair was new to the organization, and had not been appointed, authorized, or delegated an authorized point of contact between LACOE and WAYS. As you know, any information provided by a single member of the WAYS Board, without prior authorization from the WAYS Board, is not and cannot be an official communication concerning the business and operations of WAYS. The former Board Chair, took an oath with the understanding that the authority rests with the Board as a whole and not with individuals. A single board member does not speak for the board or the organization. Many of your December 20, 2013 statements are based on what appears to be your misinterpretation of that internal communication.

Furthermore, your assertion that the CSO requested an explanation as to why the WAYS November 21, 2013 Board meeting was "postponed" is not correct. We did not receive any such request. In any event, the WAYS November 21, 2013 Board Meeting was postponed because I determined that the agenda was not posted in accordance with the Brown Act. We did not wish to proceed with an improperly noticed meeting, so we cured any potential violation by postponing the meeting until proper notice was provided. The improper notice was a result of the former Board Chair's learning curve on these issues.

Since the charter renewal period in May 2011, your office has made habitual misstatements and unfounded claims. We have been trying to resolve that problem with you, and will continue to do so. Most recently, your December 20, 2013 letter refers to "[my] history of overstepping [my] authority." That is false and misleading. You misquote my October 10, 2011, email insinuating that I overstepped my authority by calling a Board Meeting. However on October 10, 2011, I was still a member of the

WAYS Board; consequently my statement that "four of the remaining board members all agreed that we needed a called meeting because of the desperate and crucial situation surrounding WAYS" is in fact evidence that the Board called a meeting as required by the Bylaws, and in no way supports your suggestion that I have a "history" of "overstepping" my authority.

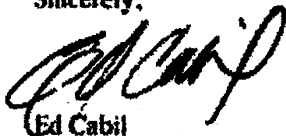
Also for the record, as my letter dated November 12, 2013 implied, the October 24, 2013 Board Meeting was ended abruptly at 8:40pm at the conclusion of the closed session with an unofficial Board consensus due to an unanticipated interruption. There was no threat to the health and safety of anyone in attendance at the October 24, 2013 meeting. Furthermore, my statements in my November 12, 2013 do not support any allegations or claims made by any board or staff member. WAYS maintains a safe and secure environment for its students, staff, administration, school volunteers, and visitors.

WAYS reviews its policies regularly. There were no changes made to the board approved policies including the Admissions/Enrollment/Lottery Policy, and Suspension & Expulsion Policy, which were initially submitted to LACOE in during the WAYS Charter Renewal in May 2011. On November 7, 2013, an email from Neha Patel indicates that the LACOE CSO was unable to locate these policies, and additionally requesting the newly required Student Fees Policy. These policies were resubmitted to LACOE on November 8, 2013, along with a draft version of the newly required Student Fees Policy Draft which was expected to be reviewed by the WAYS Board at the November 24, 2013 Board Meeting. We anticipate approval of the Student Fees Policy at our next board meeting.

We will continue to provide you information and document as we move forward. We agree that WAYS has experienced some difficulties with board governance; many volunteer boards do. We have several new board members, and the board is quickly working through some growing pains. We expect board meetings to operate much more smoothly going forward. Similarly, we expect the Board to meet regularly.

Concerning your comments about arbitration over "conditions of authorization", we hope to resolve that with you within the schedule set by the arbitrator, Mr. Mainland. Our attorney has asked LACOE for your proposed award language so we could consider agreeing to it without any objection or further waste of public dollars. We understand that LACOE's attorney agreed to provide that. We believe that will entirely resolve those issues.

Sincerely,



Ed Cabil

Cc: WAYS Board of Directors

**WAYS BOARD ROSTER
2013/2014**

Board Member Name	Title	Email Address	Telephone	Mailing Address
Dr. Dorothy Valenti	President	dvalenti747@yahoo.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Saundra Davis	Member	saundavis@aol.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Armando Espinosa	Treasurer	armando.espinosa.10@my.csun.edu	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Eleanor Jones	Member	eleanor@c-pass.biz	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Cherly Johnson	Member	johnsoncenter@msn.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Norman Golden	Member	normansk@gmail.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Kimberly Daniels	Member	kimberly@ksdanielslaw.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001

WAYS BOARD CALENDAR OF MEETINGS

Date	07/25/13	08/29/13	09/26/13	10/24/13	11/21/12	1/30/14	02/27/14	03/27/14	04/25/13	06/26/14
Time	5:00pm	5:00pm	5:00pm	5:00pm	5:00pm	5:00pm	5:00pm	5:00pm	5:00pm	5:00pm

*Subject to change. Updated 1/31/14

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*Subject to change. Updated 1/31/14

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WISDOM ACADEMY for YOUNG SCIENTISTS
School Contact Information

Primary Contact

Name: Edward Cabil
Title: Executive Director/Principal
Mailing Address: 706 East Manchester Ave. Los Angeles, Ca 90001 Office
Phone: 323--537--8194
Direct Phone: 323--947--8083
Fax Number: 323--537--8209
Email Address: edcabil@sbcglobal.net

Secondary Contact

Name: Karen Horowitz
Title: Principal/Homeless Liaison
Mailing Address: 706 East Manchester Ave. Los Angeles, Ca 90001
Office Phone: 323--537--8208
Direct Phone: 320--994--8510
Fax Number: 323--537--8209
Email Address: klhorowitz@verizon.net

Name: Jason Okonkwo
Title: Director of Operations/On-Site Fiscal Manager
Mailing Address: 706 East Manchester Ave. Los Angeles, Ca 90001 Office Phone:
323--752--6655
Direct Phone: 323--253--8907
Fax Number: 323--752--6644
Email Address: mrjason7@gmail.com

Vice Principal

Deara Okonkwo
323-537-8208
deara7@gmail.com

Office Manager - Manchester Site
Tanya Castro- 323-752-6655

Office Clerk - Manchester Site
Bernardo Lopez - 323-752-6655

Office Clerk - Salvation Army Site
Justine Alvarez- 323-537-8294

000240

EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000241

**RESOLUTION OF SCHOOL SITE COUNCIL
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the School Site Council of **WISDOM ACADEMY for YOUNG SCIENTISTS**

**706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001**

Duly called and held on the 23rd day of January, 2014, the following resolution was offered, seconded, and adopted:

Summary: The School Site Council of Wisdom Academy for Young Scientists considered the Board of Director's membership of Board Members Carol Lee Tolbert and Sandra Davis. The said board members were elected to serve on the Board of Wisdom Academy on July 26, 2013. The said board members took an oath to consistently strive to promote the best interests of the school as a whole and follow ethical standards. However, since that time, their actions have proven to serve their own interests only and not the interests of the students or the school. The said board members have made gross violations of the Brown Act and their fiduciary responsibility to the organization and children, which has only been a distraction from the growth of the school and the enhancement of the educational program to which they originally took an oath to uphold. After thorough consideration, the School Site Council Members resolved that the aforementioned board member's actions are not in the best interests of said organization and they are demonstrably unlikely to serve as effective members of the Wisdom Academy for Young Scientists Board of Directors.

"Be it resolved, that the School Site Council of Wisdom Academy for Young Scientists be and is hereby authorized, empowered, and directed to recommend the removal of Board Member and President Carol Lee Tolbert and Board Member Sandra Davis from the Wisdom Academy for Young Scientists Board of Directors on behalf of the parents, students, staff, and friends of the said organization.

Furthermore, all actions taken regarding this matter are in accordance with applicable provisions of laws of the State of California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of the School Site Council Members of this organization on the date specified.


(Signature of School Site Council Secretary)

000242

EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000243

MERLE WILLIAMSON FOUNDATION
DBA: WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A CALIFORNIA NON-PROFIT ORGANIZATION)
AUDITED FINANCIAL STATEMENTS
FOR THE TWELVE MONTH ENDED JUNE 30, 2011

000244

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Not-for-Profit Organization)

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Twelve months period ended of June 30, 2011

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Clem Payne, Jr.
CERTIFIED PUBLIC ACCOUNTANT

Board of Directors of
Wisdom Academy for Young Scientists
Los Angeles, California

INDEPENDENT AUDITOR'S REPORT

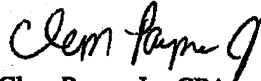
I have audited the accompanying statement of financial position of **Wisdom Academy for Young Scientists (WAYS)** (a California not-for-profit organization), as of June 30, 2011, and the related statements of activities and changes in net assets, and cash flows for the twelve months period then ended. These financial statements are the responsibility of **Wisdom Academy for Young Scientists'** management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the organization's 2010 financial statements and, in my report dated November 9, 2010, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the Education Audit Appeals Panel's Standards and Procedures for Audits of California K-12 Local Educational Agencies. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that our audit provides a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Wisdom Academy for Young Scientists** as of June 30, 2011, and the changes in its net assets and cash flows for the twelve months period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated December 14, 2011 on my consideration of **Wisdom Academy for Young Scientists'** internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

My audit was conducted for the purpose of forming an opinion on the financial statements of **Wisdom Academy for Young Scientists**. The accompanying schedule of federal awards required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and the additional supplementary information section is presented for the purpose 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, in my opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Clem Payne, Jr., CPA
Altadena, California
December 14, 2011

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATEMENT OF FINANCIAL POSITION

June 30,

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 513,331	\$ 422,535
Accounts receivable - Sponsoring Districts		53,977
Accounts receivable (Note 3)	525,547	368,201
Prepaid expenses	<u>45,756</u>	<u>34,058</u>
Total current assets	<u>1,084,634</u>	<u>878,771</u>
FURNITURE, EQUIPMENT AND IMPROVEMENTS:		
Furniture and equipment (Note 4)	77,221	65,682
Leasehold improvements (Note 4)	197,312	146,543
Leasehold improvements - ERate (Note 4)	35,483	35,483
Less: accumulated depreciation (Note 4)	<u>(53,691)</u>	<u>(34,610)</u>
Total furniture, equipment and improvements	<u>256,325</u>	<u>213,098</u>
Total assets	<u>\$ 1,340,959</u>	<u>\$ 1,091,869</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 56,732	\$ 75,132
Due to Sponsoring District	5,470	
Credit card payable	5,303	
Payroll liabilities	<u>29,125</u>	<u>10,206</u>
Total current liabilities	<u>96,630</u>	<u>85,338</u>

NET ASSETS

Unrestricted	1,249,799	1,006,531
Temporarily restricted - (deficit)	<u>(5,470)</u>	
Total net assets	<u>1,244,329</u>	<u>1,006,531</u>
Total liabilities and net assets	<u>\$ 1,340,959</u>	<u>\$ 1,091,869</u>

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the twelve month ended June 30,

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT:				
General purpose block grant	\$ 982,763	\$	\$ 982,763	\$ 785,555
Categorical block grant	211,468		211,468	196,988
Class size reduction	89,182		89,182	87,426
Private contributions	8,446		8,446	3,135
Federal income		61,086	61,086	1,234
Charter school facilities grant		118,461	118,461	102,464
In-lieu property taxes	353,049		353,049	310,201
In-lieu property taxes - prior year	8,304		8,304	10,288
After school education and safety	112,500		112,500	-
Fundraising income	9,259		9,259	
Special education		204,578	204,578	175,509
Child nutrition - federal		147,788	147,788	112,524
Child nutrition - state	9,695		9,695	8,080
Title II		4,254	4,254	9,230
Title I		49,576	49,576	121,659
Facility reimbursement	52,738		52,738	
Other state income	89,549		89,549	102,773
Other local income	143,789		143,789	45,212
Interest income	1,488		1,488	1,521
Net assets released from restrictions	591,213	(591,213)	-	-
Total revenue and support	2,663,443	(5,470)	2,657,973	2,073,799
EXPENSES:				
Certificated salaries	833,752		833,752	583,267
Classified salaries	277,200		277,200	211,692
Fringe benefits	172,429		172,429	151,364
Books and supplies	126,532		126,532	93,920
Contract services and other expenses	959,793		959,793	715,687
Fundraising expenses	9,600		9,600	2,208
Depreciation	19,081		19,081	11,506
Other outgo	15,314		15,314	13,556
Total expenses	2,413,701	-	2,413,701	1,783,200
Increase (decrease) in net assets	249,742	(5,470)	244,272	290,599
Net assets, beginning of the year	1,006,531	-	1,006,531	699,705
Prior year adjustments (Note 11)	(6,474)	-	(6,474)	16,227
Net assets, end of the year	\$ 1,249,799	\$ (5,470)	\$ 1,244,329	\$ 1,006,531

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATEMENT OF CASH FLOWS
For the twelve month ended June 30,

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Increase in net assets	\$ 244,272	\$ 290,599
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,081	11,506
Prior period adjustments	(6,474)	16,227
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable - sponsoring district	53,977	(53,977)
Accounts receivable	(157,346)	(171,499)
Prepaid expenses	(11,698)	(18,293)
Increase (decrease) in liabilities:		
Accounts payable	(18,400)	52,903
Due to Sponsoring District	5,470	
Other liabilities	5,303	(10,459)
Payroll liability	18,918	(8,799)
Net cash provided by operating activities	<u>153,103</u>	<u>108,208</u>
Cash flows from investing activities:		
Work in progress		35,484
Purchase of property and improvements	(62,308)	(108,177)
Net cash used for investing activities	<u>(62,308)</u>	<u>(72,693)</u>
Net increase in cash	90,795	35,515
Cash and cash equivalents- beginning of the year	<u>422,536</u>	<u>387,021</u>
Cash and cash equivalents - end of the year	\$ <u>513,331</u>	\$ <u>422,536</u>
Supplemental Disclosures:		
Cash paid for interest expense	\$ _____	\$ 1,197

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 1 - ORGANIZATION

NATURE OF BUSINESS

Merle Williamson Foundation doing business as Wisdom Academy for Young Scientists (WAYS) is a public charter school of approximately 270 students located in South Los Angeles, serving kindergarten through fifth grade education. Opened in 2006, WAYS serve a population of students traditionally labeled as underperforming or high-risk students. As a charter school, WAYS was created under the approval of the Los Angeles Unified School District and the California State Board of Education, and receives public per-pupil funding to help support its operations. WAYS was granted the Accreditation of Commission for Schools of the Western Association of Schools and Colleges. The term of the accreditation will run through June 30, 2013. WAYS is economically dependent on federal and state funding provided through the Los Angeles Unified School District.

WAYS' vision is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists. Teachers at WAYS are trained to incorporate a variety of assessment strategies including the regular use of authentic assessments, standardized tests, diagnostic tests, portfolios, and parent reports.

WAYS primary emphasis of its instructional program is to produce "leaders of science." Through a rigorous inquiry-based curriculum, rich in science, math, technology, social science and language development. The schools objective is for its students to experience learning in its most powerful, meaningful, and effective environment.

In 2010-2011, WAYS scored 736 on the Academic Performance Index (API).

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - continued

The summary of Significant Accounting Policies of WAYS is presented to assist in understanding the organization's financial statements. The financial statements and notes are representations of WAYS' management, who are responsible for their integrity and objectivity.

WAYS accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's "California School Accounting Manual". WAYS conforms to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Financial Statements Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of FASB ASC 958-205, (prior authoritative literature: SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*). Accordingly, WAYS' financial statements are present on the following three classes of net assets: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Temporarily restricted and permanently restricted net assets are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

Revenue Recognition

Amounts received from the California Department of Education are recognized as revenue by WAYS based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in unrestricted net assets, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flow, WAYS considered all liquid investments with a maturity three months or less to be cash equivalents.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Basis of Accounting

The financial statements of WAYS have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounts Receivable

WAYS accounts receivable consists of amounts due from government sources only. No allowance for doubtful accounts has been established as WAYS deems all amounts to be fully collectible.

Contributions and Contributed Services

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor as required by SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Amounts received that are designated for specific use in future periods are reported as temporarily restricted. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets for expenditure.

Use of Estimates

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

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Equipment and Improvements

Equipment and improvements are recorded at cost. All property, equipment and improvements with a value of \$1,000 or greater and a useful life of 1 year or more are capitalized. Improvements are depreciated under a straight-line method over their estimated useful lives of 20 years. Equipment is depreciated under straight-line method over the estimated useful life of five to seven years. The depreciation expense for the year ended June 30, 2011 is \$19,081.

Income Taxes

WAYS is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for income taxes.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with WAYS' financial statements for the twelve months period ended June 30, 2010, from which summarized information was derived.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2011, reported as follows:

General purpose block grant	\$ <u>525,545</u>
Total	\$ <u>525,545</u>

NOTE 4 - EQUIPMENT AND IMPROVEMENTS

Below is the summary of the changes in fixed assets owned by Wisdom Academy for Young Scientists for the year ended June 30, 2011:

Description	Balance at 7/1/2010	Additions (deletions)	Balance at 6/30/11
Leasehold improvements	\$ 146,543	\$ 50,769	\$ 197,312
Leasehold improvements -ERate	35,483		35,483
Furniture and equipment	<u>65,682</u>	<u>11,539</u>	<u>77,221</u>
Total fixed assets	247,708	62,308	310,016
Accumulated depreciation	<u>(34,610)</u>	<u>(19,081)</u>	<u>(53,691)</u>
Net fixed assets	\$ <u>213,098</u>	\$ <u>43,227</u>	\$ <u>256,325</u>

NOTE 5 - DONATED SERVICES

No amounts have been reflected in the accompanying financial statements for donated services inasmuch as no objective basis was available to measure the value of such services; however, some volunteers have donated their time to WAYS.

NOTE 6 - RECONCILIATION OF ANNUAL FINANCIALS

The schedule on page 17 were prepared by WAYS for the Los Angeles Unified School District.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 7 - COMMITMENTS

WAYS entered into a four-year lease agreement for its main facility with Kendra Okonkwo, Executive Director that commenced in July 2006. Monthly lease payments began at \$10,120. The agreement requires annual rent rate to increase approximately 3.0% each year. The lease was terminated in January 31, 2011, due to LAUSD concerns regarding a conflict of interest. Payments made on this facility lease totaled \$72,652 for the seven months period ended January 31, 2011 (Refer to Note 9 – Related Parties Transactions).

In addition, WAYS entered into a one-year lease on 8778 Central Avenue. The monthly lease payments are \$4,000. The agreement requires annual rent rate to increase approximately 3.0% each year. The lease was terminated in January 31, 2011. Payments made on this facility lease totaled \$28,720 for the five months period ended January 31, 2011 (Refer to Note 9 – Related Parties Transactions).

The owner of the real property changed in February 2011.

As such, WAYS entered into a five-month agreement for its main facility located on 706 East Manchester Avenue, L.A., CA with OCI Development Corporation. Monthly lease payments began at \$10,728. The agreement requires annual rent rate to increase by 3.0% each year. The lease will expire in June 2011. Payments made on this facility lease totaled \$53,640 for the seven months period ended June 30, 2011.

At the same time, WAYS entered into a five-month agreement with OCI Development Corporation for the property located at 8778 Central Avenue, L.A., CA. Monthly lease payments began at \$4,240. The agreement requires annual rent rate to increase by 3.0% each year. The lease will expire in June 2011. Payments made on this facility lease totaled \$21,200 for the seven months period ended June 30, 2011.

WAYS entered into a five-year lease agreement for a facility for additional occupancy and parking near its main facility. The lease commenced in December 2007. Monthly lease payments are \$1,450 for the duration of the lease. The lease will expire in December 2012. Payments made on the facility lease totaled \$17,400 for the twelve months ended June 30, 2011.

The future minimum lease payments due for the next 2 years are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2012	\$ 197,016
2013	202,926

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 8 - EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS). WAYS is not eligible to participate in Public Employees' Retirement System (PERS).

State Teachers' Retirement System (STRS)

Plan Description

WAYS contributes to the State Teachers' Retirement System (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. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and WAYS 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 2009-10 is 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS

WAYS' contributions to STRS and PERS for this fiscal year are as follows:

Year Ended June 30	STRS Required Contribution	STRS Percent Contributed
2011	\$71,650	100%

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 9 - RELATED PARTIES TRANSACTIONS

A related party is one which controls, exercises significant influences over, or is significantly influenced by a group or member in making financial, and operating decisions, along with any group member, is subject to common control or significant influence.

In 2006 WAYS entered into a rental services agreement with its executive director Kendra Okonkwo, a related party, to pay monthly rental installments for the locations of 702-706 East Manchester Street, Los Angeles, California and 8778 S. Central Avenue, Los Angeles, California. It appears that the executive director held title to those real properties until February 3, 2011. At which time the rental arrangement was terminated. During the fiscal year, WAYS made approximately \$108,212 in rental payments to this vendor. (Refer to Note 7 - Commitments).

NOTE 10 - SUBSEQUENT EVENTS

WAYS has evaluated subsequent events through December 14, 2011, the date which the financial statements were available to be issued.

WAYS entered into several one-year lease agreements for educational facility located on 706 East Manchester Avenue and 8778 Central Avenue. The lease will commence on July 2011, and ending on the 30th day of June 2012. Monthly lease payments for each property are \$10,738 and \$4,367.

In addition, WAYS entered into a one-year lease with the Salvation Army on 7651 Central Avenue. The monthly lease payments are \$13,492. The lease will commence on August 2011, and ending on July 2012.

On June 30, 2011, Wisdom Academy for Young Scientists' charter expired and was not renewed with the Los Angeles Unified School District. Effective July 1, 2011, Wisdom Academy for Young Scientists was chartered under the authority of the Los Angeles County Board of Education (LACOE).

NOTE 11 - Prior Period Adjustments

Miscellaneous adjustments to the prior period resulted primarily from correction to payable.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

SUPPLEMENTARY INFORMATION SECTION

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

**RECONCILIATION OF ANNUAL FINANCIAL
REPORT WITH AUDITED FINANCIAL STATEMENTS**

For the year ended June 30, 2011

	<u>2011</u>
June 30, 2011 unaudited financial report fund balances (net assets)	<u>\$ 1,428,456</u>
Adjustments and Reclassifications:	0
Increasing (Decreasing) the Fund Balance (Net Assets)	
Cash in bank	(69,358)
Accounts receivable	(75,065)
Other assets	
Prepaid expenses	14,540
Property and equipment	(3,899)
Accumulated depreciation	(19,081)
(Increase) decrease in liabilities:	
Accounts payable	(31,237)
Payroll liabilities	13,158
Due to Sponsoring District	(5,470)
Other liabilities	<u>(7,715)</u>
Net adjustments and reclassifications	<u>(184,127)</u>
June 30, 2011 Audited Financial Statement Fund Balance	<u>\$ 1,244,329</u>

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF INSTRUCTIONAL MINUTES
Twelve Months Period ended June 30, 2011

	<u>Requirement</u>	<u>Actual</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarden	34,971	64,800	180	In compliance
Grade 1 through 3	48,960	64,800	180	In compliance
Grade 4 through 5	52,457	64,800	180	In compliance

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF AVERAGE DAILY ATTENDANCE
Twelve Months Period ended June 30, 2011

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Kindergarden	54.74	54.74	54.50	54.50
Grade 1 through 3	130.18	130.18	127.90	127.90
Grade 4 through 5	71.07	71.07	71.32	71.32
ADA Totals	255.99	255.99	253.72	253.72

WISDOM ACADEMY FOR YOUNG SCIENTISTS

NOTES TO SUPPLEMENTARY INFORMATION
Twelve Months Period ended June 30, 2011

NOTE 1 - PURPOSE OF SCHEDULES

A. Schedule of Instructional Minutes

This schedule presents information on the amount of instructional time offered by the Academy and whether the Academy complied with the provisions of Education Code Sections 46200 through 46206.

B. Schedule of Average Daily Attendance (ADA)

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS

**Schedule of Expenditures of Federal Awards
For the year ended June 30, 2011**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA number</u>	<u>Contract period</u>	<u>Expenditures</u>
UNITED STATES DEPARTMENT OF EDUCATION/			
Pass through State Department of Education/			
Title I	84.010	7/1/10-6/30/11	\$ 4,254
Title II	84.018	7/1/10-6/30/11	49,576
Education Job Fund	84.019	7/1/10-6/30/11	61,086
Charter School Facilities Incentive Grant	84.282D	7/1/10-6/30/11	<u>118,461</u>
Total: United States Department of Education			<u>233,377</u>
UNITED STATES DEPARTMENT OF AGRICULTURE			
Pass through State Department of Education Child Nutrition/			
Fiscal Services			
Child Nutrition - Federal	10.555	7/1/10-6/30/11	<u>147,788</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>381,165</u>

The accompanying notes are an integral part of these financial statements

WISDOM ACADEMY FOR YOUNG SCIENTISTS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Twelve Months Period ended June 30, 2011

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Wisdom Academy For Young Scientists and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

ORGANIZATION STRUCTURE

Twelve Months Period ended June 30, 2011

Wisdom Academy for Young Scientists (#839) was formed as charter pursuant to Education Code Section 47600 under an agreement with Los Angeles Unified District granted in July, 2006.

WAYS' vision is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

School Board		
Name	Term on Board Expires	Board
Karen Haynes	Perpetual	Secretary
Jonathan Fields	Perpetual	Member
Adell Walker	Perpetual	Member Parent
Queen Collins	Perpetual	Representative
Loretta McDonald	Perpetual	Chairperson
Kandee Lewis	Perpetual	Member
Edward Cabil (Resigned October 8, 2011)	Perpetual	Member
Alex Love	Perpetual	Member
Oliver Ortega	Perpetual	Member
Cathy Roby	Perpetual	Member
Tamara Smith	Perpetual	Member
Dorothy Valenti	Perpetual	Member

Administration	
Kendra Okonkwo (Dismissed May 2011)	Executive Director
Michael Cureton (May 2011 through September 2011)	Executive Director
Edward Cabil (Effective October 14, 2011)	Executive Director
Alake Watson	Principal
Bali Business Management	Business Manager

**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
Wisdom Academy for Young Scientists
Los Angeles, California

I have audited the financial statements of **Wisdom Academy for Young Scientists (WAYS)** as of and for the twelve months period ended June 30, 2011, and have issued my report thereon dated December 14, 2011. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered WAYS' internal control over financial reporting as basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WAYS' internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of WAYS' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

**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***

(Continued)

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. List of findings, please refer to schedule of findings and questions costs.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **WAYS'** financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of **WAYS** in a separate letter dated December 14, 2011.

WAYS' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit **WAYS'** response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, the Los Angeles Unified School District, the California Department of Education, the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.



Clem Payne, Jr. CPA
Altadena, California
December 14, 2011

Clem Payne, Jr.
CERTIFIED PUBLIC ACCOUNTANT

REPORT ON STATE COMPLIANCE

Board of Directors
Wisdom Academy for Young Scientists
Los Angeles, California

I audited the financial statements of Wisdom Academy for Young Scientists (WAYS), a California non-profit corporation, as of and for the twelve months period June 30, 2011, and have issued our report thereon dated December 14, 2011, which was unqualified. My audit was made in accordance with auditing standards generally accepted in the United States of America, the standards for financial and compliance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Education Audit Appeals Panels Standards and Procedures for Audits of California K-12 Local Educational Agencies. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for our opinion.

WAYS' management is responsible for the Academy's compliance with laws and regulations. In connection with the audit referred to above, I selected and tested transactions and records to determine WAYS' compliance with the laws and regulations applicable to the following items:

<u>State Compliance Procedures for Charter Schools:</u>	<u>Procedures In Audit Guide</u>	<u>Procedures Performed</u>
Class Size Reduction Program		
General Requirements	7	Not Applicable
Option One Classes	3	Not Applicable
Option Two Classes	4	Not Applicable
Only One School Serving Grades L-3		
After School Education and Safety Program:		
General Requirements	4	Yes
After School	4	Yes
Before School	5	Not Applicable
Contemporaneous Records of Attendance	1	Yes
Mode of Instruction	1	Yes
Non-classroom - Based Instructions/ Independent Study	15	Not Applicable
Determination of Funding for Non-class Based Instructions	3	Not Applicable
Annual Instructional Minutes - Classroom Based	3	Yes

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

Based on my audit, I found that, for the items tested, **Wisdom Academy for Young Scientists** complied with the laws and regulations of the state programs referred to above. Further, based on my examination, for items not tested, nothing came to our attention to indicate that **WAYS** had not complied with the laws and regulations of state programs and requirements.

This report is intended solely for the information and use of the **Wisdom Academy for Young Scientists'** Board of Directors, management, the Los Angeles Unified School District, the Los Angeles County Office of Education, the California Department of Education, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.



Clem Payne, Jr. CPA
Los Angeles, California
December 14, 2011

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Twelve Months Period ended June 30, 2011

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified
are not considered to be material weaknesses? Yes X No

We consider the combination of the following deficiencies in Wisdom Academy for Young Scientists' internal control to be material weaknesses:

Condition:

- Untimely deposit of cash receipts,
- Lack of proper bank reconciliation supervision,
- Lack of accounts receivable reconciliation of general ledger account with sub-accounts,
- Recording of transactions without complete supporting documentation or proper written explanation.

Questioned Costs:

Not Applicable

Context:

This problem was systemic

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Twelve Months Period ended June 30, 2011

A. Summary of Auditors' Results (Continued)

We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies:

- Salaries and wages expense accounts were not reconciled to the quarterly payroll returns.
- Written assets capitalization policy needs to be implemented and followed.

Questioned Costs:

Not Applicable

Context:

This problem was systemic

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2010

Audit findings are identified as one or more of the following six categories:

Five Digit Code

10000
20000
30000
40000
50000
60000

Finding Categories

Attendance
Inventory of Equipment
Internal Control
State Compliance
Federal Compliance
Miscellaneous

Findings: None noted.

Questioned Costs: None noted

EXHIBIT

19

FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000274

**MERLE WILLIAMSON FOUNDATION
DBA: WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A CALIFORNIA NON-PROFIT ORGANIZATION)
AUDITED FINANCIAL STATEMENTS
FOR THE TWELVE MONTH ENDED JUNE 30, 2012**

000275

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Not-for-Profit Organization)

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Clem Payne, Jr.
CERTIFIED PUBLIC ACCOUNTANT

Board of Directors of
Merle Williamson Foundation, dba
Wisdom Academy for Young Scientists
Los Angeles, California

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of Wisdom Academy for Young Scientists (WAYS) (a California not-for-profit organization), as of June 30, 2012, and the related statements of activities and changes in net assets, and cash flows for the twelve months period then ended. These financial statements are the responsibility of Wisdom Academy for Young Scientists' management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the organization's 2011 financial statements and, in my report dated December 14, 2011, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the Education Audit Appeals Panel's Standards and Procedures for Audits of California K-12 Local Educational Agencies. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that our audit provides a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wisdom Academy for Young Scientists as of June 30, 2012, and the changes in its net assets and cash flows for the twelve months period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated December 31, 2012 on my consideration of Wisdom Academy for Young Scientists' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

My audit was conducted for the purpose of forming an opinion on the financial statements of Wisdom Academy for Young Scientists. The accompanying schedule of federal awards required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and the additional supplementary information section is presented for the purpose 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, in my opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Clem Payne, Jr., CPA
Altadena, California
December 31, 2012

WISDOM ACADEMY FOR YOUNG SCIENTISTS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the twelve month ended June 30,

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT:				
General purpose block grant	\$ 1,634,727	\$	\$ 1,634,727	\$ 982,763
Categorical block grant	276,279		276,279	211,468
Private contributions	2,304		2,304	8,446
Federal income		411,510	411,510	262,704
In-lieu property taxes	558,869		558,869	353,049
In-lieu property taxes - prior year			-	8,304
Fundraising income	2,736		2,736	9,259
Special education		186,214	186,214	204,578
Other state income	688,296		688,296	472,125
Other local income	6,284		6,284	143,789
Interest income	653		653	1,488
Net assets released from restrictions	649,441	(649,441)	-	-
Total revenue and support	3,819,589	(51,717)	3,767,872	2,657,973
EXPENSES:				
Certificated salaries	1,273,808		1,273,808	833,752
Classified salaries	407,908		407,908	277,200
Fringe benefits	355,384		355,384	172,429
Settlement payment - (Note 11)	228,665		228,665	
Books and supplies	161,609		161,609	126,532
Contract services and other expenses	941,264		941,264	766,181
Occupancy, repairs, and rental	391,331		391,331	193,612
Fundraising expenses	390		390	9,600
Depreciation	31,402		31,402	19,081
Other outgo	2,520		2,520	15,314
Total expenses	3,794,281	-	3,794,281	2,413,701
Increase (decrease) in net assets	25,308	(51,717)	(26,409)	244,272
Net assets, beginning of the year	1,249,799	(5,470)	1,244,329	1,006,531
Prior year adjustments (Note 15)	9,114		9,114	(6,474)
Net assets, end of the year	\$ 1,284,221	\$ (57,187)	\$ 1,227,034	\$ 1,244,329

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS
STATEMENT OF CASH FLOW
For the twelve month ended June 30,

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Changes in net assets	\$ (26,409)	\$ 244,272
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	31,402	19,081
Prior period adjustments	9,114	(6,474)
Changes in operating assets and liabilities:		
(Increase) decreases in assets:		
Accounts receivable - sponsoring district	(27,961)	53,977
Accounts receivable	(731,328)	(157,346)
Due from former executive director	(10,120)	
Security deposits	(30,911)	
Prepaid expenses	26,886	(11,698)
Increase (decrease) in liabilities:		
Accounts payable	5,993	(18,400)
Due to Sponsoring District	(5,470)	5,470
Settlement payable	228,665	
Other liabilities	(823)	5,303
Payroll liability	(1,954)	18,918
Net cash provided by operating activities	<u>(332,916)</u>	<u>153,103</u>
Cash flows from investing activities:		
Purchase of computers and improvements	(181,227)	(62,308)
Net cash used by investing activities	<u>(181,227)</u>	<u>(62,308)</u>
Cash flows from financing activities:		
Proceed from line of credit - Wells Fargo	250,000	
Net cash provided by (used in) financing activities:	<u>250,000</u>	<u></u>
Net increase (decrease) in cash	<u>(464,143)</u>	<u>90,795</u>
Cash and cash equivalents- beginning of the year	<u>513,331</u>	<u>422,536</u>
Cash and cash equivalents - end of the year	<u>\$ 49,188</u>	<u>\$ 513,331</u>
Supplemental Disclosures:		
Cash paid for interest expense	\$ 1,319	\$ -

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2012

NOTE 1 - ORGANIZATION

NATURE OF BUSINESS

Merle Williamson Foundation doing business as Wisdom Academy for Young Scientists (WAYS) is a public charter school of approximately 520 students located in South Los Angeles, serving kindergarten through fifth grade education. Opened in 2006, WAYS serve a population of students traditionally labeled as underperforming or high-risk students. As a charter school, WAYS was created under the approval of the Los Angeles Unified School District and the California State Board of Education, and receives public per-pupil funding to help support its operations. On June 30, 2011, Wisdom Academy for Young Scientists' charter expired and was not renewed with the Los Angeles Unified School District.

Effective July 1, 2011, Wisdom Academy for Young Scientists was chartered under the authority of the Los Angeles County Board of Education (LACOE).

WAYS was granted the Accreditation of Commission for Schools of the Western Association of Schools and Colleges. The term of the accreditation will run through June 30, 2013. WAYS is economically dependent on federal and state funding provided through the Los Angeles County Board of Education.

In 2011-2012, WAYS scored 716 on the Academic Performance Index (API).

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2012

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - continued

The summary of Significant Accounting Policies of WAYS is presented to assist in understanding the organization's financial statements. The financial statements and notes are representations of WAYS' management, who are responsible for their integrity and objectivity.

WAYS accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's "California School Accounting Manual". WAYS conforms to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Financial Statements Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of FASB ASC 958-205, (prior authoritative literature: SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*). Accordingly, WAYS' financial statements are present on the following three classes of net assets: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Temporarily restricted and permanently restricted net assets are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

Revenue Recognition

Amounts received from the California Department of Education are recognized as revenue by WAYS based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in unrestricted net assets, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flow, WAYS considered all liquid investments with a maturity three months or less to be cash equivalents.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2012

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Basis of Accounting

The financial statements of WAYS have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounts Receivable

WAYS accounts receivable consists of amounts due from government sources only. No allowance for doubtful accounts has been established as WAYS deems all amounts to be fully collectible.

Contributions and Contributed Services

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor as required by SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Amounts received that are designated for specific use in future periods are reported as temporarily restricted. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets for expenditure.

Use of Estimates

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

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2012

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Equipment and Improvements

Equipment and improvements are recorded at cost. All property, equipment and improvements with a value of \$1,000 or greater and a useful life of 1 year or more are capitalized. Improvements are depreciated under a straight-line method over their estimated useful lives of 20 years. Equipment is depreciated under straight-line method over the estimated useful life of five to seven years. The depreciation expense for the year ended June 30, 2012 is \$31,402.

Income Taxes

WAYS is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for income taxes.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with WAYS' financial statements for the twelve months period ended June 30, 2011, from which summarized information was derived.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2012

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2012, reported as follows:

General purpose block grant	\$ 697,820
Los Angeles Unified School District	27,961
Special Education	151,044
Categorical grant	28,790
Class size reduction	64,314
Child nutrition - federal	38,088
Child nutrition	67,185
Facility grant	184,983
After school grant	39,375
Total	\$ 1,299,560

NOTE 4 - EQUIPMENT AND IMPROVEMENTS

Below is the summary of the changes in fixed assets owned by Wisdom Academy for Young Scientists for the year ended June 30, 2012:

Description	Balance at 7/1/2011	Additions (deletions)	Balance at 6/30/12
Leaschold improvements	\$ 197,312	\$ 78,471	\$ 275,783
Leaschold improvements - ERate	35,483		35,483
Computer and equipment		37,987	37,987
Furniture and equipment	77,221	64,769	141,990
Total fixed assets	310,016	181,227	491,243
Accumulated depreciation	(53,691)	(31,402)	(85,093)
Net fixed assets	\$ 256,325	\$ 149,825	\$ 406,150

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - DONATED SERVICES

No amounts have been reflected in the accompanying financial statements for donated services inasmuch as no objective basis was available to measure the value of such services; however, some volunteers have donated their time to WAYS.

NOTE 6 - RECONCILIATION OF ANNUAL FINANCIALS

The schedule on page 17 were prepared by WAYS for the Los Angeles Unified School District.

NOTE 7 - COMMITMENTS

As such, WAYS entered into a twelve-month agreement for its main facility located on 706 East Manchester Avenue, L.A., CA with OCI Development Corporation. Monthly lease payments began at \$13,052. The agreement requires annual rent rate to increase by 3.0% each year. The lease will expire in June 2012. Payments made on this facility lease totaled \$156,627 for the year ended June 30, 2012.

At the same time, WAYS entered into a twelve-month agreement with OCI Development Corporation for the property located at 8778 Central Avenue, L.A., CA. Monthly lease payments began at \$4,367. The agreement requires annual rent rate to increase by 3.0% each year. The lease will expire in June 2012. Payments made on this facility lease totaled \$52,404 for the year ended June 30, 2012.

WAYS entered into a five-year lease agreement for a facility for additional occupancy and parking near its main facility. The lease commenced in December 2007. Monthly lease payments are \$1,450 for the duration of the lease. The lease will expire in December 2012. Payments made on the facility lease totaled \$17,400 for the twelve months ended June 30, 2012.

WAYS entered into a twelve-month agreement with The Salvation Army for the property located at 7651 South Central Avenue, L.A., CA. The lease commenced in August 2011. Monthly lease payments began at \$13,492. The lease will expire in July 2012. Payments made on this facility lease totaled \$136,413 for the year ended June 30, 2012.

The future minimum lease payments due for the next year are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 379,632

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2012

NOTE 8 - EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS). WAYS is not eligible to participate in Public Employees' Retirement System (PERS).

State Teachers' Retirement System (STRS)

Plan Description

WAYS contributes to the State Teachers' Retirement System (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. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and WAYS 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 2011-12 is 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS

WAYS' contributions to STRS and PERS for this fiscal year are as follows:

Year Ended June 30	STRS Required Contribution	STRS Percent Contributed
2012	\$96,379	100%

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LINE OF CREDIT - WELLS FARGO

WAYS obtained a revolving line of credit with Wells Fargo Bank that allows WAYS to borrow up to a maximum of \$250,000. As of June 30, 2012, WAYS had \$250,000 outstanding on the line of credit. The line of credit matures on February 15, 2013. The interest rate on the line of credit is 5%.

Total interest charge to expense for the year ended June 30, 2012 was \$1,319.

As December 31, 2012, WAYS outstanding line of credit balance was paid in full.

NOTE 10 - RELATED PARTIES TRANSACTIONS

A related party is one which controls, exercises significant influences over, or is significantly influenced by a group or member in making financial, and operating decisions, along with any group member, is subject to common control or significant influence.

DeDe Dance Studio, a non-profit organization, provided after school program service to WAYS. WAYS' assistant principal is the executive director of the DeDe Dance Studio and is related to the WAYS' Director of Operations. During the year ended June 30, 2012, DeDe Dance Studio received payments of \$36,000 from WAYS.

As of December 31, 2012, DeDe Dance Studio corporate status is suspended with the California Secretary of State.

NOTE 11 - SETTLEMENT WITH FORMER EXECUTIVE DIRECTOR

On October 26, 2012, WAYS and the former executive director entered into a settlement agreement and mutual release of claims. WAYS paid the former executive director a sum of \$228,665.38 to settle all claims arising or any way relating to the dispute. In consideration, the former executive director release and discharge WAYS from all cause of action relating to the dispute.

Because the proposed settlement was initiated by letters dated January and May 2012 and as such was related to the June 30, 2012 year end. The amount of \$228,665.38 is recognized on the June 30, 2012 statement of financial position as a liability and the statement of activities as a payroll related transaction.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTE 12 – PENDING CLAIMS AND LITIGATION

On April 12, 2011, WAYS has been named in a wrongful employment termination by Plaintiff, who was a former teacher at WAYS. The stated cause of action for wrongful termination is violation of the Labor Code section 1102.5.

A trial was recently held and on December 4, 2012, the jury found in favor of the Plaintiff. A judgment was entered in the amount of \$566,803 against the school.

December 31, 2012, management has brought post-trial motion and is contesting the verdict on the grounds that the Plaintiff did not present sufficient evidence to overcome the substantial evidence establishing she was terminated for legitimate, non-retaliatory reasons. The motion is scheduled to be heard in Los Angeles County Superior Court on January 17, 2013. Pending the hearing on this motion, the process to satisfy the existing monetary judgment has not been initiated.

NOTE 13 – DUE FROM FORMER EXECUTIVE DIRECTOR

Prepaid rent in the amount of \$10,120 was paid in the fiscal year 2009-10 to the former executive director. The executive director was also the organization landlord. The prepaid amount was not subsequently earned through the period ending of 6/30/12 and therefore due back to WAYS.

NOTE 14 – SUBSEQUENT EVENTS

WAYS has evaluated subsequent events through December 31, 2012, the date which the financial statements were available to be issued.

WAYS entered into two one-year lease agreements for educational facility located on 706 East Manchester Avenue and 8778 Central Avenue. The lease will commence on July 2012, and ending on the 30th day of June 2013. Monthly lease payments for each property are \$13,559 and \$4,467.

In addition, WAYS entered into a one-year lease with the Salvation Army on 7651 Central Avenue. The monthly lease payments are \$12,548. The lease will commence on August 2012, and ending on July 2013.

NOTE 15 – Prior Period Adjustments

Miscellaneous adjustments to the prior period resulted primarily from correction to petty cash, payable and prepaid expenses.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

SUPPLEMENTARY INFORMATION SECTION

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

**RECONCILIATION OF ANNUAL FINANCIAL
REPORT WITH AUDITED FINANCIAL STATEMENTS**
For the year ended June 30, 2012

	<u>2012</u>
June 30, 2012 unaudited financial report fund balances (net assets)	<u>\$ 1,197,837</u>
Adjustments and Reclassifications:	
Increasing (Decreasing) the Fund Balance (Net Assets)	
Cash in bank	16,346
Accounts receivable	239,892
Other assets	
Prepaid expenses	17,089
Property and equipment	33,576
Accumulated depreciation	(31,404)
(Increase) decrease in Liabilities:	
Accounts payable	(8,639)
Settlement Payable	(228,665)
Rounding	2
Current Loans	
Net adjustments and reclassifications	<u>38,197</u>
June 30, 2012 Audited Financial Statement Fund Balance	<u>\$ 1,236,034</u>

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF INSTRUCTIONAL MINUTES
Twelve Months Period ended June 30, 2012

	<u>Requirement</u>	<u>Reduced</u>	<u>Actual</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	33,531	64,800	180	In compliance
Grade 1 through 3	50,400	46,944	64,800	180	In compliance
Grade 4 through 5	54,000	50,297	64,800	180	In compliance

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF AVERAGE DAILY ATTENDANCE
Twelve Months Period ended June 30, 2012

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Kindergarten	84.45	84.45	84.51	84.51
Grade 1 through 3	226.73	226.73	215.93	215.93
Grade 4 through 5	138.30	138.30	130.33	130.33
ADA Totals	449.48	449.48	430.77	430.77

WISDOM ACADEMY FOR YOUNG SCIENTISTS

NOTES TO SUPPLEMENTARY INFORMATION
Twelve Months Period ended June 30, 2012

NOTE 1 - PURPOSE OF SCHEDULES

A. Schedule of Instructional Minutes

This schedule presents information on the amount of instructional time offered by the Academy and whether the Academy complied with the provisions of Education Code Sections 46200 through 46206.

B. Schedule of Average Daily Attendance (ADA)

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA number</u>	<u>Contract period</u>	<u>Expenditures</u>
UNITED STATES DEPARTMENT OF EDUCATION/			
Pass through State Department of Education/			
Title I	84.010	7/1/11-6/30/12	\$ 127,246
Charter School Facilities Incentive Grant	84.282D	7/1/11-6/30/12	<u>37,684</u>
Total United States Department of Education			<u>164,930</u>
UNITED STATES DEPARTMENT OF AGRICULTURE			
Pass through State Department of Education, Child Nutrition/			
Fiscal Services			
Child Nutrition - Federal	10.555	7/1/11-6/30/12	<u>296,287</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>461,217</u>

The accompanying notes are an integral part of these financial statements.
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WISDOM ACADEMY FOR YOUNG SCIENTISTS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Twelve Months Period ended June 30, 2012

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Wisdom Academy for Young Scientists and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

ORGANIZATION STRUCTURE
Twelve Months Period ended June 30, 2012

Wisdom Academy for Young Scientists (#839) was formed as charter pursuant to Education Code Section 47600 under an agreement with Los Angeles Unified District granted in July, 2006.

WAYS' vision is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

School Board		
Name	Term on Board Expires	Board
Karen Haynes	June 30, 2013	Secretary
Dr. Dorothy Valenti	June 30, 2014	Chairperson
Norman Golden	June 30, 2014	Member
Armando Espinosa	June 30, 2014	Member
Cheryl Johnson	June 30, 2014	Member
Eleanor Jones	June 30, 2014	Member
Administration		
Edward Cabil		Executive Director
Jason Okonkwo		Director of Operations

Clem Payne, Jr.
CERTIFIED PUBLIC ACCOUNTANT

**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
Merle Williamson Foundation, dba.
Wisdom Academy for Young Scientists (WAYS)
Los Angeles, California

I have audited the financial statements of Wisdom Academy for Young Scientists (WAYS) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 31, 2012. I conducted my 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.

Internal Control Over Financial Reporting

Management of Wisdom Academy for Young Scientists (WAYS) is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Wisdom Academy for Young Scientists' internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wisdom Academy for Young Scientists' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wisdom Academy for Young Scientists' internal control over financial reporting.

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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

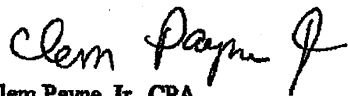
**Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards* -
*continued***

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. I consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Finding and Questioned Costs as Finding 11-01/30000 and 11-02/30000. Wisdom Academy for Young Scientists' response to the findings identified in my audit is described in the accompanying Schedule of Findings and Questioned Costs. I did not audit Wisdom for Young Scientists' response and, accordingly, I express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wisdom Academy for Young Scientists' financial statements are free of material misstatement, I 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, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, the Los Angeles County of Education, the California Department of Education, the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.



Clem Payne, Jr., CPA
Altadena, California
December 31, 2012

Clem Payne, Jr.
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
Wisdom Academy for Young Scientists
Los Angeles, California

I have audited the financial statements of the Wisdom Academy for Young Scientists (WAYS) as of and for the year ended June 30, 2012 and have issued my report thereon dated December 31, 2012. I conducted my 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. I have also audited the WAYS' compliance with the requirements specified in the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2011-12*, published by the Education Audit Appeals Panel, applicable to the WAYS' statutory requirements identified below for the year ended June 30, 2012. Compliance with the requirements referred to above is the responsibility of the WAYS' management. My responsibility is to express an opinion on the WAYS' compliance based on our audit.

The auditing standards referred to above require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the state laws and regulations applicable to the items in the schedule below occurred. An audit includes examining, on a test basis, evidence about the WAYS' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for our opinion. My audit does not provide a legal determination of the WAYS' compliance with those requirements.


In connection with the audit referred to above, I selected and tested transactions and records to determine the WAYS' compliance with the state laws and regulations applicable to the following items:

<u>State Compliance Procedures for Charter Schools:</u>	<u>Procedures In Audit Guide</u>	<u>Procedures Performed</u>
Class Size Reduction Program		
General Requirements	7	Not Applicable
Option One Classes	3	Not Applicable
Option Two Classes	4	Not Applicable
Only One School Serving Grades L-3	4	Not Applicable
After School Education and Safety Program:		
General Requirements	4	Yes
After School	5	Yes
Before School	6	Not Applicable
Contemporaneous Records of Attendance	3	Yes
Mode of Instruction	1	Yes
Non-classroom - Based Instructions/ Independent Study	15	Not Applicable
Determination of Funding for Non-class Based Instructions	3	Not Applicable
Annual Instructional Minutes - Classroom Based	4	Yes

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

In my opinion, Wisdom Academy for Young Scientists complied, in all material respects, with the 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, 2012.

This report is intended solely for the information and use of the Wisdom Academy for Young Scientists' Board of Directors, management, the Los Angeles County Office of Education, the California Department of Education, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.


Clem Payne, Jr., CPA
Altadena, California
December 31, 2012

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Twelve Months Period ended June 30, 2012

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?

Yes No X

One or more significant deficiencies identified
are not considered to be material weaknesses?

Yes X No

Noncompliance material to financial statement
noted?

Yes No X

2. State Awards

Internal control over state programs:

Material weaknesses identified?

Yes No X

Significant deficiencies identified not considered
to be material weaknesses?

Yes No X

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

Unqualified

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2012

Significant Deficiencies

Finding 11-01/30000

Deficiency in Internal Control Condition – Bank Reconciliation Over Site

Criteria

Proper internal controls dictate that a supervisor or officer of the organization should review bank reconciliation to ensure that reconciliation is performed in a timely manner and any necessary adjustment is properly authorized:

Condition

Bank reconciliations were not properly reviewed resulting in inconsistent bank to book balances and lack of over site over the bank reconciliation process.

Questioned Costs

None

Context

All material cash transactions were properly reconciled and recorded in the general ledger.

Effect

If the cash reconciliation process does not ensure that all reconciling items are properly identified and recorded, a transaction material to the cash account might not be recorded properly, resulting in a material misstated financial statements.

Cause

The Organization has not established adequate procedures to ensure that bank reconciliations were reviewed monthly by a supervisor who should compare the reconciled cash balance to the general ledger cash account balance, review and research all reconciling items and authorize any correcting entries needed.

Recommendation

The Organization should establish procedures to ensure that an officer or a supervisor reviews the monthly bank reconciliation and authorize any correcting entries as applicable.

Organization's Response

Wisdom for Young Scientists will continue the audit recommendation. WAYS will implement policies and procedures that will require an explanation for any difference between the reconciled cash balance and the related general account balance. An employee or officer who does not have custody or access to cash and who does not record cash related transaction will review monthly bank reconciliation and authorize any correcting entries as applicable.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
June 30, 2012

Significant Deficiencies:

Finding 11-02/30000

Deficiency in Internal Control Condition – Payroll Expense Reconciliation

Criteria

A good internal control system uses reconciliation for significant general ledger accounts as a mechanism to verify accuracy, determine validity of purpose and allowableness of recorded transactions.

Condition

Payroll expenses were not consistently reconciled to the general ledger.

Questioned Costs

None

Context

The payroll expense reconciling items were not material for the current year financial statements.

Effect

If payroll expenses are not properly reconciled and adjusted in a timely manner, unresolved discrepancies could result in materially misstated financial statements.

Cause

The Organization has not adequately established written policies and procedures to ensure the timely reconciliation of payroll expenses.

Recommendation

The Organization should establish clear policies and procedures to reconcile payroll expenses monthly and an independent person should perform the reconciliation. The reconciliation should be in writing and approved by management.

Organization's Response

Wisdom Academy For Young Scientists will develop policies and procedures to reconcile payroll expenses on a regular basis. Management will review and monitor the payroll expense reconciliation.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2011**

Combined Significant Deficiencies that Resulted in a Material Weakness

Finding 11-01/30000

Deficiency in Internal Control Condition – Untimely Deposit of Cash Receipts

Criteria

Effective Internal control over cash receipts ensures that all funds are timely deposited in the bank and are properly recorded in the appropriate general account.

Condition

An examination of cash receipts disclosed an incident where a check received was not deposited or recorded timely.

Questioned Costs

None

Context

There were no effect on the current financial statement because the funds were deposited in the proper period.

Effect

Untimely deposit of cash receipts risk the mismanagement of funds (either fraud or loss), misstatement of revenue, receivable or cash, and possible noncompliance with contracts, or laws & regulations.

Cause

A customer's check that was placed in a desk draw was inadvertently over looked and not deposited timely.

Recommendation

The Organization should ensure that all funds are deposited timely. Mail should be open by an employee that restrict endorses all checks, prepares deposited slip and forward a copy of deposit slips and check received to accounting for recording. Monthly bank reconciliation should always compare deposit reported per bank to recorded deposit.

Organization's Response

Wisdom Academy For Young Scientists will establish procedures and over site that will ensure that all cash receipts are deposited and recorded timely.

Current Status

Cash receipts appears to be deposited timely.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS – Continued

Combined Significant Deficiencies that Resulted in a Material Weakness

Finding 11-02/30000

Deficiency in Internal Control Condition – Bank Reconciliation Over Site

Criteria

Proper internal controls dictate that a supervisor or officer of the organization should review bank reconciliation to ensure that reconciliation is performed in a timely manner and any necessary adjustment is properly authorized.

Condition

Bank reconciliations were not properly reviewed resulting in inconsistent bank to book balances and lack of over site over the bank reconciliation process.

Questioned Costs

None

Context

All material cash transactions were properly reconciled and recorded in the general ledger.

Effect

If the cash reconciliation process does not ensure that all reconciling items are properly identified and recorded, a transaction material to the cash account might not be recorded properly, resulting in a material misstated financial statements.

Cause

The Organization has not established adequate procedures to ensure that bank reconciliations were reviewed monthly by a supervisor who should compare the reconciled cash balance to the general ledger cash account balance, review and research all reconciling items and authorize any correcting entries needed.

Recommendation

The Organization should establish procedures to ensure that an officer or a supervisor reviews the monthly bank reconciliation and authorize any correcting entries as applicable.

Organization's Response

Wisdom Academy For Young Scientists will implement policies and procedures that will require an employee or officer who does not have custody or access to cash and who does not record cash related transaction to review monthly bank reconciliation and authorize any correcting entries as applicable.

Current Status

Procedures were established to review bank reconciliation.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS --(Continued)

Combined Significant Deficiencies that Resulted in a Material Weakness

Finding 11-03 /30000

Deficiency in Internal Control Condition -- Account Receivable Reconciliation

Criteria

Effective internal control over financial reporting necessitate that accounts receivable subsidiary ledger balances should be reconciled to the general ledger account balance and reconciling items should be investigated and cleared in a timely manner.

Condition

The accounts receivable general ledger balance was not reconciled to the accounts receivable subsidiary ledger balances.

Questioned Costs

None

Context

The differences noted were not material to the current year financial statements.

Effect

Not reconciling accounts receivable general ledger account balance to the accounts receivable subsidiary ledger balances could result in materially errors or possible fraudulent activities going undetected resulting in materially misstated financial statements.

Cause

The Organization has not adequately established written policies and procedures to ensure that the general ledger accounts receivable balance is properly reconciled to subsidiary ledger balances and that differences are investigated and cleared in a timely manner.

Recommendation

The Organization should establish clear policy and procedures to ensure that general ledger control account balances are properly reconciled to subsidiary ledger balances and that any differences be investigated and cleared in a timely manner.

Organization's Response

Wisdom Academy For Young Scientists will develop policies and procedures regarding reconciling general ledger control accounts balances to subsidiary ledger balances. Such procedures will include proper review and supervision.

Current Status

Procedures were developed to compare and review general ledger activity.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS - Continued

Combined Significant Deficiencies that Resulted in a Material Weakness

Finding 11-04/30000

Deficiency in Internal Control Condition – Recording Transaction Without Complete Supporting Documentation

Criteria

Effective internal controls over cash disbursements requires that adequate supporting documentation be attached or otherwise matched to all check requests processed for payment and that such supporting documentation be the basis for recording in financial records.

Condition

During the examination it was noted that supporting documentation for several disbursements were not complete.

Questioned Costs

None

Context

Once notified about the missing documents, the Organization located the proper supporting documentations which were either misfiled or unfiled at that time. As such, there were no effect on the current year financial statements

Effect

Lack of complete supporting documentation could result in payments made for goods or services not received, duplicate payments or payments that are incorrect or fraudulent. In addition records could be lost destroyed, misused or altered to the detriment of the Organization. The results could be material misstated financial statements

Cause

The Organization has not adequately established written policies and procedures and over site to ensure that all check requests are accompanying by proper and complete supporting documentation.

Recommendation

The Organization should establish clear policies and procedures for the approval of all check request and all check requests should be supported by proper and complete documentation.

Organization's Response

Wisdom Academy For Young Scientists will develop policies and procedures requiring complete supporting documentation for all check requests.

Current Status

Procedures were established that requiring adequate supporting documentation.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS – Continued

Significant Deficiencies:

Finding 11-05 /30000

Deficiency in Internal Control Condition – Payroll Expense Reconciliation

Criteria

A good internal control system uses reconciliation for significant general ledger accounts as a mechanism to verify accuracy, determine validity of purpose and allowableness of recorded transactions.

Condition

Payroll expenses were not consistently reconciled to the general ledger.

Questioned Costs

None

Context

The payroll expense reconciling items were not material for the current year financial statements.

Effect

If payroll expenses are not properly reconciled and adjusted in a timely manner, unresolved discrepancies could result in materially misstated financial statements.

Cause

The Organization has not adequately established written policies and procedures to ensure the timely reconciliation of payroll expenses.

Recommendation

The Organization should establish clear policies and procedures to reconcile payroll expenses monthly and an independent person should perform the reconciliation. The reconciliation should be in writing and approved by management.

Organization's Response

Wisdom Academy For Young Scientists will develop policies and procedures to reconcile payroll expenses on a regular basis. Management will review and monitor the payroll expense reconciliation.

Current Status

Procedures established to review and compare payroll activity to general ledger accounts.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS – Continued

Significant Deficiencies:

Finding 11-06 /30000

Deficiency in Internal Control Condition – Written Asset Capitalization Policy

Criteria

Written capitalization policies and procedures for property and equipment are essential in order to systematically and accurately record, classified and document costs incurred from acquiring property, equipment and other long lived assets

Condition

The Organization has no written asset capitalization policies or procedures. As such, costs were expensed in the in the financial records that should have been capitalized and depreciated over lives in excess on one year.

Questioned Costs

None

Context

In reviewing cost related to leasehold improvement, it was determine that leasehold improvement expenditures were classified as repairs and maintenance expense. The examination indicated that the classification was incorrect because the improvement was deemed to be of benefit to the Organization for more than one year and the amount was sufficient enough to warrant capitalization. The amount was not considered material to the current financial statements.

Effect

Lack of written policies and procedures that consistently define and set asset capitalization threshold and valuation, systematically classify and accurately recorded asset acquisition could result in unreliable financial reporting and compliance with applicable laws and regulations.

Cause

The Organization has not adequately established policies and procedures to ensure that fixed assets are properly capitalized and classified in the financial records.

Recommendation

The Organization should establish policies and procedures that ensure that fixed assets are properly capitalized and classified in the financial records.

Organization's Response

Wisdom Academy For Young Scientists will implement policies and procedures to systematically and accurately record, classify and document costs incurred for property, equipment and other long lived assets.

Current Status

Organization to follow LEA procedures.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2010

Audit findings are identified as one or more of the following six categories:

Five Digit Code

10000
20000
30000
40000
50000
60000

Finding Categories

Attendance
Inventory of Equipment
Internal Control
State Compliance
Federal Compliance
Miscellaneous

Findings: None noted.

Questioned Costs: None noted

EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000312

MERLE WILLIAMSON FOUNDATION
DBA: WISDOM ACADEMY FOR YOUNG SCIENTISTS
Financial Statements and Supplemental Information
Year Ended June 30, 2013

000313

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Financial Statements and Supplemental Information
Year Ended June 30, 2013

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**WILKINSON HADLEY
KING & CO. LLP**
CPAs AND ADVISORS

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

Aubrey W. King, CPA
Richard K. Savage, CPA

Independent Auditor's Report

To the Board of Directors
Wisdom Academy for Young Scientists
Santa Ana, California

Report on Financial Statements

We have audited the accompanying financial statements of Wisdom Academy for Young Scientists, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 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 consolidated financial statements.

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

Basis for Qualified Opinion

Wisdom Academy for Young Scientists did not maintain a detail of capital assets or depreciation. As a result we are unable to obtain sufficient appropriate audit evidence about the balances recorded in capital assets. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Wisdom Academy for Young Scientists as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying additional supplementary information, as required by the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the Education Audit Appeals Panel 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 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 January 15, 2014 on our consideration of Wisdom Academy for Young Scientists' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wisdom Academy for Young Scientists' internal control over financial reporting and compliance.

Wilkinson Hadley King & Co. LLP

El Cajon, California
January 15, 2014

FINANCIAL STATEMENTS

000317

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Statement of Financial Position
June 30, 2013

ASSETS

Current Assets

Cash and cash equivalents	\$ 185,082
Accounts receivable	1,330,545
Prepaid expenditures	32,325
Total Current Assets	1,547,952

Noncurrent Assets

Capital assets, net	436,315
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Other Assets

Deposits	30,911
Total Other Assets	30,911

TOTAL ASSETS	\$ 2,015,178
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 152,249
Accrued payroll liabilities	12,428
Total Current Liabilities	164,677

Total Liabilities	164,677
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Net Assets

Unrestricted	1,850,501
Temporarily restricted	-
Total Net Assets	1,850,501

TOTAL LIABILITIES AND NET ASSETS	\$ 2,015,178
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The accompanying notes to the financial statements are an integral part of this statement.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Statement of Activities
Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Revenue			
State aid, charter school general purpose grant	\$ 1,236,199	\$ -	\$ 1,236,199
State aid, education protection account	515,580	-	515,580
Payments in lieu of property taxes	658,800	-	658,800
Federal revenue	-	505,490	505,490
Other state revenue	503,188	704,606	1,207,794
Interest	958	-	958
Other local revenue	60,735	-	60,735
Total Revenues	2,975,460	1,210,096	4,185,556
Net assets released from restrictions:			
Grant restrictions satisfied	1,210,096	(1,210,096)	-
TOTAL REVENUE AND SUPPORT	4,185,556	-	4,185,556
EXPENSES			
Certificated salaries	1,064,504	-	1,064,504
Classified salaries	571,532	-	571,532
Taxes and employee benefits	294,016	-	294,016
Books and supplies	179,307	-	179,307
Rentals, leases and repairs	409,226	-	409,226
Consultants	849,650	-	849,650
Other operating expenditures	147,977	-	147,977
Debt service interest	12,352	-	12,352
Depreciation expense	33,525	-	33,525
TOTAL EXPENSES	3,562,089	-	3,562,089
CHANGE IN NET ASSETS	623,467	-	623,467
NET ASSETS, BEGINNING OF YEAR	1,284,221	(57,187)	1,227,034
ADJUSTMENT TO BEGINNING NET ASSETS (Note L)	(57,187)	57,187	-
NET ASSETS, END OF YEAR	\$ 1,850,501	\$ -	\$ 1,850,501

The accompanying notes to the financial statements are an integral part of this statement.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Statement of Cash Flows

Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 623,467
Depreciation	33,525
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) Decrease resulting from changes in assets:	
Accounts receivable	(45,709)
Due from related entity	10,120
Prepaid expenses	(13,455)
Increase (Decrease) resulting from changes in liabilities:	
Accounts payable	85,045
Accrued payroll liabilities	(14,744)
Settlement payment	(228,665)

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

449,584

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of capital assets	(63,690)
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NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

(63,690)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on line of credit	(250,000)
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NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

(250,000)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

135,894

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

49,188

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 185,082

The accompanying notes to the financial statements are an integral part of this statement.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Notes to the Financial Statements
Year Ended June 30, 2013

A. Organization and Summary of Significant Accounting Policies

Organization

Merle Williamson Foundation doing business as Wisdom Academy for Young Scientists (the Academy) was organized on September 12, 2006 as a charter school pursuant to California Education Code §47600 under a charter agreement with Los Angeles Unified School District in July, 2006. Effective July 1, 2011, the Academy was chartered under the authority of the Los Angeles County Office of Education (LACOE). The Academy operates under a locally elected Board form of government and provides educational services to grades K-5 as mandated by the State and/or Federal agencies.

The Academy is a California public charter academy organized for the purpose of providing rigorous academic environment to a population of students traditionally labeled as underperforming or high-risk students. The Academy's vision is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958, Financial Statements of Not-for-Profit Organizations. Under ASC No. 958, the Academy is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor or grant restrictions.
- Temporarily restricted net assets consist of contributed funds or grants subject to donor or grant imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Academy may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

The Academy had no permanently restricted net assets during the year.

Use of Estimates

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Academy considers all highly liquid debt equity instruments purchased with an original maturity of three months or less to be cash equivalents.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Notes to the Financial Statements, Continued
Year Ended June 30, 2013

Investments

The Academy's method of accounting for investments, in accordance with generally accepted accounting principles, is the fair value method. Fair value is determined by published quotes. Changes in fair value of investments results in increases or decreases in unrealized fair values of equity investments. Adjustments to fair values are reflected as unrealized gain/loss on investments in the accompanying statement of activities.

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. No allowance was considered necessary as management believes that all amounts are collectible.

Capital Assets

Property and equipment are recorded at cost, or estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. 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 Academy's earnings. Management has elected to capitalize and depreciate all assets costing \$1,000 or greater and a useful life of 1 year or more. All other assets are charged to expense in the year incurred. The Academy's policy is to evaluate the remaining lives and recoverability in light of the current conditions. It is reasonably possible that the Academy's estimate to recover the carrying amount of the property and equipment will change. Estimated useful lives range from one to fifty years depending on the asset.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition or when resources are received by the Academy prior to the Academy meeting the requirements for legal claim to the resources.

In subsequent periods, when both revenue recognition criteria are met or when the Academy has legal claim to the resources, the liability for unearned revenue is removed from the statement of financial position and revenue is recognized.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any restrictions.

All donor or grant restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 reported in the statement of activities as net assets released from restrictions.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Notes to the Financial Statements, Continued
Year Ended June 30, 2013

Contributed Materials and Services

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. The Academy receives services donated by volunteers in carrying out the Academy's operations. The services do not meet the criteria as contributions and are, therefore, not recognized in the financial statements.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contribution of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Academy reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Academy reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Block Grant Revenues and Payments in Lieu of Property Taxes

The Academy's primary funding source is a combination of local property taxes and state revenues. The California Department of Education computes two block grants based on statewide charter school rates multiplied by the Academy's average daily attendance (ADA) as reported at the Second Principal apportionment period (P2). The result is then reduced by property tax revenues transferred from the District to the Academy, which is funding in lieu of property taxes. The balance is paid from the state General Fund, in the form of the General Purpose Block Grant and the Categorical Block Grant.

Advertising

Advertising costs are expensed when incurred.

Income Taxes

The Academy is a 509(a)(1) publicly supported non-profit organization that is exempt from income taxes under Sections 501(a) and 501(c)(3) of the Internal Revenue Code. The Academy is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The Academy may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2013, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The Academy follows provisions of uncertain tax positions as addressed in ASC 958. The Academy recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the year ended June 30, 2013.

The Academy files informational and income tax returns in the United States and in the state of California. The federal income tax and informational returns are subject to examination by the Internal Revenue Service for three years after the returns are filed. State and local jurisdictions have statutes of limitation that generally range from three to five years.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Notes to the Financial Statements, Continued
Year Ended June 30, 2013

Subsequent Events

In preparing these financial statements, the Academy has evaluated events and transactions for potential recognition or disclosure through January 15, 2014, the date the financial statements were available to be issued.

B. Cash and Cash Equivalents

Cash in Bank

The Academy's cash (\$185,082 as of June 30, 2013) is held in financial institutions which are either insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor or certain non-interest bearing accounts that are fully insured by the FDIC. As of June 30, 2013, the Academy did not have any cash that was exposed to uninsured deposit risk.

C. Accounts Receivable

As of June 30, 2013 accounts receivable consisted of:

Federal Government:

Federal Grants	\$ 118,459
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State Government:

General Purpose Block Grant	460,031
Categorical Block Grant	34,889
Education Protection Account	515,580
Lottery Revenue	40,372
Other State Grants	128,037

Local Sources:

In lieu of Property Taxes	10,875
Other Local Sources	<u>22,302</u>

Total	<u>\$ 1,330,545</u>
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WISDOM ACADEMY FOR YOUNG SCIENTISTS

Notes to the Financial Statements, Continued
Year Ended June 30, 2013

D. Prepaid Expenses

Prepaid expenses at June 30, 2013 consist of prepaid rent in the amount of \$32,325.

E. Deposits

Deposits at June 30, 2013 consist of security deposits for facilities in the amount of \$30,911.

F. Capital Assets

As of June 30, 2013 capital assets consisted of:

	Beginning Balance	Increases	Decreases	Ending Balance
Leasehold improvements	\$ 311,266	\$ 63,690	\$ -	\$ 374,956
Equipment	37,987	-	-	37,987
Furniture and fixtures	141,990	-	-	141,990
Total capital assets	491,243	63,690	-	554,933
Less accumulated depreciation	(85,093)	(33,525)	-	(118,618)
Capital assets, net	\$ 406,150	\$ 30,165	\$ -	\$ 436,315

G. Accounts Payable

As of June 30, 2013 accounts payable consisted of:

Vendors payable	\$ 20,647
Food services	130,639
Other liabilities	963
Total	\$ 152,249

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Notes to the Financial Statements, Continued

Year Ended June 30, 2013

H. Operating Leases

On December 1, 2012 the School entered into a lease agreement with Elder T. Turner for use of facilities. The agreement does not contain a purchase option and does not meet the requirements for capitalization. As such, the lease has not been recorded on the statement of financial position. The agreement provides for monthly payments of \$1,750 for a period of 60 months. The agreement contains a termination clause providing for cancellation after a specified number of days written notice to the lessor, but it is unlikely that the School will cancel the agreement prior to the expiration date. Future minimum lease payments under the agreement are as follows:

Year Ended June 30,	Lease Payments
2014	\$ 21,000
2015	21,000
2016	21,000
2017	21,000
2018	8,750
Total	<u>\$ 92,750</u>

I. Functional Expenses

As of June 30, 2013 functional expenses consisted of:

	Program Services	Management and General	Total
Certificated salaries	\$ 1,064,504	\$ -	\$ 1,064,504
Classified salaries	90,803	480,729	571,532
Taxes and employee benefits	207,622	86,394	294,016
Books and supplies	94,700	84,607	179,307
Rentals, leases and repairs	368,303	40,923	409,226
Consultants	592,632	257,018	849,650
Other operating expenditures	-	147,977	147,977
Debt service interest	-	12,352	12,352
Depreciation expense	23,468	10,057	33,525
Total expenses	<u>\$ 2,442,032</u>	<u>\$ 1,120,057</u>	<u>\$ 3,562,089</u>

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Notes to the Financial Statements, Continued
Year Ended June 30, 2013

J. Commitments and Contingencies

State and Federal Allowances, Awards, and Grants

The Academy has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement will not be material. As a result, no liability has been accrued.

Sick Leave

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulate sick leave. Employees, therefore, are never paid for any sick leave balance at termination of employment or any other time. Therefore, it is not appropriate to accrue the value of the accumulated sick leave.

K. Employee Retirement System

Qualified employees are covered under multiple-employer defined benefit pension plan by an agency of the State of California. Certificated employees are members of the State Teachers' Retirement System (CalSTRS). The risks of participating in this multi-employer plan are different from single-employer plan in the following aspects:

1. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of the other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If the School chooses to stop participating in some of its multi-employer plans, the School may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Academy's participation in this plan for the fiscal year ended June 30, 2013, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2013 and 2012 is for the plan's year-end at June 30, 2012 and June 30, 2011, respectively. The zone status is based on information that the School received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

Pension Fund	Plan Number	Year Ended June 30		Pending/Implemented	Year Ended June 30			Employees Participating	Surcharge Imposed
		2012	2011		2013	2012	2011		
CalSTRS	NPA	Yellow	Yellow	No	\$ 85,865	\$ 96,379	\$ 71,650	24	No

NPA - Not publicly available

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Notes to the Financial Statements, Continued
Year Ended June 30, 2013

CalSTRS:

The Academy contributes to the State Teachers' Retirement System (CalSTRS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. Required contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level of percentage of payroll using the entry age normal actuarial cost method. CalSTRS also uses the level percentage of payroll method to calculate the amortization of any unfunded liability. Copies of the STRS annual report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

For the fiscal year ended June 30, 2013 active plan members were required to contribute 8% of their salary and the employer contribution rate was 8.25% of annual payroll. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. The Academy made contributions as noted above. For the year ended June 30, 2013 the State contributed \$55,094 on behalf of the Academy.

L. Adjustment to Beginning Net Assets

Deficit in beginning temporarily restricted net assets was the result of program expenditures in excess of restricted revenue sources. These expenditures were covered by unrestricted sources and as such the beginning balance is being adjusted to reflect those expenditures from unrestricted sources rather than temporarily restricted sources.

M. Subsequent Event

In July 2013 the Academy entered into operating lease agreements for facilities with OCI Development Corporation. The lease terms provide for use of three facilities for one year in exchange for rents of \$18,657 per month.

In August 2013 the Academy entered into an operating lease for facilities with Salvation Army. The lease terms provide for use of facilities for one year in exchange for rents of \$13,388 per month through May of 2014 with an increase in rent of \$1,513 for June and July 2014.

In December 2013 the Academy sold a vehicle for \$26,000.

SUPPLEMENTAL INFORMATION

000329

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Organization Structure

Year Ended June 30, 2013

Wisdom Academy for Young Scientists (Charter #839) was formed pursuant to Education Code Section 47600 under agreement with Los Angeles Unified School District granted in July, 2006. Effective July 1, 2011, the Academy was charter under the authority of the Los Angeles County Office of Education.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Carol Tolbert	Chairperson	Three Year Term Expires June 30, 2016
Dr. Dorothy Valenti	Vice Chairperson	Three Year Term Expires June 30, 2014
Karen Haynes	Secretary	Three Year Term Expires June 30, 2013
Armando Espinosa	Treasurer	Three Year Term Expires June 30, 2014
Norman Golden	Member	Three Year Term Expires June 30, 2014
Cheryl Johnson	Member	Three Year Term Expires June 30, 2014
Eleanor Jones	Member	Three Year Term Expires June 30, 2014
Kimberly Daniels	Member	Three Year Term Expires June 30, 2016
Sandra Davis	Member	Three Year Term Expires June 30, 2016

ADMINISTRATION

Edward Cabil
Executive Director

Jason Okonkwo
Director of Operations

Karen Horowitz
Principal

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Average Daily Attendance

Year Ended June 30, 2013

	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Original</u>	<u>Revised</u>	<u>Original</u>	<u>Revised</u>
Classroom Based Attendance:				
Kindergarten	84.80	N/A	84.00	N/A
Grades 1-3	254.53	N/A	253.70	N/A
Grades 4-6	130.34	N/A	129.39	N/A
Total Classroom Based Attendance	469.67	N/A	467.09	N/A

N/A – There were no audit findings which resulted in revisions to the second period or annual reports of attendance.

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Instructional Time
Year Ended June 30, 2013

<u>Grade Level</u>	<u>Minutes Requirement</u>	<u>2012-13 Actual Minutes</u>	<u>Number of Traditional Days</u>	<u>Status</u>
Kindergarten	34,971	56,700	180	Complied
Grade 1	48,960	56,700	180	Complied
Grade 2	48,960	56,700	180	Complied
Grade 3	48,960	56,700	180	Complied
Grade 4	52,457	56,700	180	Complied
Grade 5	52,457	56,700	180	Complied

The Academy receives incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the Academy and whether they complied with the provisions of Education Code Sections 46200 through 46206. Charter schools must maintain their instructional minutes at the 1986-87 requirements as adjusted by Education Code sections later adopted.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Financial Trends and Analysis
Year Ended June 30, 2013

	Budget 2014 (Note 1)	2013	2012	2011
Revenues	\$ 4,174,783	\$ 4,185,556	\$ 3,767,872	\$ 2,657,973
Expenses	4,170,313	3,562,089	3,794,281	2,413,701
Change in Net Assets	4,470	623,467	(26,409)	244,272
Ending Net Assets	<u>\$ 1,854,971</u>	<u>\$ 1,850,501</u>	<u>\$ 1,227,034</u>	<u>\$ 1,244,329</u>
Unrestricted Net Assets	<u>\$ 1,867,620</u>	<u>\$ 1,863,150</u>	<u>\$ 1,227,034</u>	<u>\$ 1,244,329</u>
Unrestricted net assets as a percentage of total expenses	<u>45%</u>	<u>52%</u>	<u>32%</u>	<u>52%</u>
Total Long Term Debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ -</u>
Average Daily Attendance at P2	<u>468.00</u>	<u>469.67</u>	<u>449.48</u>	<u>N/A</u>

Note 1: The 2014 budget is presented for analysis only and is based on estimates of the 2013-14 fiscal year. The information has not been subject to audit procedures.

This schedule discloses the Academy's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the Academy's ability to continue as a going concern for a reasonable period of time.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2013**

June 30, 2013 Unaudited Actuals - Charter School Enterprise Fund	<u>\$ 1,883,889</u>
Adjustments and Reclassifications:	
Overstatement of Cash and Cash Equivalents	(31)
Overstatement of Accounts Receivable	(88,512)
Understatement of Prepaid Expenses	32,325
Overstatement of Capital Assets, Net	(35,762)
Understatement of Deposits	30,911
Overstatement of Accounts Payable	40,109
Understatement of Accrued Payroll Liabilities	<u>(12,428)</u>
Total Adjustments and Reclassifications	<u>(33,388)</u>
June 30, 2013 Audited Financial Statement Net Assets	<u>\$ 1,850,501</u>

This schedule provides the information necessary to reconcile the fund balance as reported on the Annual Financial and Budget Report Alternative Form to the net assets reported in the audited financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

<u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through State Department of Education:			
Title I	84.010	14329	191,437
IDEA - Special Education	84.027	13379	53,412
IDEA - Mental Health Services	84.027	14468	46,513
Total Special Education Cluster			<u>99,925</u>
Title II - Teacher Quality	84.367	14341	<u>2,067</u>
Total passed through State Department of Education			<u>293,429</u>
Total U.S. Department of Education			<u>293,429</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State Department of Education:			
National School Lunch Program	10.555	13391	<u>212,061</u>
Total passed through State Department of Education			<u>212,061</u>
Total U.S. Department of Agriculture			<u>212,061</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 505,490</u>

The accompanying notes to the schedule of expenditures of federal awards is an integral part of this schedule.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Academy and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

OTHER INDEPENDENT AUDITORS' REPORTS

000337

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

**WILKINSON HADLEY
KING & CO. LLP**
CPAs AND ADVISORS

Aubrey W. King, CPA
Richard K. Savage, CPA

**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**

To the Board of Directors
Wisdom Academy for Young Scientists
Santa Ana, 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 Wisdom Academy for Young Scientists (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, 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 January 15, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and/or significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-1, 2013-2, 2013-3, 2013-5, 2013-6 and 2013-9 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-4, 2013-7 and 2013-8 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wisdom Academy for Young Scientists' 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2013-9, 2013-10 and 2013-11.

The Academy's Response to Findings

The Academy's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co. LLP

El Cajon, California
January 15, 2014

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

**WILKINSON HADLEY
KING & CO. LLP**
CPAs AND ADVISORS

Aubrey W. King, CPA
Richard K. Savage, CPA

**Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control Over Compliance
Required by OMB Circular A-133**

To the Board of Directors
Wisdom Academy for Young Scientists
Santa Ana, California

Report on Compliance for Each Major Federal Program

We have audited Wisdom Academy for Young Scientists' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Wisdom Academy for Young Scientists' major federal programs for the year ended June 30, 2013. Wisdom Academy for Young Scientists' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Wisdom Academy for Young Scientists' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ABC Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Wisdom Academy for Young Scientists' compliance.

Opinion on Each Major Federal Program

In our opinion, Wisdom Academy for Young Scientists complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Wisdom Academy for Young Scientists are responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wisdom Academy for Young Scientists' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ABC Academy's internal control over compliance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control over compliance 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 in internal control over compliance* 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-9 to be material weaknesses.

A significant deficiency in internal control over compliance 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. We did not identify any deficiencies which we considered to be significant deficiencies in internal control over compliance.

The Academy's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Academy's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co. LLP

El Cajon, California
January 15, 2014

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

**WILKINSON HADLEY
KING & CO. LLP**
CPAs AND ADVISORS

Aubrey W. King, CPA
Richard K. Savage, CPA

Independent Auditor's Report on State Compliance

To the Board of Directors
Wisdom Academy for Young Scientists
Santa Ana, California

Report on State Compliance

We have audited the Academy's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the Academy's state programs identified below for the fiscal year ended June 30, 2013.

Management's Responsibility for State Compliance

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 applicable program as identified in the State's audit Guide *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13* published by the Education Audit Appeals Panel. 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 *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13* published by the Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the district's compliance with those requirements.

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

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools		
Attendance Accounting:		
Attendance Reporting	6	N/A
Teacher Certification and Misassignments	3	N/A
Kindergarten Continuance	3	N/A
Independent Study	23	N/A
Continuation Education	10	N/A
Instructional Time:		
School Districts	6	N/A
County Offices of Education	3	N/A
Instructional Materials, General Requirements	8	N/A
Ratios of Administrative Employees to Teachers	1	N/A
Classroom Teacher Salaries	1	N/A
Early Retirement Incentive	4	N/A
Gann Limit Calculation	1	N/A
School Accountability Report Card	3	N/A
Juvenile Court Schools	8	N/A
School Districts and Charter Schools		
Class Size Reduction:		
General Requirements	7	Yes
Option One	3	Yes
Option Two	4	N/A
Only One School Serving Grades K-3	4	N/A
After School Education and Safety Program:		
General Requirements	4	Yes
After School Component	5	Yes
Before School Component	6	N/A
Charter Schools		
Contemporaneous Records of Attendance	1	Yes
Mode of Instruction	1	Yes
Nonclassroom-Based Instruction/Independent Study	15	N/A
Determination of Funding for Nonclassroom Based Instruction	3	N/A
Annual Instructional Minutes – Classroom Based	4	Yes

The term N/A is used above to mean either the Academy did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Basis for Qualified Opinion on State Compliance

As described in items 2013-10 and 2013-11 in the accompanying schedule of findings and questioned costs, the Academy did not comply with some requirements associated with the class size reduction program and the after school education and safety program. Compliance with such requirements is necessary, in our opinion, for the Academy to comply with the requirements applicable to the programs.

Qualified Opinion on State Compliance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Wisdom Academy for Young Scientists complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2013.

The Academy's Response to Findings of State Compliance

The Academy's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Academy's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the Education Audit Appeals Panel. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co. LLP

El Cajon, California
January 15, 2014

FINDINGS AND RECOMMENDATIONS

000345

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Auditor's Results

Year Ended June 30, 2013

FINANCIAL STATEMENTS

Type of auditor's report issued:

Qualified

Internal control over financial reporting:

One or more material weakness(es) identified?

X Yes No

One or more significant deficiencies identified that are
not considered material weakness(es)?

X Yes No

Noncompliance material to financial statements noted?

 Yes X No

FEDERAL AWARDS

Internal control over major programs:

One or more material weakness(es) identified?

X Yes No

One or more significant deficiencies identified that are
not considered material weakness(es)?

 Yes X No

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

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with section 510(a) of
OMB Circular A-133?

X Yes No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027

Special Education Cluster

10.555

National School Lunch Program

Dollar threshold used to distinguish between Type A
and Type B programs

\$300,000

Auditee qualified as low-risk auditee?

 Yes X No

STATE AWARDS

Any audit findings disclosed that are required to be reported
in accordance with *Standards and Procedures for Audits*
of California K-12 Local Education Agencies?

X Yes No

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

Qualified

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

A. Financial Statement Findings

Finding 2013-1 (30000)

Bank Reconciliations

Criteria or Specific Requirement

Determine that the Academy has sufficient internal controls to ensure proper recording of transactions and safeguarding of assets.

Condition

Upon completion of bank reconciliations, each month an adjustment is made to the financial statements for any amounts that are unknown as to the nature of the transaction. These amounts are being posted into suspense accounts with the intent of subsequently posting a journal entry to record the transactions into the correct expenditure or revenue account. At year end these items were not reconciled and posted into the proper accounts. In addition, these items are not supported by any documentation that verifies the amounts are appropriate or approved.

Questioned Costs

\$13,735 recorded in suspense account

Context

Some items recorded in the bank reconciliations are not supported by invoices or approval documentation.

Effect

The Academy is at risk of recording errors and misappropriation of assets.

Cause

The Academy has not established adequate procedures to ensure that supporting documentation is provided for all transactions associated with the bank accounts. As a result, the individual charged with responsibility for reconciling bank accounts does not have sufficient information to adequately report information. Management officials from the school site are not providing information necessary to post correcting journal entries. In addition, these items are not being reviewed subsequent to completion of bank reconciliations.

Recommendation

Establish procedures to ensure supporting documentation is provided for all transactions. Ensure that the procedures include documentation of approval for expenditures and for subsequent review by management of the Academy.

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure supporting documentation is maintained for all transactions.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Finding 2013-2 (30000)
Payroll Expense Reconciliations

Criteria or Specific Requirement

Determine that amounts for payroll are accurately reported and reconcile to supporting documentation.

Condition

Payroll expenses were not consistently reconciled to the general ledger.

Questioned Costs

None

Context

Adjusting journal entries were posted to the financial statements to correct the payroll liability and payroll expense.

Effect

The financial statements were misstated by a material amount.

Cause

The Academy has not adequately established written policies and procedures to ensure the timely reconciliation of payroll expenses and liabilities.

Recommendation

Establish clear policies and procedures to reconcile payroll liabilities and expense accounts monthly. The reconciliation should be reviewed and approved by management.

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure appropriate controls over payroll reporting.

Finding 2013-3 (30000)
Year End Accruals and Closing Process

Criteria or Specific Requirement

Determine that the financial statements are accurately reported.

Condition

The Academy did not record closing transactions for accounts receivable, accounts payable, prepaid expenses, and capital assets. In addition, journal entries were posted to the financial statements resulting in recording differences between the trial balance provided for audit purposes and the amounts reported to the Los Angeles County Office of Education for inclusion in their unaudited actuals submitted to the California Department of Education.

Questioned Costs

None

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Context

Adjusting journal entries were posted to the financial statements to correct accounts receivable, accounts payable, prepaid expenses, and capital assets.

Effect

The financial statements were misstated by a material amount.

Cause

The Academy has not adequately established written policies and procedures for year-end closing and recording of accruals.

Recommendation

Establish clear written policies and procedures for year-end closing which includes reconciliation of revenue and expense items sufficient to record accruals for accounts receivable, accounts payable, prepaid expenses and capital assets. Review year-end financial statements to ensure accuracy of reporting. Establish a timeline for closing to ensure no changes are made after submission of financial statements to oversight agencies.

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure accurate reporting of financial statements.

Finding 2013-4 (30000)

Payroll Documentation

Criteria or Specific Requirement

Ensure that individuals charged to payroll are employees of the Academy and that there are adequate controls over payroll to safeguard the assets of the organization.

Condition

Personnel Action Forms which document employee's position and approved pay rates are not complete. In 100% of Personnel Action Forms reviewed there were missing approval signatures on the forms. In addition, in 9 out of 10 I-9's reviewed the forms are not being completed correctly. The I-9 forms were either missing the documentation of what items were reviewed to verify eligibility for employment, missing employer signature of verification, or both.

Questioned Costs

None

Effect

The Academy is exposed to risk of noncompliance with I-9 requirements. In addition, the Academy is exposed to risk of paying individuals who are not approved by management.

Cause

The Academy has not established adequate procedures which require hiring documentation be completed and reviewed prior to filing away in the employee file.

Recommendation

Establish policies and procedures to ensure that hiring documentation is being completed, including approval signatures, and reviewed by management.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure appropriate controls over payroll.

Finding 2013-5 (30000)
Capital Assets

Criteria or Specific Requirement

Verify that amounts reported for Capital Assets are correctly stated and that estimates of useful lives are reasonable.

Condition

The Academy is unable to provide a detail of Capital Assets or a depreciation schedule to support amounts recorded in the financial statements. In addition, purchases of capital assets were inappropriately recorded as expenses rather than increases to capital assets. The Academy did not calculate and record depreciation. We attempted to contact the previous auditor to obtain information regarding balances in capital assets but received no response.

Context

Adjusting journal entries were posted to the financial statements to record current year additions and an estimate of depreciation.

Effect

There is not sufficient audit evidence to determine if amounts recorded in capital assets are correct or if there is a material misstatement in the financial statements associated with capital assets. In addition, the Academy is exposed to risk associated with disappearance of capital assets as there is not a tracking system for such items.

Cause

The Academy has not adequately established policies for tracking capital assets and ensuring that they are appropriately recorded in the financial statements. The Academy has relied on previous auditors to post adjusting journal entries for additions and depreciation. The Academy has not established procedures for disposal of capital assets.

Recommendation

Obtain an appraisal of all capital assets owned by the Academy to ensure that all assets of the Academy are tracked and recorded. Establish inventory procedures to ensure that all items are still in custody of the Academy at year end. Establish procedures to ensure recording of additions and depreciation are done as a part of year end closing procedures.

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure accurate reporting of capital assets.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Finding 2013-6 (30000)

Credit Card Supporting Documentation

Criteria or Specific Requirement

Ensure that the Academy has procedures in place to ensure allowable expenditures and safeguard assets.

Condition

The school is using credit cards to purchase some items and subsequently repaying the credit cards with a check. The credit card statements are being used as supporting documentation for the check written; however, the credit card statements do not include receipts for all expenditures for which they were used.

Questioned Costs

\$5,858 known credit card expenses from sample selected.

Context

Credit card statements are being used as the only supporting documentation for some expenditure items.

Effect

Expense items paid with credit cards are not adequately supported by itemized receipts and approval documentation. The Academy is exposed to risk of misappropriation of assets.

Cause

The Academy has not established adequate written procedures requiring attachment of supporting invoices or receipts for credit card transactions.

Recommendation

Establish written procedures requiring the attachment of supporting invoices or receipts for all credit card transactions.

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure supporting documentation is maintained for all transactions inclusive of credit card transactions.

Finding 2013-7 (30000)

Beginning Net Assets

Criteria or Specific Requirement

Ensure that amounts reported in the financial statements are materially correct.

Condition

Beginning net assets were not in agreement with prior year audited ending net assets. The Academy was unable to provide reconciling items that supported adjustments to beginning net assets. We attempted to contact the previous auditor to obtain a reconciliation and prior year audit adjusting journal entries but received no response.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Questioned Costs

None

Context

Amounts reported by the Academy as beginning net assets varied from the prior year audit report by \$9,727. An adjustment was posted to bring the beginning balance in agreement with prior year audit report.

Effect

Beginning net assets were not in agreement with prior year audited ending net assets.

Cause

The Academy did not have procedures to reconcile beginning net assets with prior year audit report and did not have procedures in place to track prior year adjustments.

Recommendation

Establish written procedures to reconcile beginning net assets with audited ending net assets from the previous year.

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure beginning net assets reconciles to audited ending net assets.

Finding 2013-8 (30000)

Inconsistent Reporting

Criteria or Specific Requirement

Verify that the Academy has reported accurate financial statements to oversight agencies.

Condition

The Academy is reporting to the Internal Revenue Service that they are operating on a calendar year but reporting to the Los Angeles County Office of Education and California Department of Education that they are operating on a fiscal year beginning July 1 and ending June 30. The financial reporting to the different oversight agencies is not consistent based upon different reporting of fiscal years.

Questioned Costs

None

Context

Established in California statute local education agencies report under a fiscal year beginning July 1 and ending on June 30. Internal Revenue Code requires that tax returns be prepared based upon the fiscal year of operation.

Effect

There is inconsistent reporting between the Academy and government agencies.

Cause

The Academy has not established a fiscal year with the Internal Revenue Service.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Recommendation

File necessary reports with the Internal Revenue Service to align tax reporting years with the Academy's fiscal year.

LEA's Response

The Academy will review this recommendation and subsequently take action to ensure consistent reporting between government agencies.

B. Federal Award Findings

Finding 2013-9 (50000)

Schedule of Expenditures of Federal Awards

Federal Major Program Identification

<u>Award Year</u>	<u>Program</u>	<u>CFDA #</u>	<u>Federal Grantor</u>	<u>Pass-Through Agency</u>
2012-13	National School Lunch Program	10.555	U.S. Department of Agriculture	California Department of Education
2012-13	Special Education Cluster	84.027	U.S. Department of Education	California Department of Education

Criteria or Specific Requirement

Determine that amounts reported in the Schedule of Expenditures of Federal Awards are accurately reported.

Condition

The Academy did not separately track expenditures for federal programs in their financial software.

Questioned Costs

Amounts expended under federal major programs audited were:

2012-13 National School Lunch Program (10.555) - \$212,061
2012-13 Special Education Cluster (84.027) - \$99,925

Context

OMB Circular A-133 requires the presentation of a schedule of expenditures of federal awards for any agency expending greater than \$500,000 of federal awards.

Effect

The Academy had to go through every expenditure item to identify which items were expended under federal awards. It took a significant amount of time to complete the schedule of expenditures of federal awards and delayed the timing of audit procedures associated with the Single Audit requirements under OMB Circular A-133. In addition, failure to track expenditures separately exposes the Academy to risk of understating federal expenditures or potentially using the funds in unallowable manners such as supplanting required services.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Cause

The Academy has not established policies and procedures requiring separate tracking of federal expenditures. There are not adequate internal controls in place to evaluate federal expenditures to ensure that they are accurately reported, meet program requirements, and are not used to supplant existing services.

Recommendation

Establish written policies and procedures requiring separate tracking of federal expenditures. Review expenditures to ensure they meet program requirements.

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure accurate reporting of federal expenditures.

C. State Award Findings

Finding 2013-10 (40000)

Class Size Reduction Program

Criteria or Specific Requirement

Verify that amounts reported on the form J-7CSR were accurate and were based on average daily enrollment taken from the first day of school through April 15 of the school year being reviewed.

Condition

In our review of the form J-7CSR the data was prepared using average monthly enrollment based upon the last day of the school month rather than average daily enrollment from the first day of classes through April 15.

Questioned Costs

None, See recommendation below

Context

Education Code Section 52124.5 states that school districts and charter schools should compute the average daily enrollment for each class by adding the active enrollment for each class for each instructional day starting from the first day of school through April 15, and dividing that total by the count of instructional days.

Effect

The eligible students reported for grade 1 was understated by 1 student.

Recommendation

Establish procedures to accurately calculate average daily enrollment for classes included in the class size reduction program. Revise the form J-7CSR to accurately report eligible students for grade 1. Revisions should be as follows:

Grade	Class Size	Eligible Students Original	Eligible Students Revised	Change in Funding
1 st Grade	21.45 – 22.44	18	36	\$ 19,278
1 st Grade	22.45 – 22.94	17	0	\$(18,207)
Net Change in Funding				\$ 1,071

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure accurate calculations for the form J-7CSR. The Academy will amend the form J-7CSR to accurately reflect class sizes for the 2012-13 fiscal year.

Finding 2013-11 (40000)

After School Education and Safety Program

Criteria or Specific Requirement

- A. Verify that elementary students being reported for attendance are participating in the full day of the program except as consistent with the LEA's established early release policy.
- B. Verify that Indirect Costs are not in excess of 5% or the LEA's established indirect cost rate, whichever is lower.

Condition

- A. Sign out sheets for the after school education and safety program did not include time student was released for 827 out of 896 days tested. It could not be determined if these students participated in the full day of the program or if they met early release policy of the LEA.
- B. The Academy used an indirect cost rate of 5.26% which exceeds the allowable 5% for the program.

Questioned Costs

Program revenues were \$112,500. Amounts in excess of allowable indirect costs were \$2,660.

Context

- A. Education Code 8483(a)(2) states that it is the intent of legislature that elementary school students attend the full day of the program every day in which students participate, except as consistent with the LEA's early release policy.
- B. Education Code 8483.9(a) limits indirect costs to the lesser of the LEA's approved indirect cost rate or 5%.

Effect

- A. It cannot be determined if the students participated for the entire day of the program.
- B. The Academy exceeded allowable indirect costs.

Cause

- A. The Academy has not established adequate policies and procedures to document time students were released from the program to ensure that only students who participated in the full day or met an early release exception based on the LEA's policies were counted towards attendance reported.
- B. The Academy has not established adequate policies and procedures to ensure that indirect costs are not charged at amounts greater than allowable amounts for the program.

Recommendation

Establish procedures to document time students are released from the program and ensure that they meet requirements of the program to be counted for attendance purposes. Establish procedures to ensure correct indirect cost rates are being utilized.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure compliance with the after school education and safety program.

Year Ended June 30, 2013

39

EXHIBIT

21

FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000358

WISDOM Academy for Young Scientists Public Charter School

Los Angeles, California

Our mission is to create a transformational learning climate, in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

Regular Meeting of the Governing Board

Thursday, September 26, 2013

(*Open Session Begins at 5:00pm - Closed Session Begins at 6:00pm)

OPEN SESSION

Meeting Call to Order At: _____ By: _____

Board Member Roll Call -- Present/Absent:

<i>Hon. Carol Lee Tolbert, President</i>	_____ / _____
<i>Dr. Dorothy Valenti, Vice President</i>	_____ / _____
<i>Mrs. Kimberly Daniels, Esq.</i>	_____ / _____
<i>Hon. Saundra Davis</i>	_____ / _____
<i>Mr. Armando Espinoza</i>	_____ / _____
<i>Mr. Norman Golden</i>	_____ / _____
<i>Mrs. Cheryl Johnson</i>	_____ / _____
<i>Mrs. Eleanor Jones</i>	_____ / _____

Pledge of Allegiance

Approval of Board Minutes for August 29, 2013

Consent Agenda Items

NONE

OLD BUSINESS

Item 13092609: Election of Governing Board Officers for the 2013-14 School Year:

**Item 13092609(a): Election of Governing Board Vice-President requires a Charter change
(Action) – Board Member Jones**

Item 13092609(b): Election of Secretary (Discussion/Action) – Board President Tolbert

13092609(c): Election of Secretary (Discussion/Action) – Board President Tolbert

Item

Item 13092610: Formation of the Board's Finance & Budget Committee - To create the critical infrastructure necessary for sustaining the school's financial health, ensuring transparency, and meeting the Board's fiduciary responsibilities as public officials *(Action)* – Board President Tolbert

Item 13092611: Certificated Teacher Salary Table for FY 2013-14 *(Clarification)* – Board President Tolbert

Item 13092612: FPPC Update- Recently, the school is being audited by the Fair Political Practices Commission. *(Informational)* – Executive Director, Mr. Cabil

Item 13092613: FCMAT Update - The school is currently being audited by LACOE. *(Informational/Discussion)* – Executive Director, Mr. Cabil

NEW BUSINESS

Item 13092614: Formation of the Board's Teaching and Learning Committee – To ensure that the conditions exist for all students to achieve both academically and developmental. *(Action)* – Board President Tolbert

Item 13092615: Errors and Omissions (EO) Insurance Policy – The Governing Board, prior to taking any action, must have EO insurance in place to hold individual members – and the Board as a whole - harmless in the execution of its legal duties and responsibilities. Staff is to provide a copy of the current policy. *(Informational/Discussion)* - Executive Director, Mr. Cabil

Item 13092616: Monthly Budget Update for 2013-14 School Year – *(Discussion/Possible Action)* – *Bali Business Management*

Item 13092617: Update on Conflict of Interest – Every school employee – whether certificated or classified -should have signed a Form 700. Everyone doing business with WISDOM Academy should have a signed 'Conflict of Interest' Statement on file. This is standard practice in schools and districts in the State of California. This agenda item is for the purposes of ensuring that it is or will be done. It also needs to be determined if a 'Conflict of Interest' presentation should be provided at an upcoming staff development.

Item 13092618: WISDOM Organization Chart – Delineates employee responsibilities and lines of supervisorial authority *(Informational/Discussion)* - Executive Director, Mr. Cabil

Item 13092619: Request for Charter School Petition Consultant in the amount not to exceed \$8,000. *(Discussion/Action)* – Executive Director, Mr. Cabil

Item 13092620: Change Vehicle for School Business to Vehicle For Pupil Transportation *(Discussion/Action)* – Executive Director

Convened To Closed Session At: _____

2

CLOSED SESSION AGENDA ITEMS

It is the Board's intention to approve Agenda Items 13092901-03. However, in response to the scope of the FCMAT and FPPC Audits, leasers will be required to sign the 'Contractor and Consultant Code of Conduct' Agreement that will be developed by the Executive Director and Board of Directors. The purpose of which is to safeguard against and/or prevent any conflict of interest or appearance of conflict. In the event conflict of interest or unethical conduct is found; the condition must cease to exist prior to fully executing the Lease Agreement. Additionally, any concerns expressed by Board Members must be resolved/addressed prior to the execution of said Lease Agreement. Moreover, the Board recognizes its fiduciary responsibility to ensure that ALL financial transactions be transparent and without favoritism or prejudice.

Real Property Negotiation – CONFERENCE WITH REAL PROPERTY NEGOTIATOR (pursuant to Gov. Code § 54956.8):

Item 13092601: 2013-2014 Lease Agreement with the Salvation Army – The August 12, 2013 meeting with the Salvation Army resulted in a smoother opening of school. Director Tolbert represented the Board. At that meeting she requested from Mortimer Jones that a copy of the 2013-2014 Lease Agreement be made available for the Board's review and/or possible action at its upcoming meeting on August 29, 2013. *(This item was pulled from the August 26, 2013 Board Agenda without approval. No Lease Agreement is currently in place.)*

Item 13092602: 2013-14 Lease Agreement for the school site located at 7651 South Central Avenue, Los Angeles, CA. – For the purposes of reviewing and/or entering into a lease agreement for the current school year. *(This item was pulled from the August 26, 2013 Board Agenda without approval. No Lease Agreement is currently in place.)*

Item 13092603: 2013-14 Lease Agreement for the school site located at 8778 South Central Avenue, Los Angeles, CA. – For the purposes of reviewing and/or entering into a lease agreement for the current school year. *(This item was pulled from the August 26, 2013 Board Agenda without approval. No contract is currently in place.)*

Item 13092604: Personnel - Executive Director Contract for review and action - *(This item was pulled from the August 26, 2013 Board Agenda.)*

Item 13092605: Personnel – Director of Operations Contract for review and discussion

Item 13092606: Personnel – Principal Contract for review and discussion

Item 13092607: Personnel – Assistant-Principal Contract for review and discussion

Item 13092608: Personnel – Administrative Assistant Contract for review and discussion

***Convened To Open Session At:** _____

*** Actions from Closed Session**

Item 13092621: Board Member Recommendations for Future Agenda Items

Motion to Adjourn By _____ **Meeting Adjourned At** _____

**Wisdom Academy for Young Scientists Public Charter School
Special Board Meeting
Monday, February 3, 2014
5:30 PM to 7:00 PM
706 East Manchester Avenue – L.A. CA 90001**

(Posted January 31, 2014)

Mission: *Our mission is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.*

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Board Member Roll Call - Present/Absent**

- 1. Cheryl Johnson
- 2. Norman Golden
- 3. Dorothy Valenti
- 4. Armando Espinoza
- 5. Hon. Sandra Davis
- 6. Kimberly Daniels, Esq.

- IV. Approval of the Board Meeting Minutes – August 29, 2013 and January 30, 2014**

- V. Additions to the Agenda (Provisions of Emergency/Urgency)**

- VI. Staff and Consultants Reports / Public Communication on Non-Agenda Items**

Individuals of the public who have submitted a Request to Speak form will be allowed 2 minutes to address the Governing Board. This segment shall not exceed 15 minutes.

- VII. Open Session**

- a. Board Member Resignation Letter – Action
- b. Newly Required Student Fee's Policy – Action
- c. 2013-14 Fiscal Year Executive Director Contract 2013-14 – Action Item
- d. Commercial Property Lease 2013-14 Fiscal Year – 706 East Manchester Ave & 8778 South Central Ave Los Angeles, Ca. Negotiator – Mr. Edward Cabil – Action Item
- e. Commercial Property Lease 2013-14 Fiscal Year – 7651 South Central Ave Los Angeles, Ca. Negotiator – Mr. Edward Cabil – Action Item
- f. Resolution to sell school vehicle – Action Item
- g. Selection of auditor WILKINSON HADLEY KING & COMPANY, LLP – Action
- h. Wisdom Academy for Young Scientists Annual Financial Audit – Action
- i. Single Plan for Student Achievement – Action
- j. Unaudited Actuals Financial Report – Action
- k. Title I Budget 2013-14 – Action
- l. Special Education Budget 2013-14 – Action
- m. After School Education and Safety Program 2013-14 Budget
- n. First Interim Financial Report – Action
- o. Updates Regarding FCMAT Audit – Discussion Item

Recommendations

- a. Approval of Board Member Resignation Letter
- b. Adoption of Student Fee's Policy
- c. Approval of 2013-14 Fiscal Year Executive Director Contract 2013-14 – Action Item
- d. Approval of Commercial Property Lease 2013-14 Fiscal Year – 706 East Manchester Ave & 8778 South Central Ave Los Angeles, Ca. Negotiator – Mr. Edward Cabil – Action Item
- e. Approval of Commercial Property Lease 2013-14 Fiscal Year – 7651 South Central Ave Los Angeles, Ca. Negotiator – Mr. Edward Cabil – Action Item
- f. Approval of Resolution to sell school vehicle – Action Item

Wisdom Academy

2/3/14

2

000362

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered, seconded, and adopted:

"Be it Resolved, that the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to accept the resignation of Board Member Kimberly Daniels on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in accordance with applicable provisions of laws of the State of California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

000363

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered, seconded, and adopted:

"Be it Resolved, that the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to adopt the Student Fee's Policy on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in accordance with applicable provisions of laws of the State of California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

000364

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered, seconded, and adopted:

"Be it Resolved, that the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to enter a Employment Agreement with Edward J. Cabil on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in accordance with applicable provisions of laws of the State of California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered, seconded, and adopted:

"Be it Resolved, that the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to enter a Commercial Property Lease 2013-14 Fiscal Year - 706 East Manchester Ave & 8778 South Central Ave Los Angeles, Ca on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in accordance with applicable provisions of laws of the State of California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG
SCIENTISTS


706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered,
seconded, and adopted:

"Be it Resolved, that the Board of Directors of this
corporation be and is hereby authorized, empowered, and
directed to enter a Commercial Property Lease 2013-14
Fiscal Year - 7651 South Central Ave Los Angeles, Ca on
behalf of said corporation.

Furthermore, all actions taken regarding this matter are in
accordance with applicable provisions of laws of the State of
California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a
majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG
SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered,
seconded, and adopted:

"Be it Resolved, that the Board of Directors of this
corporation be and is hereby authorized, empowered, and
directed to approve the resolution to sell the school vehicle
(2011 Lexus RX350) on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in
accordance with applicable provisions of laws of the State of
California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a
majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

Wisdom Academy for Young Scientists
Capital Expense Analysis

Purchase

Item: SUV or Sedan (Vehicle)

Use: Executive Business Transportation

Reason: Merle Williamson Foundation (MWF) may provide the Administrative Personnel an automobile vehicle and operating expenses for the use of conducting MWF business and reasonable personal use. Provided that MWF Administrative Personnel chose to utilize the Executive Business Transportation, this will reduce the automobile use reimbursement costs and wear and tear for individual Personnel property.

Impact: +/- 10,000 annual Personnel transportation expenses

Date: July 2012

Sale

Item: SUV or Sedan (Vehicle)

Use: Executive Business Transportation

Reason: In best interest of the stakeholders of the Merle Williamson Foundation (MWF), selling the Executive Business automobile vehicle should provide the funds to better serve the school. In which those funds may be used to purchase a vehicle for pupil transportation.

Impact: \$26,000 - \$32,000 one-time payment; +/- \$10,000 annual Personnel transportation reimbursements.

Date: August 2013

Purchase

Item: School Bus/Van (Vehicle)

Use: Pupil Transportation, Utility Vehicle

Reason: Subsidize expenses for rentals and chartered school buses for short-distance fieldtrips and destinations. Provide a van for Pupil transportation and select utility use.

Impact: +/- 10,000 annual Pupil transportation expenses

Date: TBD

Escrow.com - Transaction #679061 Details

<https://my.escrow.com/myescrow/Transaction.asp?TID=679061>

[My Transactions](#) [New Transaction](#) [My Profile](#)

Transaction #679061 - Jason-Inyoung-RX350
(You are the Seller)

Logged in as: Jason Okonkwo (mrjason7@gmail.com)
[Help](#) | [Sign Out](#)

Status

Select any status for help.

- 1 BUYER AND SELLER
AGREE TO TERMS
 - 2 BUYER SENDS PAYMENT
TO ESCROW.COM
 - 3 SELLER SHIPS MOTOR
VEHICLE TO BUYER
 - 4 BUYER RECEIVES MOTOR
VEHICLE
 - 5 ESCROW.COM PAYS
SELLER
- Closing Statement sent

Closing Statement sent via E-Mail

- The Buyer has accepted the merchandise.
- The closing statement was sent to your E-Mail account.
- Did you enjoy using Escrow.com? Send us your [feedback](#)!



Merchandise

No.	Item Description	Quantity	Unit Price	Total Price
1	Lexus RX350 2011	1	\$26,000.00	\$26,000.00
Sub-total				\$26,000.00
Shipping Fee				\$0.00
Fee: Escrow				\$-115.70
Total				
Transaction ID: 679061				\$25,884.30
Escrow ID: 484243				

Terms

Transaction #:	679061
Escrow #:	484243
Transaction Title:	Jason-Inyoung-RX350
Buyer:	Inyoung Kwon (ikwon@hotmail.com)
Seller:	Jason Okonkwo (mrjason7@gmail.com)
Inspection Period:	3 calendar days
Escrow Fee to be paid by:	Split(Buyer/Seller) The buyer is responsible for 100% of the escrow fee in the event the transaction is cancelled or the merchandise is returned.
Transaction fulfilled using:	Cargo Shipping
Shipping fee to be paid by:	Buyer

History

Jan 28 2014
10:08AM PDT
Funds
disbursed.
Final closing
statements
sent to both
parties.

Jan 27 2014
9:28PM PDT
Inspection
period
ended, Buyer
accepts
merchandise.

Jan 27 2014
9:28PM PDT
Buyer
received
merchandise.
Inspection
period starts.

Jan 27 2014
12:02PM PDT
Seller
shipped
goods by
Buyer pick
up (Phone:
4036080016)
with tracking
number -

Escrow.com - Transaction #679061 Details

<https://my.escrow.com/myescrow/Transaction.asp?TID=679061>

Buyer
Pick-up

Dec 12 2013
2:49PM PDT
Escrow.com
approves
payment.

Dec 12 2013
2:48PM PDT
Buyer paid
by wire
transfer,
awaiting
Escrow.com
approval.

Dec 2 2013
3:12PM PDT
Both parties
have
accepted the
offer,
awaiting
buyer
payment.

Nov 30 2013
2:30PM PDT
Buyer
initiates the
transaction

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Internet Escrow Services, Inc.
Escrow Trust Account
30318 Esperanza
Rancho Santa Margarita, CA 92688
(949) 635-3800

BANK OF AMT
1/1/86/1221

Escrow Number: 13-484243

Pay TWENTY-FIVE THOUSAND EIGHT HUNDRED EIGHTY-FOUR AND
30/100 *****US Dollars

TO Merle Williamson Foundation
THE 706 East Manchester Ave
ORDER Los Angeles, CA 90001
OF

INTERNET
ESCROW AC

RED CHECK NUMBERING IMAGES THROUGH TO BACK OF SHEET

⑈119107⑈ ⑆122000661⑆ 14594-28440⑈

INTERNET ESCROW SERVICES, INC.

Escrow Number: 13-484243

Sellers Proceed
Transaction N

Check No: 119107

Date: 01-28-2014

Amount: 25,884.30

Property:

Buyer : Inyoung Kwon

Seller : Jason Okonkwo

000372

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG
SCIENTISTS

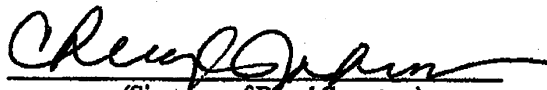
706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered,
seconded, and adopted:

"Be it Resolved, that the Board of Directors of this
corporation be and is hereby authorized, empowered, and
directed to approve the auditor selection of Wilkinson Hadley
King & Company, LLP on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in
accordance with applicable provisions of laws of the State of
California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a
majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

000373

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG
SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered,
seconded, and adopted:

"Be it Resolved, that the Board of Directors of this
corporation be and is hereby authorized, empowered, and
directed to approve the Audit year-end June 30, 2013 on
behalf of said corporation.

Furthermore, all actions taken regarding this matter are in
accordance with applicable provisions of laws of the State of
California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a
majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

EXHIBIT

22

FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000375

WAYS Board of Directors Meeting

September 22, 2011

Cancellation Notice

Canceled due to a lack of quorum.

Board Secretary Adele Walker

000376

EXHIBIT

23

FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000377

BOARD OF EDUCATION OF THE CITY OF LOS ANGELES
Governing Board of the Los Angeles Unified School District

SPECIAL MEETING STAMPED ORDER OF BUSINESS

333 South Beaudry Avenue, Board Room
1:00 p.m., Tuesday, March 1, 2011

Roll Call

Pledge of Allegiance

Superintendent's Reports

Superintendent's Retirement Recognitions

Public Hearing

1. Charter for Angels Flight Math and Science Academy

Consideration of the level of support for a charter petition requesting a 5-year term to serve 360 students in grades K-5 with a proposed location at 4900 Calle Pedro Infante in the City of Los Angeles.

Charter for Green Works Urban Academy

Consideration of the level of support for a charter petition requesting a 5-year term to serve 168 students in grades 6-8 with a proposed location at 18333 South Main Street in the City of Gardena.

Charter for Los Angeles Leadership Primary Academy

Consideration of the level of support for a charter petition requesting a 5-year term to serve 420 students in grades K-5 with a proposed location at 2670 Griffin Avenue in the City of Los Angeles.

Charter for Sherman Oaks Elementary (Affiliated)

Consideration of the level of support for a charter petition requesting a 5-year term to serve 885 students in grades K-5 with a proposed location at 14755 Greenleaf Street in the Sherman Oaks area of Los Angeles.

Charter for Sylmar Charter (Affiliated)

Consideration of the level of support for a charter petition requesting a 5-year term to serve 2600 students in grades 9-12 with a proposed location at 13050 Borden Avenue in the City of Sylmar.

(Petitions may be requested from the Innovation and Charter Schools Division Office
at 333 South Beaudry Avenue, 25th floor, or by calling (213) 241-2487.)

Consent Items

Items for action below assigned by the Board at the meeting to be adopted by a single vote. Any item may be pulled off of consent for further discussion by any Board Member at any time before action is taken.

New Business for Action

2. Board of Education Report No. 186 – 10/11 **ADOPTED BY CONSENT VOTE**
Innovation and Charter Schools Division
(Charter for El Camino Real Charter High School) Recommends the approval of the charter petition for El Camino Real Charter High School for the conversion into an independent charter school for 5 years to serve 3600 students in grades 9-12 with a proposed location at its current location at 5440 Valley Circle Boulevard in Woodland Hills, with specific conditions.
3. Board of Education Report No. 187 – 10/11 **ADOPTED**
Innovation and Charter Schools Division
(Charter for Rise Ko Hyang Middle School) Recommends the approval of the charter petition for Rise Ko Hyang Middle School for 5 years to serve 450 students in grades 6-8 with a proposed location in the Koreatown area of the City of Los Angeles, with specific conditions.
4. Board of Education Report No. 188 – 10/11 **PUBLIC HEARING ADOPTED AS AMENDED**
Innovation and Charter Schools Division (Replaced action proposed in the report with, “approve the initiation of the revocation process for all Crescendo Charter Schools.”)
(Renewal of the Charter for Crescendo Charter Academy) Recommends the approval of the charter renewal for Crescendo Charter Academy for 5 years to serve 210 students in grades K-5 located at 13000 South Van Ness Avenue in the City of Gardena, with specific conditions.
5. Board of Education Report No. 189 – 10/11 **PUBLIC HEARING ADOPTED AS AMENDED**
Innovation and Charter Schools Division (Replaced action proposed in the report with, “approve the initiation of the revocation process for all Crescendo Charter Schools.”)
(Renewal of the Charter for Crescendo Charter Conservatory) Recommends the approval of the charter renewal for Crescendo Charter Conservatory for 5 years to serve 260 students in grades K-5 located at 2506 West Imperial Highway in the City of Hawthorne, with specific conditions.
6. Board of Education Report No. 190 – 10/11 **PUBLIC HEARING ADOPTED BY CONSENT VOTE**
Innovation and Charter Schools Division
(Renewal of the Charter for Excel Academy) Recommends the approval of the charter renewal for Excel Academy for 5 years to serve 340 students in grades 6-8 located at 1855 North Main Street in the City of Los Angeles, with specific conditions.
7. Board of Education Report No. 191 – 10/11 **PUBLIC HEARING ADOPTED AS AMENDED**
Innovation and Charter Schools Division (Amended to have an annual review presented to the Board)
(Renewal of the Charter for Los Feliz Charter School for the Arts) Recommends the approval of the charter renewal for Los Feliz Charter School for the Arts for 5 years to serve 520 students in grades K-6 located at 2709 East Media Center Drive, in the City of Los Angeles, with specific conditions.
8. Board of Education Report No. 192 – 10/11 **PUBLIC HEARING ADOPTED BY CONSENT VOTE**
Innovation and Charter Schools Division
(Renewal of the Charter for New Heights) Recommends the approval of the charter renewal for New Heights for 5 years to serve 450 students in grades K-8 located at 4126 Arlington Avenue and at 2202 and 2204 West Martin Luther King Jr. Boulevard in the City of Los Angeles, with specific conditions.

9. Board of Education Report No. 193 – 10/11 **PUBLIC HEARING** **ADOPTED BY
INNOVATION AND CHARTER SCHOOLS DIVISION CONSENT VOTE**
(Renewal of the Charter for Triumph Academy) Recommends the approval of the charter renewal for Triumph Academy for 5 years to serve 336 students in grades 6-8 located at 919 8th Street in San Fernando, with specific conditions.
10. Board of Education Report No. 194 – 10/11 **PUBLIC HEARING** **ADOPTED**
Innovation and Charter Schools Division
(Denial of the Renewal of the Charter for Wisdom Academy for Young Scientists)
Recommends the denial of the renewal petition for Wisdom Academy for Young Scientists to serve 520 students in grades K-5 located at 706 East Manchester Avenue and at 8778 South Central Avenue in the City of Los Angeles, and the adoption of the Findings of Fact.
11. Board of Education Report No. 195 – 10/11 **PUBLIC HEARING** **ADOPTED BY
INNOVATION AND CHARTER SCHOOLS DIVISION CONSENT VOTE**
(Denial of the Charter Petition for Albert Einstein) Recommends the denial of a charter petition for Albert Einstein to serve 546 students in grades K-6 with a proposed location in City of Van Nuys, and the adoption of the Findings of Fact.
12. Board of Education Report No. 196 – 10/11 **PUBLIC HEARING** **ADOPTED BY
INNOVATION AND CHARTER SCHOOLS DIVISION CONSENT VOTE**
(Denial of the Charter Petition for Scholars Pathway) Recommends the denial of a charter petition for Scholars Pathway to serve 260 students in grades K-5 grade with a proposed location in the Crenshaw High School area, and the adoption of the Findings of Fact.
13. Board of Education Report No. 197 – 10/11 **PUBLIC HEARING** **ADOPTED**
Innovation and Charter Schools Division
(Approval of the Issuance of Notice of Violations to Cornerstone Prep Charter School Pursuant to Education Code Section 47607(d)) Recommends the approval of the issuance of a Notice of Violations pursuant to Education Code Section 47607. (d) to Cornerstone Prep Charter School.
14. Board of Education Report No. 198 – 10/11 **PUBLIC HEARING** **ADOPTED BY
INNOVATION AND CHARTER SCHOOLS DIVISION CONSENT VOTE**
(Approval of Waiver Request to the State Board of Education for Vaughn Next Century Learning Center) Recommends the approval of the submission of a waiver request to the State Board of Education on behalf of Vaughn Next Century Learning Center, an independent conversion charter school to waive two portions of California Education Code concerning the State Testing Apportionment Information Report Deadline Waiver.
15. Board of Education Report No. 215 – 10/11 **ADOPTED BY CONSENT VOTE**
Innovation and Charter Schools Division
(Establishment of Pilot School: Science, Technology, Engineering and Math (STEM) Academy)
Recommends the Establishment of Science, Technology, Engineering and Math (STEM) Academy as a pilot high school at Helen Bernstein High School with the designation as Predominantly Hispanic, Black, Asian, and Other Non-Anglo (PHBAO).

16. Board of Education Report No. 208 – 10/11 **ADOPTED**
Facilities Services Division
(Amend the Existing Facilities and New Construction Strategic Execution Plans to Define and Fund the Jordan High School Redevelopment Project) Recommends an amendment to the Existing Facilities and New Construction Strategic Execution Plans to define the Jordan High School Redevelopment Project and include it in the Capital Improvement Program Reserve and allocate local bond funds to the Jordan High School Redevelopment Project.
17. Board of Education Report No. 209 – 10/11 **ADOPTED BY CONSENT VOTE**
Facilities Services Division
(Amendment to the New Construction Strategic Execution Plan to Approve Capital Improvement Program Reserve Funded Projects for 11 School Sites in Board District 4) Recommends approval of the amendment to the New Construction Strategic Execution Plan to approve priority projects for 10 school sites in Board District 4, to be funded by the Capital Improvement Program Reserve in the amount of \$6,865,662.
18. Board of Education Report No. 210 – 10/11 **ADOPTED BY CONSENT VOTE**
Facilities Services Division
(Resolution Approving the Use of the California Education Code 17250 Project Delivery Method for the Fremont High School Redevelopment Project) Recommends adoption of resolution approving the use of a design-build project delivery method for the Fremont High School Redevelopment project and authorization for District staff to take necessary actions prior to Board approval of a design-build contract.
19. Board of Education Report No. 211 – 10/11 **ADOPTED BY CONSENT VOTE**
Facilities Services Division
(Resolution Approving the Use of the California Education Code 17250 Project Delivery Method for the Jordan High School Redevelopment Project) Recommends adoption of resolution approving the use of a design-build project delivery method for the Jordan High School Redevelopment project and authorization for District staff to take necessary actions prior to Board approval of a design-build contract.

Board Member Resolution for Action

ADOPTED BY CONSENT VOTE

20. Ms. García, Ms. Galatzan and Dr. Vladovic – Resolution to Support Placing a Revenue Extension Measure on the Ballot (Waiver of Board Rule 72)

Whereas, Governor Brown's 2011-12 budget proposal attempts a more balanced approach to solving the state's budget deficit, employing both revenues and reductions and providing for an extension of temporary revenues to support programs our students need and deserve;

Whereas, Over the last several years, K-12 education funding has been deeply impacted by a disproportionate share of state budget cuts;

Whereas, State and local funding for schools have been cut by more than \$18 billion, or about \$1,900 per student in the last three years;

Whereas, The District has lost \$1.5 billion in state funding over the past three years;

Whereas, The loss of \$7 billion in one-time federal funding means additional cuts to school budgets statewide;

Whereas, To begin to reverse this downward spiral, Californians must retain the revenues that enable us to invest in our schools and students;

Whereas, The governor's budget proposal to limit further cuts to schools in 2011-12 is dependent on voter approval of an extension of existing temporary tax increases;

Whereas, A ballot measure to extend temporary revenues will help prevent further cuts to schools, and without this extension the California Legislative Analyst Office reports that funding for schools would fall by as much as \$5 billion;

Whereas, The District expects our local legislators to work with the governor to protect schools from further cuts and to ensure the continued investment our students deserve; and

Whereas, The District opposes a cuts-only budget and supports a budget that is balanced with a combination of reductions and revenues; now therefore, be it

Resolved, That the Governing Board of the Los Angeles Unified School District supports placing a measure on the June 2011 ballot calling for a five-year revenue extension to protect our schools and students by making education a priority in our state.

Announcements

Bond Oversight Committee Update Mr. David Crippens

Adjournment

Please note that the Board of Education may consider at this meeting any item referred from a Board Meeting five calendar days prior to this meeting (Education Code 54954.2(b)(3)).

The Board of Education may also refer any item on this Order of Business for the consideration of a committee or meeting of the Board of Education.

Requests for disability related modifications or accommodations shall be made 24 hours prior to the meeting to the Board Secretariat in person or by calling (213) 241-7002.

Individuals wishing to speak at a Board meeting must sign up at the meeting. There will be no sign ups in advance of the meeting. Speakers must sign up prior to the item being acted upon by the Board. Speakers should plan to arrive early as items with no speakers may be acted on at the beginning of the meeting.

If you or your organization is seeking to influence an agreement, policy, site selection or any other LAUSD decision, registration may be required under the District's Lobbying Disclosure Code. Please visit www.lausd.net/ethics to determine if you need to register or call (213) 241-3330.

Materials related to an item on this Order of Business distributed to the Board of Education are available for public inspection at the Security Desk on the first floor of the Administrative Headquarters, and at: www.laschoolboard.org/03-01-11SpclBd.

Items circulated after the initial distribution of materials are available for inspection at the Security Desk.

EXHIBIT

24

FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000383

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Subject: LAUSD Final Offers
From: Anne Lee (ALee@calcharters.org)
To: Legal@calcharters.org
Date: Thursday, April 7, 2011 5:05 PM

CONFIDENTIAL; ATTORNEY-CLIENT PRIVILEGED; ATTORNEY WORK PRODUCT

Greetings, LAUSD Prop. 39 Applicants!

As you all know, LAUSD was required to provide all eligible Prop. 39 applicants with final notifications of facilities, or final offers, for the 2011-12 school year by April 1, 2011. We are aware that 71 schools received final offers. Charter schools must notify LAUSD whether or not they intend to occupy the offered space no later than May 1, 2011. To that end, CCSA's Legal Advocacy Team would like to provide you with some assistance as you review your final offers. As part of our advocacy efforts directed at increasing the number of Prop. 39 seats available to charter schools, we request that you take the following actions as soon as possible:

Charter School Prop. 39 Applicant Action Plan:

1. Review the Offer Criteria Checklist to Understand What You are Entitled to Receive.

Review the attached memo to guide you as you review your final offer. We also circulated this memo after preliminary offers were issued. In addition, please review the Initial Thoughts on Final Offers section outlined below in this message. Please do not circulate these documents or this e-mail outside of your organization, as they may be privileged and confidential.

2. Discuss Your Final Offer with One of Our Attorneys.

Please make yourselves available for a member of our legal team to call you in the next

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week or two to discuss with you the details of your offer. It would be helpful if you have reviewed the attached memo in advance of this call. We anticipate that the call will take around 20 minutes, but may take more or less time depending on the number of requests you have made, offers you have received, and questions that you may have in regards to your offers. There is no charge to you for this service.

3. Accept or Reject your Facilities Offer by May 1, 2011.

Prepare your response to LAUSD no later than May 1, 2011 (if legal counsel is not already drafting this for you). We suggest using one of CCSA's May 1 LAUSD template response letters, attached. One template is for rejection of space and the other is for acceptance of space, so please make sure you use the correct template! We have modified our statewide templates to address particular issues we have identified in LAUSD's final offers, including those set forth below. We encourage you to carefully review the templates and tailor them as appropriate. There is another attached template response letter to use in the event that you did not receive a final offer and you believe that you remain eligible for a Prop. 39 facilities allocation.

4. Send In Your May 1 Responses to the Legal Advocacy Team. Please send copies of any correspondence you send to the District to CCSA's Legal Advocacy Team at legal@calcharters.org.

Initial Thoughts on Final Offers for You To Consider:

The Legal Advocacy Team has had the opportunity to review some of LAUSD's final offers and notes the following points for your to consider.

1. Pro rata share calculations: The District's facilities cost calculation continues to include line items not allowed under Prop. 39, including but not limited to District-imposed custodial/maintenance (RRGM). These are ongoing maintenance items which are the responsibility of the school under the Prop. 39 regulations. Our template letters discuss how to respond to these extraneous line items.

2. Site Visits: Many of the final offers state that LAUSD will not allow site visits of the

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offered campuses, citing staffing and budgetary constraints. CCSA's Legal Advocacy Team is working to obtain schools' access to inspect their offered campuses. As you all know, charter schools must have the ability to tour their offered campuses in order to meaningfully assess their offers, determine if the spaces offered are suitable for their needs, and negotiate a cost reduction resulting from declined, unused square footage.

3. **Shared space:** LAUSD is offering shared specialized classroom and non-classroom space, but then states that access to such space "to the extent available." Districts are required under Prop. 39 to *make available* such spaces to charter schools, not simply provide them with leftover, unused space. Please review each of these allocations of specialized classroom and non-classroom space to determine which of these allocations you will use based on your education program and unique programmatic needs, and to reiterate your entitlement to such space. There is also still time to request an increased proportionate share of certain space, or to indicate which spaces, if any, you will likely not be using. Further refining your shared space allocation should result in a more accurate pro rata share charge. Hopefully, if charter schools have access to tour the offered campuses, they will be more informed when making these decisions.

4. **Disclosures in Exhibit C:** The offers still attach disclosures which contradict terms of LAUSD's existing facilities use agreement ("FUA"), which could potentially severely restrict charter schools' use of their campuses. Specifically, the Civic Center disclosure does not allow for prior consent by the charter school before a Civic Center Act permit is issued for use of the campus. The current version of LAUSD's FUA specifically gives charter schools this right. Additionally, the disclosures state that the use of the campus is subject to the "Beyond the Bell program" and take priority over charter school activities in shared spaces, and that charter schools' use of the campus is subject to any third party leases or licenses given for use of the campus. Charter schools' right to their offered campuses under Prop. 39 cannot be restricted or undermined in this fashion. We recommend that you strongly object to these restrictions. It appears that LAUSD has attempted to modify these disclosures since the preliminary offers were issued, but they are still problematic.

5. **Calculation of Square Footage; Allocation of Space:** There is no documentation in the preliminary proposals or final offers to support the square footage in LAUSD's calculations. We recommend that schools request the exact square footage at their campuses, as well as a description of the non-classroom space and specialized classroom space to which they will have access. If schools are able to visit their offered facilities, they should consider taping the actual square footage of classrooms and other space allocated to them to ensure that the square footage is accurate.

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6. Distant and Non-Contiguous Offers: We note that several offers still allocate facilities in multiple sites and/or are distant from where charter schools requested space. We do not believe that LAUSD is justified in making such offers, and we believe that these offers do not comply with Prop. 39. Our templates provide guidance on how to respond to non-contiguous and distant offers.

We appreciate your continued cooperation and communication with us throughout this Prop. 39 cycle, especially as we continue to seek enforcement of LAUSD's compliance with Prop. 39. Please do not hesitate to contact the Legal Advocacy Team if you have any questions.

Best regards,

Anne Lee

Senior Legal Counsel

California Charter Schools Association

250 E. 1st St., 10th floor

Los Angeles, CA 90012

office (213) 244-1446 x230

cell (213) 268-0340

fax (213) 244-1448

alee@calcharters.org

*California charters are closing the achievement gap between low-income and affluent students. That's one of the key findings in CCSA's first annual **Portrait of the Movement** report, which details charter school academic performance and provides a framework for CCSA to press for increased accountability. For a copy of the report and information*

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about CCSA's advocacy efforts on accountability, as well as to access information on the performance of individual charter schools, please visit www.calcharters.org/portraitofthemovement.

This message contains information which may be confidential and privileged. Moreover, this message may contain information protected by the attorney-client privilege and/or attorney work-product doctrine and/or other privileges and/or rights of privacy. Unless you are the intended addressee (or authorized to receive confidential correspondence for the addressee), you may not use, copy, circulate or disclose to anyone the message or any information contained therein. If you have received the message in error, please advise the sender by reply e-mail at alee@calcharters.org. In addition, please delete the message and destroy any printed copies of the same.

To ensure compliance with requirements imposed by the Internal Revenue Service (IRS), California Charter Schools Association and its affiliates inform you that, if any advice concerning one or more U.S. Federal tax issues is contained in this communication, such advice is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.



250 East 1st Street, Suite 1000 • Los Angeles, CA 90012 • p 213-244-1446 • f 213-244-1448 • www.calcharters.org
1107 Ninth Street, Suite 200 • Sacramento, CA 95814 • p 916-448-0995 • f 916-448-0998 • www.calcharters.org

**CONFIDENTIAL; ATTORNEY-CLIENT PRIVILEGED; ATTORNEY WORK
PRODUCT; DO NOT CIRCULATE**

TO: CCSA Members in Los Angeles
FROM: CCSA Legal Advocacy Team; James L. Arnone, Esq.
DATE: January 27, 2011
SUBJECT: **PROP. 39 PRELIMINARY PROPOSAL AND FINAL NOTIFICATION CRITERIA**

CCSA has developed the follow checklist to assist you in analyzing wither your preliminary facilities proposal and your final notification of space from your school district comply with Prop. 39 and its regulations. The first and second parts recite the minimum components required in a preliminary proposal and a final notification under the Prop. 39 regulations, respectively. The third part enumerates additional requirements for Prop. 39 facilities offers generally. If the answers to all questions below are "Yes," then the preliminary proposal and final notification of space comply with Prop. 39. Please do not hesitate to contact a member of CCSA's Legal Advocacy Team if you have questions about these criteria.

1. Minimum Components of a Preliminary Proposal (set forth in Prop. 39 Implementing Regulations at 5 Cal. Code Regs. Section 11969.9(f)):

- a. Prepared in writing on or before February 17 (11969.9(f))
- b. Includes projections of in-district classroom ADA on which the proposal is based? (11969.9(f)(1))
- c. Includes the specific location or locations of the space? (11969.9(f)(2))
- d. Includes all conditions pertaining to the space, including a draft of any proposed agreement pertaining to the charter school's use of the space? (11969.9(f)(3))
- e. Includes the projected pro rata share amount and a description of the methodology used to determine that amount? (11969.9(f)(4))
- f. Includes a list and description of the comparison group schools used in developing its preliminary proposal? (11969.9(f))
- g. Includes a description of the differences between the preliminary proposal and the charter school's facilities request? (11969.9(f))

2. Minimum Components of a Final Notification of Space (set forth in Prop. 39 Implementing Regulations at 5 Cal. Code Regs. Section 11969.9(h)):

- a. Prepared in writing on or before April 17 (11969.9(h))
- b. Includes a response to the school's concerns and/or counter-proposals, if any? (11969.9(h))
- c. Identifies teaching stations, both exclusive and shared? (11969.9(h)(1))
- d. Identifies specialized classroom space, both exclusive and shared? (11969.9(h)(1))
- e. Identifies non-teaching space, both exclusive and shared? (11969.9(h)(1))
- f. For shared space, identifies arrangements for sharing space? (11969.9(h)(2))
- g. Includes assumptions of in-district classroom ADA on which allocation is based? (11969.9(h)(3))
- h. Includes an explanation of reasons for difference, if any, between charter school's and district's ADA projections? (11969.9(h)(3))
- i. Includes the specific location or locations of the space? (11969.9(h)(4))
- j. Includes all conditions pertaining to the space? (11969.9(h)(5))
- k. Includes the projected pro rata share amount? (11969.9(h)(6))

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**CONFIDENTIAL; ATTORNEY-CLIENT PRIVILEGED; ATTORNEY WORK
PRODUCT; DO NOT CIRCULATE**

1. Includes a payment schedule for the pro rata share amount, which must take into account the timing of revenues from the state and local property taxes? (11969.9(h)((7))

3. General Compliance of Preliminary and Final Proposals with Prop. 39:

a. **Sufficient Classroom Space:** Does the proposal make available facilities sufficient for the charter school to accommodate all of the charter school's in-district students? (Ed. Code Section 47614(b))

b. **Conditions:** Are the conditions of the proposal facility reasonably equivalent to those in which the students would be accommodated if they were attending other public schools of the district? (Ed. Code Section 47614(b))

c. **Location:** Has the district made reasonable efforts to provide the charter school with facilities near to where the charter school wishes to locate? (Ed. Code Section 47614(b))

d. **Move Unnecessarily:** If the proposal would require that the charter school move, does the district adequately demonstrate that such a move is necessary? (Ed. Code Section 47614(b))

i. **Conversion Site—SBE waiver obtained for move?**

e. **Contiguity:** Are the offered facilities contiguous (contained on the school site or immediately adjacent to the school site) (Ed. Code Section 47614(b))?

i. If the proposal does not accommodate a charter school at a single school site, has the district's governing board made a finding that the charter school could not be accommodated at a single site and adopted a written statement of reasons explaining the finding? (11969.2(d))

f. **Furnished:** Are the offered facilities furnished and equipped? (Ed. Code Section 47614(b))

g. **Capacity:** Are the facilities being made available in the same ratio of teaching stations (classrooms) to ADA as those provided to students in the school district attending comparison group schools? (11969.3(b)(1))

h. **Specialized Classroom Space:** Does the space allocation include a share of the specialized classroom space and/or a provision for access to reasonably equivalent specialized classroom space (as described in the regulations)? (11969.3(b)(2))

i. **Non-Classroom Space:** Does the space allocation include a share of the non-classroom space and/or a provision for access to reasonably equivalent non-classroom space (as described in the regulations)? (11969.3(b)(3))

j. **Maintenance/Operations:** Will the school be allowed to conduct its own ongoing operations and maintenance of facilities and furnishings and equipment? (11969.4)

k. **Pro Rata Share:** Does the pro rata share include only those facilities costs allowed under the regulations? (See Section 11969.7 of the Implementing Regulations for description of allowed costs.)

l. **Oversight Fee:** If the district is charging a pro rata share, is the oversight cost limited to the district's actual costs of supervisorial oversight of the charter school not exceeding 1% of the school's revenue? (11969.7(f))

m. **Reasonable ADA Projections:** Is the proposal based on reasonable ADA projections (either the school's reasonable projections, or the district's modified reasonable projections)? (11969.9(b))

n. Facilities Use Agreement ("FUA"):

i. Is the district allowing the parties to negotiate the FUA? (11969.9(k))

ii. Will the school district maintain first party property insurance for the facilities allocated to the charter school? (11969.9(k)(1))

iii. Does the FUA include a reciprocal hold harmless/indemnification provision? (11969.9(k)(3))

iv. Will the school district be responsible for any modifications necessary to maintain the facility in accordance with Education Code section 47610(d) or 47610.5. (Building Code, Field Act)? (11969.9(k)(4))

EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000391

**APPROVED
LOS ANGELES COUNTY
BOARD OF EDUCATION**

*approved
with conditions
see attached
minutes

Board Meeting – June 7, 2011

JUN 07 2011

Item VI. Recommendations

BY: JPG: mbr
Ex Officio Secretary

- C. Action on the *Wisdom Academy for Young Scientists Charter School* on appeal of non-renewed Petition by the Los Angeles Unified School District Board of Education

The Interim Superintendent recommends that the Los Angeles County Board of Education (County Board) adopt the revised June 7, 2011 Findings of Fact and the May 10th Report in Support of Denial (Attachments 1 and 2), and take action to deny the charter petition for *Wisdom Academy for Young Scientists Charter School*, received on appeal following denial by the Los Angeles Unified School District Board of Education.

California Education Code Section 47605(b) requires that the County Board evaluate the petition according to the criteria and procedures established in law and may only deny a petition if it provides written findings addressing the reasons for the denial. Denial of a petition is limited to the following reasons, as stipulated by Education Code:

- (1) The charter school presents an unsound educational program
- (2) The petitioners are demonstrably unlikely to successfully implement the program
- (3) The petition does not contain the required number of signatures
- (4) The petition does not contain an affirmation of specified assurances
- (5) The petition does not contain reasonably comprehensive descriptions of the 16 required elements of a charter

A summary of the Finding of Fact supporting the denial of the *Wisdom Academy for Young Scientists Charter School* petition is as follows:

Finding 1: Under *EC* section 47605(b)(1), the charter school presents an unsound educational program

The educational program is unsound for specific subgroups of students as described under required Element 1: Description of the Educational Program; Element 2: Measurable Student Outcomes; and Element 3:

Los Angeles County Board of Education
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**ACTION ON THE BUILDING BRIDGES INTERNATIONAL CHARTER SCHOOL
APPEAL OF A PETITION PREVIOUSLY DENIED BY CULVER CITY UNIFIED
SCHOOL DISTRICT BOARD OF EDUCATION**

The Interim Superintendent recommended that the Los Angeles County Board of Education adopt the findings of fact in the report as revised and take action to deny the charter petition for Building Bridges International Charter School received on appeal following denial by Culver City Unified School District Board of Education.

It was **MOVED** by Dr. Turrentine and **SECONDED** by Mrs. Holt to deny the charter petition for Building Bridges International Charter School received on appeal following denial by Culver City Unified School District Board of Education. Discussion followed.

Speaking in support of Building Bridges International Charter School were Dr. Powell, Dr. Hocevar, Dr. Hasan, and Ms. Janelle Ruley.

Mr. Boyd requested definitive information in writing on whether the County Board is allowed to accept and approve a charter petition with material changes or not.

A roll call vote to deny the charter petition for Building Bridges International Charter School received on appeal following denial by Culver City Unified School District Board of Education was taken. Voting yes were Ms. Braude, Mrs. Holt, Mr. Saenz, and Dr. Turrentine. Voting no were Mr. Boyd and Ms. Yepes.

The motion **CARRIED** to deny the charter petition for Building Bridges International Charter School received on appeal following denial by Culver City Unified School District Board of Education.

**ACTION ON THE WISDOM ACADEMY FOR YOUNG SCIENTISTS CHARTER
SCHOOL ON APPEAL OF A NON-RENEWED PETITION BY THE LOS ANGELES
UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION**

The Interim Superintendent recommended that the Los Angeles County Board of Education adopt the revised June 7, 2011 findings of fact and the May 10, 2011 report in support of denial, and take action to deny the charter petition for Wisdom Academy for Young Scientists Charter School, received on appeal following denial by the Los Angeles Unified School District Board of Education.

Speaking in support of Wisdom Academy for Young Scientists Charter School was Mr. Mickey L. Cureton.

It was **MOVED** by Mr. Boyd and **SECONDED** by Mrs. Holt to reject the Interim Superintendent's recommendation to deny the charter petition, and to grant renewal of the charter for Wisdom Academy for Young Scientists Charter School. Discussion followed.

Mr. Saenz is concerned about the conflicts of interest and whether the changes that have been made are permanent. He would like to make sure that LACOE has in writing a clear indication that those changes need to be permanent and if there is any departure from the permanence of those changes it would be grounds for revocation for this charter. He also requested that there be

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a condition not to employ the previous Executive Director until any and all allegations of conflict of interest have been resolved in her favor.

Mrs. Holt requested that the following also be included in the motion: that Wisdom Academy for Young Scientists will comply with California's conflict-of-interest laws.

Mr. Boyd accepted the amendments to the motion from Mr. Saenz and Mrs. Holt.

Mr. Saenz stated that the motion is to approve the charter school renewal subject to the condition that the current Executive Director be contracted for two years, that the former Executive Director not be employed by or at the charter school until such time, if any, that the allegations of conflict of interest have been resolved fully in her favor, and that the school comply with all California conflict-of-interest laws.

Mr. Boyd and Mrs. Holt agreed to the amended motion.

Ms. Jan Isenberg, Project Director III, Charter School Office, stated that if the County Board moves to approve the charter, the Interim Superintendent recommended that the County Board incorporate the following provisions in its approval action. If authorized, recommended conditions for approval are: Term of the charter begins July 1, 2011 and runs through June 30, 2016 contingent upon the following conditions:

By June 30, 2011, Wisdom Academy shall submit to the Charter School Office the signed LACOE Monitoring and Oversight Memorandum of Understanding following the approval by the Wisdom governing board; shall submit changes to reflect the County Board as the authorizer; and complete and submit an application to a Special Education Local Plan Area (SELPA). The petitioner will notify LACOE Charter School Office in writing to which SELPA the application was made.

A roll call vote to approve the petition for renewal subject to the conditions presented was taken. Voting no were Ms. Braude and Dr. Turrentine. Voting yes were Mr. Boyd, Ms. Yepes, Mrs. Holt, and Mr. Saenz. The motion **CARRIED**.

HEARINGS

3:15 P.M. PUBLIC HEARING ON 2008-2011 LACEA COLLECTIVE BARGAINING TENTATIVE AGREEMENT FOR THE PERIODS 2008-2009, 2009-2010, AND 2010-2011
In compliance with the collective bargaining agreement public disclosure requirements set forth in Government Code section 3547.5 (a), the Office entered into a 2008-2011 Tentative Agreement with Los Angeles County Education Association (LACEA).

The purpose of the public hearing was to receive comments from the public, if any, to the 2008-2011 Tentative Agreement with LACEA.

There was no public comment.

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EXHIBIT

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WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Century Blvd
Los Angeles, CA 9001

Governing Board Meeting

600 PM

The Wisdom Academy for Young Scientists Charter School governing board was called to order by the President, Loretta McDonald, at 6:43 PM

- B. All members and guests stood and saluted the flag
- C. Roll Call: Present Edward Cabil, Jonathan Fields, Kandee Lewis, Alex Love, Loretta McDonald, Oliver Ortega, Cathy Roby, Tamara Smith, Adell Walker, Dorothy Valenti
Absent Karen Haynes
Others in Attendance Bali Business Management, Michael Cureton, Alake Watson

II. There were no additions to the agenda

III. The minutes of the April 30, 2011 meeting were read by the Secretary, Adell Walker, and should support the changes stipulated by the board. It was properly moved by Tamara Smith to accept minutes with corrections and seconded by Ed Cabil –motion carried

IV. Communications None

V. Board Report WAYS' board secretary gave a summary of the LACOE charter appeal process indicating a letter was submitted to LACOE addressing the findings of facts re: program implementation, governance, and conflict of interest. Full Response to LACOE's Board Interim President, Jon Gundry, can be found in the document sent to LACOE May 9, 2011

Property Investment Opportunities: Mr. Baron Jones is investigating the opportunities of investment bankers/brokers/capitalists coming in and partnering with the school to possibly adopt the school for the purpose of remodeling/rebuilding/upgrading building. Further talks, dialogue pending charter appeal decision.

Corrective Action Plan President McDonald reported Purpose of the Corrective Action Plan is to Cure the Conflict of Interest (COI) in reference to government code 1090 as it pertains to the Executive Director owning property on which Wisdom Academy for Young Scientists (WAYS) is located. The complete document can be reviewed by contacting the secretary or main office.

Parent/Teacher Student Report

Parent Council Report The PC met on June 2 to discuss the LACOE hearings and meetings. Parents were encouraged to show up to support the WAYS Charter renewal. The parents of WAYS have concerns and ideas they would like to see embraced by the administration. Some of the activities the Council is involved in consist of:

- Book Fair
- Volunteer

000396

- **Drill Team**

PC needs more support from parents in the school village and is asking for assistance in outreach. The PC asked questions re: the funds raised as a result of the Book Fair, (\$1,874 – goal \$1,500) Raffle Tickets (\$95.00), Sodas sale (\$67.00). Total funds in PC account \$8,000. PC wanted to know is there a (checking account) for the Parent Council? If there is not an account one is being requested. The class that raised the most money received a class reward of an Ice Cream Party. Parents additionally express concern re: communication from school in a timely manner and the possibility of summer school.

Executive Director's Report

The school is gearing up for STAR testing. Teachers, students, parents are concerned and anxiously awaiting the word from the county re: the WAYS charter appeal. Students are prepared to testify before the board and many have written statements, paragraphs addressing "why" WAYS should be approved. Students and teachers are supportive of the school remaining a viable source of quality education in the So Los Angeles community. LACOE hearing report (see document written by Michael Cureton) housed in secretary documents binder. Prop #39 (where will the students be housed?) 520 is the number in the charter. Question—can we get students at another site? Need a marketing campaign to attract students, families and teachers.

Principal's Report State of the school is solid—teachers received professional development training from Dr. Kennedy in areas of Assessment, Instruction (teaching), Curriculum, CA Standards, Classroom Environment, Student Behavior. PSD was timely, interactive and meaningful. LACOE's hearing status pending board requests, meeting June 7, 2011.

Business & Finance Bali Business Management gave financials re cash flow, income statement, balance, budget vs. actual and other financial matters. Total current assets: \$1,088,819 –the school is financially sound. Full report can be reviewed upon request.

Review of Documents for Submittal to LACOE—packet/book compiled by President McDonald, Secretary, Adell Walker, Principal Alake Watson, and Executive director, Michael Cureton. Board reviewed the submissions and approved for submission.

Action Items

Approval of Prop #39—Not Approved

Approval of Corrective Action Plan—Approved

Installation of New Board Officers/Members: board officers were given the Oath of Office and each officer, President-Alex Love; Vice President-Kandee Lewis; Secretary-Dorothy Valenti; Treasurer-Cathy Roby each accepted duties and responsibilities of the office held by raising right hand and swearing to abide.

Transition of leadership will take place July 1, 2011.

Meeting was adjourned at 9:40 PM

Respectfully submitted

Adell Walker-Secretary

Adell Walker, Secretary

Date:

Loretta McDonald, President

Date:

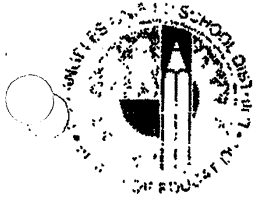
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Innovation and Charter Schools

LOS ANGELES UNIFIED SCHOOL DISTRICT

333 South Beaudry Avenue, 25th Floor
Los Angeles, CA 90017

Charter: (213) 241-2487 • iDesign: (213) 241-5104 • Fax: (213) 241-4710

JOHN E. DEASY, PH. D.
Superintendent

MATT HILL
Chief Strategy Officer

JOSÉ COLE-GUTIÉRREZ
Director, Charter Schools

July 6, 2011

Mickey L. Cureton, Executive Director
Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

RE: PROPOSITION 39 FACILITIES BACK OUT NOTIFICATION

On July 1, 2011, the Los Angeles Unified School District ("District") received from Wisdom Academy for Young Scientists ("Charter School") unilateral notification that it will not occupy the District-offered space at 122nd Street ES or Figueroa EL School ("Facilities") as it previously accepted on April 1, 2011, pursuant to Proposition 39 for the 2011-12 school year.

Based on Charter School's recent representation it will not occupy the Facilities, the District will not incur any additional costs (including, but not limited to, acquiring furniture and equipment, reorganizing the campus, and making improvements and modifications to the Facilities) to accommodate Charter School. The Facilities will be used for District programs, and Charter School will not be entitled to any use of the Facilities for the 2011-12 school year.

Notwithstanding the foregoing, the District reserves all of its rights pursuant to 5 C.C.R. section 11969.9(i), and otherwise, based on Charter School's prior acceptance of the District-offered space at the Facilities.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jose", with a long horizontal stroke extending to the right.

José Cole-Gutiérrez
Director, Charter Schools

c: Sean Jernigan

000399

EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000400

THE LANDLORD AND TENANT AGREE TO LEASE THE PREMISES AT THE RENT RATED AND FOR THE TERM STATED
IN THIS CONTRACT

LANDLORD:

ALDER J. HENNER
12323 HANWELL AVE
DOWNEY, CA 90241

TENANT:

WISDOM ACADEMY FOR YOUNG SCIENTIST
704 EAST MANCHESTER AVE
LOS ANGELES, CA 90002

PREMISES: 714 EAST MANCHESTER AVE, LOS ANGELES, CALIFORNIA 90001

LEASE DATE: DECEMBER 1, 2012 **TERM:** 5 Y. **BEGIN:** DECEMBER 1, 2017
END: DECEMBER 1, 2017 **WITH (5) FIVE YEARS OPTIONS**

YEARLY	RT. _____
FIRST MONTHLY	RT. <u>1750.00</u>
SECURITY	RT. <u>5000.00</u>
LAST MONTH	RT. <u>5000.00</u>

1. USE: THE PREMISES MUST BE USED BY TENANT AND FOR NO OTHER REASON ONLY AS THE PARTY SIGNING THIS
LEASE. TENANT MAY USE PREMISES.

2. FAILURE TO GIVE POSSESSION: LANDLORD SHALL NOT BE LIABLE FOR FAILURE TO GIVE TENANT
POSSESSION OF THE BEGINNING DATE TERM. RENT SHALL BE PAYABLE AS OF THE BEGINNING OF THE TERM UNLESS LANDLORD
IS UNABLE TO GIVE POSSESSION. IN THAT CASE, RENT SHALL BE PAYABLE WHEN POSSESSION IS AVAILABLE. LANDLORD WILL
NOTIFY TENANT AS TO THE DATE POSSESSION IS AVAILABLE. THE ENDING DATE OF THE TERM WILL NOT CHANGE.

3. RENT, ADDED RENT: THE RENT PAYMENT FOR EACH MONTH MUST BE PAID ON THE FIRST DAY OF THAT MONTH
AT LANDLORD'S ADDRESS ABOVE. LANDLORD NEED NOT GIVE NOTICE TO PAY THE RENT. RENT MUST BE PAID IN FULL AND NO
AMOUNT SUBTRACTED FROM IT. THE FIRST MONTH'S RENT IS TO BE PAID WHEN TENANT SIGNS THIS LEASE. TENANT MAY BE
REQUIRED TO PAY OTHER CHARGES TO LANDLORD UNDER THE TERMS OF THIS LEASE. THEY ARE TO BE CALLED "ADDED
RENT". THIS ADDED RENT IS PAYABLE AS RENT, TOGETHER WITH THE NEXT MONTHLY RENT DUE. IF TENANT FAILS TO PAY
THE ADDED RENT ON TIME, LANDLORD SHALL HAVE THE SAME RIGHTS AGAINST TENANT AS IF IT WERE A FAILURE TO PAY
RENT. THE WHOLE AMOUNT OF RENT IS DUE AND PAYABLE WHEN THIS LEASE IS EFFECTIVE. PAYMENT OF RENT IN
INSTALLMENTS IS FOR TENANT'S CONVENIENCE ONLY. IF TENANT DEFAULTS, LANDLORD MAY GIVE NOTICE TO TENANT THAT
TENANT MAY NO LONGER PAY RENT IN INSTALLMENTS. THE ENTIRE RENT FOR THE REMAINING PART OF THE TERM WILL THEN
BE DUE AND PAYABLE.

4. NOTICES: ANY BILL, STATEMENT OR NOTICE MUST BE IN WRITING AND DELIVERED OR MAILED TO THE TENANT AT
THE PREMISES AND TO THE LANDLORD AT THE ADDRESS FOR NOTICES. IT WILL BE CONSIDERED DELIVERED ON THE DAY
MAILED OR IF NOT MAILED, WHEN LEFT AT THE PROPER ADDRESS. ANY NOTICE MUST BE SENT BY CERTIFIED MAIL. LANDLORD
MUST SEND TENANT WRITTEN NOTICE IF LANDLORD CHANGES THE ADDRESS FOR NOTICES.

5. SECURITY: TENANT HAS GIVEN SECURITY TO LANDLORD IN THE AMOUNT STATED ABOVE. IF TENANT FULLY
COMPLIES WITH ALL THE TERMS OF THIS LEASE, LANDLORD WILL RETURN THE SECURITY AFTER THE TERM ENDS. IF TENANT
DOES NOT FULLY COMPLY WITH THE TERMS OF THIS LEASE, LANDLORD SELLS THE PREMISES. LANDLORD MAY GIVE THE
SECURITY TO THE BUYER AND WILL LOOK ONLY TO THE BUYER FOR THE RETURN OF SECURITY.

6. UTILITIES AND SERVICES: TENANT MUST PAY FOR THE FOLLOWING UTILITIES AND SERVICES WHEN BILLED:
GAS, WATER, ELECTRICITY, FUEL, TELEPHONE, GARDENING, EXTERMINATING** MAINTENANCE SERVICE CONTRACTS SHALL
BE MAINTAINED, CONTINUED AND PAID FOR BY TENANT. THESE CHARGES WILL BE ADDED.

7. SPACE "AS IS": TENANT TAKES THE PREMISES "AS IS". TENANT MAY MAKE IMPROVEMENT TO PREMISES
ABIDING BY ALL LOCAL BUILDING CODE AT TENANT'S EXPENSE.

8. CARE OF PREMISES, GROUNDS: TENANT SHALL KEEP THE GROUNDS NEAT AND CLEAN. VEHICLES MAY
BE DRIVEN OR PARKED ONLY IN DRIVEWAYS OR IN THE BACKYARD OFF OF ALLEY.

9. REPAIR, ALTERATIONS: TENANT MUST KEEP, AND AT THE END OF THE TERM RETURN THE PREMISES AND ALL
EQUIPMENT AND OTHER PERSONAL PROPERTY CLEAN AND IN GOOD ORDER AND REPAIR. IF TENANT DEFAULTS, LANDLORD
HAS THE RIGHT TO MAKE REPAIR AND CHARGE TENANT. THE COST WILL BE ADDED TO RENT.

10. LIABILITY: TENANT MUST PAY FOR DAMAGES SUFFERED AND MONEY SPENT BY LANDLORD RELATING TO ANY
CLAIM ARISING FROM ANY ACT OR NEGLECT OF TENANT. TENANT IS RESPONSIBLE FOR ALL ACTS OF TENANT'S FAMILY,
EMPLOYEES, GUESTS AND INVITEES.

**ADDED OTHER UTILITIES & SERVICES

000401

11. FIRE, DAMAGE: TENANT MUST GIVE LANDLORD IMMEDIATE NOTICE IN CASE OF FIRE. LANDLORD WILL HAVE THE RIGHT TO REPAIR. IF LANDLORD REPAIRS, TENANT SHALL PAY RENT ONLY TO THE DATE OF THE FIRE AND SHALL START TO RENT AGAIN WHEN PREMISE IS USABLE. LANDLORD MAY CANCEL THE LEASE BY GIVING TENANT THREE (3) DAYS "WRITTEN NOTICE." THE TERM SHALL BE OVER AT THE END OF THE THIRD DAY AND ALL RENT SHALL BE PAID TO THE DATE OF THE FIRE DAMAGE.

12. LATE CHARGES: IN THE EVENT RENT IS NOT PAID WITHIN (5) DAYS AFTER DUE DATE, TENANT AGREES TO PAY A LATE CHARGE OF \$175.00 PLUS INTEREST AT 17% PER ANNUM ON THE DELINQUENT AMOUNT. TENANT AGREES FURTHER TO PAY TWENTY-FIVE DOLLARS FOR EACH DISHONORED BANK CHECK.

13. LANDLORD'S CONSENT: IF TENANT REQUIRES LANDLORD'S CONSENT TO ANY ACT AND SUCH CONSENT IS NOT GIVEN, TENANT'S ONLY RIGHT IS TO ASK THE COURT TO FORCE LANDLORD TO GIVE CONSENT. TENANT AGREES NOT TO MAKE ANY CLAIM AGAINST LANDLORD FOR MONEY OR SUBTRACT ANY SUM FROM THE RENT BECAUSE SUCH CONSENT WAS NOT GIVEN.

14. LANDLORD MAY ENTER, KEYS, SIGNS: LANDLORD MAY AT REASONABLE TIME ENTER THE PREMISES TO EXAMINE, TO MAKE REPAIRS OR ALTERATIONS, AND TO SHOW IT TO POSSIBLE BUYERS, LENDERS OR TENANTS. TENANT MUST GIVE LANDLORD KEYS TO ALL LOCKS. LOCKS MAY NOT BE CHANGED OR ADDITIONAL LOCKS INSTALLED WITHOUT LANDLORD'S CONSENT. DOORS MUST BE LOCKED AT ALL TIMES. WINDOWS MUST BE LOCKED WHEN TENANT IS OUT. LANDLORD MAY PLACE THE USUAL "FOR RENT" OR "FOR SALE" SIGNS UPON THE PREMISES.

15. COMPLIANCE WITH AUTHORITIES: TENANT SHALL COMPLY WITH ALL STATUTES, ORDINANCES AND REQUIREMENTS OF ALL MUNICIPAL, STATE AND FEDERAL AUTHORITIES NOW IN FORCE, OR IN WHICH MAY HEREAFTER BE IN FORCE, PERTAINING TO THE USE OF THE PREMISES.

16. ATTORNEY'S FEES: IN THE EVENT THAT OWNER SHALL PREVAIL IN ANY LEGAL ACTION BROUGHT BY EITHER PARTY TO ENFORCE THE TERMS HEREOF OR RELATING TO THE PREMISES, OWNER SHALL BE ENTITLED TO ALL COSTS INCURRED IN CONNECTION WITH SUCH ACTION, INCLUDING A REASONABLE ATTORNEY'S FEE.

17. WAIVER: NO FAILURE OF OWNER TO ENFORCE ANY TERM HEREOF SHALL BE DEEMED A WAIVER, NOR SHALL ANY ACCEPTANCE OF A PARTIAL PAYMENT OF RENT BE DEEMED A WAIVER OF OWNER'S RIGHT TO THE FULL AMOUNT THEREOF.

18. ILLEGALITY: IF ANY PART OF THIS LEASE IS NOT LEGAL, THE REST OF THE LEASE WILL BE UNAFFECTED.

19. SUCCESSORS: THIS LEASE IS BINDING ON ALL PARTIES WHO LAWFULLY SUCCEED TO THE RIGHTS TO TAKE THE PLACE OF THE LANDLORD OR TENANT.

20. INSURANCE: TENANT MUST PROVIDE LANDLORD WITHIN NINETY DAYS OF SIGNED LEASE LIABILITY AND FIRE INSURANCE ANNUAL.

21. REPRESENTATIONS, CHANGES IN LEASE: TENANT HAS READ THIS LEASE. ALL PROMISES MADE BY THE LANDLORD ARE IN THIS LEASE. THERE ARE NO OTHERS. THIS LEASE MAY BE CHANGED ONLY BY AN AGREEMENT IN WRITING SIGNED BY AND DELIVERED TO EACH PARTY.

22. PARAGRAPH HEADING: THE PARAGRAPH HEADINGS ARE FOR CONVENIENCE ONLY.

23. EFFECTIVE DATE: THIS LEASE IS EFFECTIVE WHEN LANDLORD DELIVERS TO TENANT.

SIGNATURES AND AGREEMENT: THE PARTIES HAVE ENTERED INTO THIS LEASE ON THE DATE FIRST ABOVE STATED.

THE UNDERSIGNED TENANT HEREBY ACKNOWLEDGES RECEIPT OF COPY HEREOF.

_____ **BLDER T. TURNER** _____
AGENT NAME

_____ **WISDOM ACADEMY FOR YOUNG SCIENTISTS** _____
TENANT'S NAME

_____ **845 N. CONGRESS AVE. #517** _____
ADDRESS

_____ **716 E. MANCHESTER AVE.** _____
ADDRESS

_____ **KANSAS CITY, MO 64111** _____
CITY STATE ZIP

_____ **LOS ANGELES, CA 90001** _____
CITY STATE ZIP

_____ **816-581-4074** _____
PHONE NO.

_____ **323-251-8868** _____
TENANT'S PHONE NO.

DATE: **SEPTEMBER 1, 2012**

_____ **S.S. #** _____

_____ **LANDLORD'S SIGNATURE** _____

_____ **DRIVER'S LICENSE NO.** _____

_____ **TENANT'S SIGNATURE** _____

000402

**ELDER
T.
TURNER**


12929 HANWELL AVE., DOWNEY, CA 90242 (562) 861-1950

July 8, 2008

To Whom It May Concern;

I, Elder T. Turner, owner of the property on 714 E. Manchester Ave., Los Angeles, CA 90001, give Wisdom Academy for Young Scientists, under the direction of Kendra Okonkwo, permission to use the building for educational purposes under our lease agreement.

Sincerely yours,



Elder T. Turner

000403

THE LANDLORD AND TENANT AGREE TO LEASE THE PREMISES AT THE RENT RATED AND FOR THE TERM STATED IN THIS CONTRACT.

LANDLORD;

ELDER T. TURNER

12222 HANWELL AVE.

DOWNEY, CA 90242

TENANT;

WISDOM ACADEMY FOR YOUNG SCIENTIST

706 EAST MANCHESTER AVE.

LOS ANGELES, CA 90062

PREMISES: 714 EAST MANCHESTER AVE., LOS ANGELES, CALIFORNIA 90001

LEASE DATE: DECEMBER 1, 20 07 **TERM** 5 Y. **BEGIN** DECEMBER 1, 20 07

END DECEMBER 1, 20 12 **WITH (5) FIVE YEARS OPTIONS**

YEARLY	RT. _____
FIRST MONTHLY	RT. <u>1450.00</u>
SECURITY	RT. <u>\$ NONE</u>
LAST MONTH	RT. <u>\$ NONE</u>

1. USE: THE PREMISES MUST BE USED BY TENANT AND FOR NO OTHER REASON. ONLY AS THE PARTY SIGNING THIS LEASE TENANT MAY USE PREMISES.

2. FAILURE TO GIVE POSSESSION: LANDLORD SHALL NOT BE LIABLE FOR FAILURE TO GIVE TENANT POSSESSION OF THE BEGINNING DATE TERM. RENT SHALL BE PAYABLE AS OF THE BEGINNING OF THE TERM UNLESS LANDLORD IS UNABLE TO GIVE POSSESSION. IN THAT CASE, RENT SHALL BE PAYABLE WHEN POSSESSION IS AVAILABLE. LANDLORD WILL NOTIFY TENANT AS TO THE DATE POSSESSION IS AVAILABLE. THE ENDING DATE OF THE TERM WILL NOT CHANGE.

3. RENT, ADDED RENT: THE RENT PAYMENT FOR EACH MONTH MUST BE PAID ON THE FIRST DAY OF THAT MONTH AT LANDLORD'S ADDRESS ABOVE. LANDLORD NEED NOT GIVE NOTICE TO PAY THE RENT. RENT MUST BE PAID IN FULL AND NO AMOUNT SUBTRACTED FROM IT. THE FIRST MONTH'S RENT IS TO BE PAID WHEN TENANT SIGNS THIS LEASE. TENANT MAY BE REQUIRED TO PAY OTHER CHARGES TO LANDLORD UNDER THE TERMS OF THIS LEASE. THEY ARE TO BE CALLED "ADDED RENT." THIS ADDED RENT IS PAYABLE AS RENT, TOGETHER WITH THE NEXT MONTHLY RENT DUE. IF TENANT FAILS TO PAY THE ADDED RENT ON TIME, LANDLORD SHALL HAVE THE SAME RIGHTS AGAINST TENANT AS IF IT WERE A FAILURE TO PAY RENT. THE WHOLE AMOUNT OF RENT IS DUE AND PAYABLE WHEN THIS LEASE IS EFFECTIVE. PAYMENT OF RENT IN INSTALLMENTS IS FOR TENANT'S CONVENIENCE ONLY. IF TENANT DEFAULTS, LANDLORD MAY GIVE NOTICE TO TENANT THAT TENANT MAY NO LONGER PAY RENT IN INSTALLMENTS. THE ENTIRE RENT FOR THE REMAINING PART OF THE TERM WILL THEN BE DUE AND PAYABLE.

4. NOTICES: ANY BILL, STATEMENT OR NOTICE MUST BE IN WRITING AND DELIVERED OR MAILED TO THE TENANT AT THE PREMISES AND TO THE LANDLORD AT THE ADDRESS FOR NOTICES. IT WILL BE CONSIDERED DELIVERED ON THE DAY MAILED OR IF NOT MAILED, WHEN LEFT AT THE PROPER ADDRESS. ANY NOTICE MUST BE SENT BY CERTIFIED MAIL. LANDLORD MUST SEND TENANT WRITTEN NOTICE IF LANDLORD CHANGES THE ADDRESS FOR NOTICES.

5. SECURITY: TENANT HAS GIVEN SECURITY TO LANDLORD IN THE AMOUNT STATED ABOVE. IF TENANT FULLY COMPLIES WITH ALL THE TERMS OF THIS LEASE, LANDLORD WILL RETURN THE SECURITY AFTER THE TERM ENDS. IF TENANT DOES NOT FULLY COMPLY WITH THE TERMS OF THIS LEASE, LANDLORD SELLS THE PREMISES. LANDLORD MAY GIVE THE SECURITY TO THE BUY TENANT AND WILL LOOK ONLY TO THE BUYER FOR THE RETURN OF SECURITY.

6. UTILITIES AND SERVICES: TENANT MUST PAY FOR THE FOLLOWING UTILITIES AND SERVICES WHEN BILLED: GAS, WATER, ELECTRICITY, FUEL, TELEPHONE, GARDENING, EXTERMINATING**. MAINTENANCE SERVICE CONTRACTS SHALL BE MAINTAINED, CONTINUED AND PAID FOR BY TENANT. THESE CHARGES WILL BE ADDED.

7. SPACE "AS IS": TENANT TAKES THE PREMISES "AS IS". TENANT MAY MAKE IMPROVEMENT TO PREMISES ABIDING BY ALL LOCAL BUILDING CODE AT TENANT'S EXPENSE.

8. CARE OF PREMISES, GROUNDS: TENANT SHALL KEEP THE GROUNDS NEAT AND CLEAN. VEHICLES MAY BE DRIVEN OR PARKED ONLY IN DRIVEWAYS OR IN THE BACKYARD OFF OF ALLEY.

9. REPAIR, ALTERATIONS: TENANT MUST KEEP, AND AT THE END OF THE TERM RETURN THE PREMISES AND ALL EQUIPMENT AND OTHER PERSONAL PROPERTY CLEAN AND IN GOOD ORDER AND REPAIR. IF TENANT DEFAULTS, LANDLORD HAS THE RIGHT TO MAKE REPAIR AND CHARGE TENANT. THE

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11. FIRE, DAMAGE: TENANT MUST GIVE LANDLORD IMMEDIATE NOTICE IN CASE OF FIRE. LANDLORD WILL HAVE THE RIGHT TO REPAIR. IF LANDLORD REPAIRS, TENANT SHALL PAY RENT ONLY TO THE DATE OF THE FIRE AND SHALL START TO RENT AGAIN WHEN PREMISE IS USABLE. LANDLORD MAY CANCEL THE LEASE BY GIVING TENANT THREE (3) DAYS "WRITTEN NOTICE." THE TERM SHALL BE OVER AT THE END OF THE THIRD DAY AND ALL RENT SHALL BE PAID TO THE DATE OF THE FIRE DAMAGE.

12. LATE CHARGES: IN THE EVENT RENT IS NOT PAID WITHIN (5) DAYS AFTER DUE DATE, TENANT AGREES TO PAY A LATE CHARGE OF ~~\$145.00~~ PLUS INTEREST AT 17% PER ANNUM ON THE DELINQUENT AMOUNT. TENANT AGREES FURTHER TO PAY TWENTY-FIVE DOLLARS FOR EACH DISHONORED BANK CHECK.

13. LANDLORD'S CONSENT: IF TENANT REQUIRES LANDLORD'S CONSENT TO ANY ACT AND SUCH CONSENT IS NOT GIVEN, TENANT'S ONLY RIGHT IS TO ASK THE COURT TO FORCE LANDLORD TO GIVE CONSENT. TENANT AGREES NOT TO MAKE ANY CLAIM AGAINST LANDLORD FOR MONEY OR SUBTRACT ANY SUM FROM THE RENT BECAUSE SUCH CONSENT WAS NOT GIVEN.

14. LANDLORD MAY ENTER, KEYS, SIGNS: LANDLORD MAY AT REASONABLE TIME ENTER THE PREMISES TO EXAMINE, TO MAKE REPAIRS OR ALTERATIONS, AND TO SHOW IT TO POSSIBLE BUYERS, LENDERS OR TENANTS. TENANT MUST GIVE LANDLORD KEYS TO ALL LOCKS. LOCKS MAY NOT BE CHANGED OR ADDITIONAL LOCKS INSTALLED WITHOUT LANDLORD'S CONSENT. DOORS MUST BE LOCKED AT ALL TIMES, WINDOWS MUST BE LOCKED WHEN TENANT IS OUT. LANDLORD MAY PLACE THE USUAL "FOR RENT" OR "FOR SALE" SIGNS UPON THE PREMISES.

15. COMPLIANCE WITH AUTHORITIES: TENANT SHALL COMPLY WITH ALL STATUTES, ORDINANCES AND REQUIREMENTS OF ALL MUNICIPAL, STATE AND FEDERAL AUTHORITIES NOW IN FORCE, OR IN WHICH MAY HEREAFTER BE IN FORCE, PERTAINING TO THE USE OF THE PREMISES.

16. ATTORNEY'S FEES: IN THE EVENT THAT OWNER SHALL PREVAIL IN ANY LEGAL ACTION BROUGHT BY EITHER PARTY TO ENFORCE THE TERMS HEREOF OR RELATING TO THE DEMISES' PREMISES, OWNER SHALL BE ENTITLED TO ALL COSTS INCURRED IN CONNECTION WITH SUCH ACTION, INCLUDING A REASONABLE ATTORNEY'S FEE.

17. WAIVER: NO FAILURE OF OWNER TO ENFORCE ANY TERM HEREOF SHALL BE DEEMED A WAIVER, NOR SHALL ANY ACCEPTANCE OF A PARTIAL PAYMENT OF RENT BE DEEMED A WAIVER OF OWNER'S RIGHT TO THE FULL AMOUNT THEREOF.

18. ILLEGALITY: IF ANY PART OF THIS LEASE IS NOT LEGAL, THE REST OF THE LEASE WILL BE UNAFFECTED.

19. SUCCESSORS: THIS LEASE IS BINDING ON ALL PARTIES WHO LAWFULLY SUCCEED TO THE RIGHTS TO TAKE THE PLACE OF THE LANDLORD OR TENANT.

20. INSURANCE: TENANT MUST PROVIDE LANDLORD WITHIN NINETY DAYS OF SIGNED LEASE LIABILITY AND FIRE INSURANCE ANNUAL.

21. REPRESENTATIONS, CHANGES IN LEASE: TENANT HAS READ THIS LEASE. ALL PROMISES MADE BY THE LANDLORD ARE IN THIS LEASE. THERE ARE NO OTHERS. THIS LEASE MAY BE CHANGED ONLY BY AN AGREEMENT IN WRITING SIGNED BY AND DELIVERED TO EACH PARTY.

22. PARAGRAPH HEADING: THE PARAGRAPH HEADINGS ARE FOR CONVENIENCE ONLY.

23. EFFECTIVE DATE: THIS LEASE IS EFFECTIVE WHEN LANDLORD DELIVERS TO TENANT.

SIGNATURES AND AGREEMENT: THE PARTIES HAVE ENTERED INTO THIS LEASE ON THE DATE FIRST ABOVE STATED.

THE UNDERSIGNED TENANT HEREBY ACKNOWLEDGES RECEIPT OF COPY HEREOF.

ELDER T. TURNER
AGENT NAME

WISDOM ACADEMY FOR YOUNG SCIENTISTS
TENANT'S NAME

12929 HANWELL AVE.
ADDRESS

706 E. MANCHESTER AVE.
ADDRESS

DOWNEY, CA 90242
CITY STATE ZIP

LOS ANGELES, CA 90001
CITY STATE ZIP

000405

DATE: NOVEMBER 1, 2007

[Signature]
LANDLORD'S SIGNATURE

FTI# 710919256

SS.#

N/A
DRIVER'S LICENSE NO

[Signature]
TENANT'S SIGNATURE

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EXHIBIT

29

FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000407

Los Angeles County Office of Education
Monitoring and Oversight Memorandum of Understanding¹

Wisdom Academy for Young Scientists Charter School
Charter Authorization Period: July 1, 2011 – June 30, 2016

INTRODUCTION

The Los Angeles County Board of Education (hereinafter "County Board") is guided by the intent of the legislature, that quality charter schools are and should be an integral part of the California educational system. The County Board believes that charter schools provide an opportunity to implement accountability-based school-level reform, support innovation which improves student learning, and provide choice for parents. Charter schools operate under the provisions of the charter, applicable state and federal laws, and the general oversight of the County Board.

The County Board supports this effort by establishing a defined accountability system for determining the effectiveness of the charter schools it authorizes. Charter schools are public schools; as such, their performance is subject to review and comparison with any other publicly funded school. A charter school's demographic composition should reflect the community it serves and in which it is located.

PURPOSE OF AGREEMENT

The State of California enacted the Charter Schools Act of 1992 authorizing the creation of charter schools with the intent that the schools improve student learning through a variety of means, including increased learning opportunities, innovative teaching methods, expanded choice for parents, and performance-based accountability.

Education Code Section 47605 requires a charter petition need to provide a "reasonably comprehensive description" of the manner in which the school will operate; it is not a comprehensive document. An agreement is a useful tool for clarifying the expectations, operations, and responsibilities of both parties beyond that which is required in the charter but is required for successful operation and monitoring of a charter school.

County Board has established this Monitoring and Oversight Memorandum of Understanding ("Agreement") to address matters not covered in the charter in order to clarify the monitoring and oversight expectations and responsibilities. The Charter School Act allows the County Board to authorize charter schools under specified circumstances and by doing so, becomes the authorizing agency of the charter schools. The County Board has delegated to the County Superintendent of Schools, its obligations to oversee its authorized charter schools under the terms of this Agreement, the provisions of the school's charter, applicable laws, regulations, and County Board Policy and Regulation.

The fundamental interest of the Los Angeles County Office of Education (hereinafter "LACOE") is — on a continuing basis — to be reasonably assured that charter schools authorized by the County Board are:

- Implementing the provisions of the charter as approved
- Adhering to all requirements of federal, state, and local law that apply to charter schools
- Being operated reasonably in all respects

¹ Adapted from the Memorandum of Understanding (MOU) utilized by the State Board of Education. This agreement reflects changes made for the Los Angeles County Board of Education as the authorizer.

- Providing a sound education for all their students

LACOE will report periodically to the County Board regarding its delegated oversight of the Wisdom Academy for Young Scientists Charter School (hereinafter, "Charter School").

The County Board recognizes that there are matters related to the operation of the Charter School and to the effective oversight of the Charter School by LACOE that go beyond the provisions included in the school's charter. The County Board also acknowledges that the day-to-day operation of the Charter School is appropriately carried out by the school's leadership, faculty, and staff. This Agreement is intended to address those matters that have not been covered in the charter and to provide guidance on the oversight policies and procedures of the County Board, as carried out by LACOE. Further, this Agreement is intended to outline the parties' agreement governing their respective fiscal and administrative responsibilities and their legal relationships.

The Charter School petition and this signed Agreement, which includes

- Attachment A: Student Achievement Plan Guidelines (if applicable);
- Attachment B: Fiscal Oversight Requirements and Financial Reporting;
- Attachment C: Reporting Timeline (as revised yearly);
- Attachment D: LACOE Closure Procedures;
- Attachment E: Action of the County Board to authorize the Charter School, including conditions (To follow after approval of Minutes);
- Attachment F: Revisions to the charter petition necessary to reflect the County Board as the authorizer; and
- Attachment G: Revisions to the charter petition necessary to comply with Education Code Section 47607(a)(2)

constitute the conditions and terms under which the charter shall be monitored. To the extent that the terms in the charter vary from the provisions of this Agreement, the Agreement (Initials) shall take precedence unless both parties agree to other terms.

TERM OF AGREEMENT

This Agreement shall commence on the date upon which it is fully executed by all parties and shall cover the term of the charter. This Agreement between LACOE and the Charter School is inclusive of Attachments A through G.

Any modification of this Agreement must be in writing and executed by duly authorized representatives of the parties.

1. The duly authorized representatives of the Charter School are the governing board president or CEO/Director of the Charter School or designee.
2. The duly authorized representative of the County Board is the County Superintendent of Schools or designee. For purposes of material amendments to the charter, such amendments may only be made upon the approval of the Charter School's governing board, and will take effect only if approved by the County Board.

This Agreement shall be reviewed at least annually, and may be amended or augmented by addendum at any time with mutual agreement. In the case of mid-year changes in laws or policies, the County Board and the Charter School reserve the right to request modifications to this Agreement. Such modifications, if agreed upon, shall be included as Addenda to this Agreement. Failure to reach agreement on required changes in the Agreement may result in termination of the

1 Agreement and the charter. (Initial *aw*) The approved Agreement (including any subsequent
2 Addenda) shall continue unless modified in writing. This Agreement shall automatically expire upon
3 the expiration or revocation of the charter. The approved Agreement (including any Addendums)
4 continues in existence as long as the Charter School is operational, but automatically expires if the
5 Charter School becomes non-operational, typically because of non-renewal, revocation, or voluntary
6 closure.

7 TERM OF THE CHARTER

8 The Charter School is a public school that is or shall be operating pursuant to a charter (hereinafter
9 the "charter"). On June 7, 2011, the County Board authorized the charter contingent upon the
10 petitioner making any necessary non-material changes to the petition, the signing of the LACOE
11 Monitoring and Oversight Memorandum of Understanding, and upon inspection and approval of
12 facilities.

13 The Charter School shall operate as a classroom based charter school within the boundaries of Los
14 Angeles Unified School District in the county of Los Angeles. The Charter School shall serve grades
15 K-5 and shall have an approximate enrollment of five hundred twenty (520) students per year for the
16 term of the charter.

17 The Charter School shall be responsible for all the functions of a charter school subject to applicable
18 statutes, the charter, the terms and conditions set forth in the charter, and this Agreement.

19 If applicable, the Charter School will commence its first year of operation between July 1 and
20 September 30, 2011, subject to any conditions that were specified by the County Board in the action
21 it took to approve the Charter. Any condition that was not met through revision of the Charter may be
22 addressed in this Agreement.

23 The Charter School's charter shall have a five (5) year term to expire on June 30, 2016. The
24 provisions of the charter and the Agreement shall be aligned.

25 The County Board reserves the right to approve material revisions to the charter and/or revoke the
26 charter as specified in Education Code Section 47607. *The school may only seek renewal of its*
27 *charter after successfully operating the school as specified in Section 4.4 of this Agreement.* (Initial
28 *aw*)

29 SECTION 1: GOVERNANCE AND ORGANIZATIONAL MANAGEMENT

30 The Charter School is operated by a nonprofit public benefit corporation, formed and organized
31 pursuant to the Nonprofit Public Benefit Corporation Law (Corporations Code § 5110 et seq.). The
32 Charter School is a separate legal entity and neither the County Board nor LACOE is liable for the
33 debts and obligations of the Charter School. The Charter School shall use all revenue received from
34 state and federal sources only for the educational services specified in the charter and this
35 Agreement for the benefit of the students enrolled in and attending the Charter School. Other
36 sources of funding must be used in accordance with applicable state and federal statutes, and the
37 terms or conditions of any grant or donation.

38 1.1 Organization

39 The Charter School shall provide to LACOE annually in accordance with Attachment C, Reporting
40 Timeline, and as updated:

- 41 • Contact information, including phone numbers, official addresses and e-mail addresses for
42 the principal contacts for the Charter School
- 43 • Organization chart displaying relationship between governing board and the Charter School

1 leadership

- 2 • Written notice of any change in the directors, officers, and administrators
- 3 • Prior written notice of any proposed service/employment contract and/or agreement with the
- 4 former executive director whose contract was terminated by the WAYS board in June 2011,
- 5 and a copy of the contract/agreement prior to execution (to monitor fulfillment of the
- 6 conditions of authorization attached hereto as Attachment E.)
- 7 • A copy of any proposed contract with any person or entity that pertains to facilities prior to the
- 8 Charter School's execution of that agreement
- 9 • **1.2 Governing Board Establishment**

10 The Charter School shall provide to LACOE annually in accordance with Attachment C, Reporting

11 Timeline, and as updated:

- 12 • Articles of Incorporation
- 13 • Bylaws approved by the governing board
- 14 • Conflict of Interest Policy
- 15 • Roster and resumes of current governing board members
- 16 • Statement of Economic Interests, Form 700 for all filers

17 **1.3 Governing Board Activities**

18 A. Calendar: The Charter School shall provide an annual calendar of governing board regular

19 meetings, including a description of how parents and community members shall be notified of

20 meetings.

21 B. Governing Board Meetings: The governing board of the Charter School shall conduct public

22 meetings at such intervals as are necessary to ensure that the board is providing sufficient direction

23 to the Charter School through implementation of effective board policies and procedures. Governing

24 board meetings shall be conducted in keeping with the requirements of the Ralph M. Brown Act

25 (Government Code § 54950 - 54962). Governing board adopted policies, meeting agendas and

26 minutes shall be maintained and available for public inspection and during site visits. For all regular

27 and special meetings of the governing board, the Charter School shall provide LACOE with written

28 notification of the meeting, including a copy of the posted agenda, no less than 72 hours prior to a

29 regular meeting and no less than 24 hours prior to a special meeting. The posted agenda shall

30 contain a description of where the agenda was posted and that the meeting is held in compliance

31 with the Americans with Disabilities Act. Within ten (10) working days of the board meeting, the

32 Charter School shall provide LACOE with an audio recording of the meeting, and any changes,

33 additions and/or materials provided to the governing board. Once approved by the Charter School's

34 governing board, the Charter School shall provide LACOE with a copy of the minutes of the meeting

35 within five (5) calendar days.

36 C. Brown Act Training: The Charter School should provide Brown Act training to its governing board

37 members and administrative staff prior to the execution of any duties.

38 D. Governing Board Policies: Prior to opening, the governing board shall develop and adopt policies

39 and procedures to guide the operation of the Charter School, including but not limited to, policies in

40 the following areas. A copy of these policies and procedures shall be submitted to LACOE prior to

41 opening and upon revision.

- 42 • Conflicts of Interest: If it has not already done so for the current year, at the first meeting of
- 43 the Charter School's governing board, following July 1, 2011, and annually thereafter, the
- 44 Charter School's governing board shall: (1) adopt a conflict of interest policy, including

provisions related to nepotism, for itself and the Charter School's employees and contractors to ensure that no action taken by an individual or organization covered by the policy results in actual or apparent conflicts of interest; (2) provide verification that all board members and Charter School management employees (i.e., Form 700 filers) have participated in conflict of interest training; and (3) take action to comply with the Political Reform Act, including adoption of a conflict of interest policy compliant with the Act and its implementing regulations. The Charter School shall follow the Political Reform Act, the California Corporation Code, and IRS regulations.

- Internal Fiscal Controls: The Charter School shall develop and maintain internal fiscal control policies governing all financial activities. Such policies and procedures are subject to review during site visits to see that they are being implemented.
- Campus Supervision: The Charter School shall implement the governing board policy relative to the supervision of students before and after school, while on campus, student pick-up, as well as a procedure for visitors to enter and leave campus.
- Discipline Policies: The Charter School shall implement the governing board policies relative to student discipline, including a list of the offenses for which students may (and must) be suspended or expelled, the procedures for suspension or expulsion, procedures by which parents and students shall be informed about reasons for suspension or expulsion, and of their due process rights in regard to either disciplinary action.
- Parent/Student Handbook: The Charter School shall distribute a hard copy of the parent/student handbook to families each year or make the handbook available online and provide a hard copy upon request. At a minimum, the handbook shall include detailed expectations for student attendance, behavior, and discipline, including policies and consequences for bullying and harassment, due process rights related to discipline (including suspension, expulsion, and special education), and a description of both informal and formal complaint procedures that parents may pursue in the event of disagreements.
- Adherence to County Board of Education Policy and Regulation: At the first governing board meeting of the Charter School following July 1, 2011, and annually thereafter, the governing board of the Charter School shall review and acknowledge in its board minutes that it shall adhere to all policies and regulations pertaining to charter schools that have been adopted by the Los Angeles County Board of Education, as long as the policies do not conflict with Education Code. LACOE shall provide the Charter School with a copy of these policies and regulations annually and upon revision.

1.4 Administration

A. Enrollment and Admissions Documentation: The Charter School shall maintain on file and provide to LACOE upon request the following information:

- Descriptions of outreach and recruitment activities that have been conducted to reach target populations as described in the charter
- Procedures for application, enrollment, admission, wait listing and lotteries for placement (enrollment preferences) as described in the charter
- Evidence of enrollment preferences consistent with the charter and with LACOE conditions of operation
- Copy of enrollment forms and information provided to prospective families
- Documentation, while pertinent, that start-up enrollment is consistent with enrollment numbers described in the charter

- 1 • Evidence that each student is a resident of California in accordance with EC § 47612
- 2 • For students over 18, evidence that each student has been continuously enrolled (no break in
- 3 enrollment greater than 20 school days) in an educational program and is making satisfactory
- 4 progress toward completion of a high school diploma

5 **B. Health and Safety Plan:** Prior to opening, annually, and upon revision, the Charter School shall

6 provide to LACOE:

- 7 • A copy of the health, safety, and emergency plan for students and employees
- 8 • Evidence that staff has been trained in health, safety, and emergency procedures
- 9 • A calendar of emergency drills for students

10 The health and safety plan shall address at a minimum, fire emergencies, earthquakes and other

11 natural disasters, civil disorder, accidents, injuries, and other threats to the health and safety of

12 students and staff. The Charter School shall provide training for staff in responding to emergencies

13 and conduct emergency response drills for its students. Amendments to the plan may be made by

14 the Charter School throughout the year. The Charter School shall provide LACOE with a copy of the

15 amended plan.

16 **C. Notice to Parents/Guardians:** Annually, the Charter School shall provide to LACOE a copy of the

17 annual notice sent to all parents/guardians regarding their rights under the Family Educational Rights

18 and Privacy Acts (FERPA). If the Charter School receives Title I funding, parent notice shall provide

19 information regarding the federal No Child Left Behind (NCLB) Act, including the right to request and

20 receive essential information about the professional and educational background of the teacher(s)

21 instructing their child and notification when their child is taught for four or more weeks by a teacher

22 who is not "highly qualified."

23 **D. Family Educational Rights and Privacy Act (FERPA):** Employees of the Charter School who have

24 a legitimate educational interest are entitled to access students education records under 20 U.S.C.A.

25 § 1232g, the Family Educational Rights and Privacy Act (FERPA) and EC § 49076(b)(6). The Charter

26 School, its officers and employees shall comply with FERPA at all times. In addition, it is agreed that

27 LACOE has an educational interest in the educational records of the Charter School such that

28 LACOE shall have access to those records for reasons that include, but are not limited to, records

29 requests, complaints, and school closure. Records at a minimum, shall include emergency contact

30 information, health and immunization data, attendance summaries, and academic performance data

31 from the statewide student assessments required pursuant to EC §§ 60605 and 60851.

32 **E. Criminal Records Summaries:** All employees of the Charter School, parent and non-parent

33 volunteers who will be performing services that are not under the direct supervision of a certificated

34 teacher, and onsite vendors having unsupervised contact with students shall submit to background

35 checks and fingerprinting in accordance with EC § 45125.1. The Charter School shall maintain

36 documentation, and provide to LACOE upon request, that all employees, volunteers, and vendors

37 (as applicable) have clear criminal records summaries prior to their having any unsupervised contact

38 with students. The Charter School shall maintain on file and have available for inspection during site

39 visits, evidence that the Charter School has performed criminal background checks for all employees

40 and volunteers (as applicable) and documentation that vendors have conducted required criminal

41 background checks for their employees prior to any unsupervised contact with students.

42 **F. Data Reporting:** The Charter School shall directly report data to the California School Information

43 Service (CSIS), California Longitudinal Pupil Achievement Data System (CALPADS), and/or any

44 other state-mandated data collection system required by the California Department of Education

45 (CDE).

46 **G. The School Accountability Report Card (SARC):** On or before the date determined by the CDE

1 each year, the Charter School shall post its SARC on the Charter School's website. The Charter
2 School may, but is not required to, use the template developed by the CDE and available at
3 <http://www.cde.ca.gov/telac/sa> as a guide. The Charter School shall include all elements as
4 determined by the CDE. If the Charter School does not maintain a school website, it shall print and
5 make copies of the SARC available to parents and other members of the community. If the Charter
6 School posts the SARC on its website, and receives a request for a copy, it shall provide the copy at
7 no charge.

8 **H. Insurance and Risk Management:** The Charter School shall procure from an insurance carrier
9 licensed to do business in the State of California, or shall otherwise participate in a Joint Powers
10 Authority (JPA) or other self-insurance pool consistent with Government Code § 6528 and keep in
11 full force during the term of the charter, no less than the following insurance coverage:

- 12 • Workers' Compensation Insurance in accordance with provisions of the California Labor
13 Code, adequate to protect the charter school from claims under Workers' Compensation that
14 may arise from its operations
- 15 • Comprehensive Bodily Injury and Property Damage Liability Insurance with a limit of no less
16 than \$1,000,000 per occurrence, providing coverage for negligence, errors and
17 omissions/educators' legal liability, abuse and molestation, employment practices liability and
18 employee benefits liability
- 19 • Property Damage/Boiler and Machinery/Electronic Data Processing Insurance coverage with
20 replacement value limits sufficient to protect the Charter School's assets (buildings,
21 classroom space improvements, instructional materials, computers, furnishings)
- 22 • Fidelity Bond coverage with a limit of no less than \$50,000 per occurrence, with no self-
23 insured retention, to cover all employees who handle, process, or otherwise have
24 responsibility for the Charter School's funds, supplies, equipment, or other assets

25 The Charter School shall provide evidence of insurance coverage to LACOE annually and upon
26 renewal and shall instruct the insurance carrier(s) to inform LACOE immediately if the coverage
27 becomes inoperative for any reason. LACOE may request to see evidence of insurance coverage
28 during site visits.

29 In addition, the Charter School shall institute risk management policies and practices to address
30 reasonably foreseeable occurrences and provide LACOE with evidence of such policies and
31 practices on an annual basis.

32 The Charter School shall hold harmless, defend, indemnify, and name on the Certificate of Insurance
33 as additional insureds the County Board, LACOE, its officers and employees, from every liability,
34 claim, or demand which may be made by reason of (1) any injury to volunteers; and (2) any injury to
35 person or property sustained by any person, firm, or corporation caused by any act, neglect, default,
36 or omission of the Charter School, its officers, employees or agents. In cases of such liabilities,
37 claims, or demands, the Charter School at its own expense and risk shall defend all legal
38 proceedings which may be brought against it and/or the County Board, LACOE, its officers and
39 employees, and satisfy any resulting judgments up to the required amounts that may be rendered
40 against any of them. Certificates of Insurance and policies shall name the County Board, LACOE, its
41 officers and employees, as additional insureds with respect to any potential tort liability irrespective of
42 whether such potential liability might be predicted on theories of negligence, strict liability, or
43 products liability.

44 **I. Exclusive Employer:** The Charter School is deemed the exclusive employer of the employees of
45 the Charter School for the purposes of the Educational Employee Relations Act (EERA) under
46 Government Code § 3540, et seq. The Charter School shall have sole responsibility for employment,
47 management, dismissal, and discipline of its employees.

1 J. Employee Handbook: Prior to opening, annually and upon revision, the Charter School shall
2 provide to LACOE a copy of the employee handbook that shall be distributed to employees each
3 year. At a minimum, the handbook shall include detailed expectations for employee performance and
4 behavior, due process rights of employees related to disciplinary actions (including termination),
5 compensation, and benefit information for each type of employee, and a description of both informal
6 and formal complaint procedures that employees may pursue in the event of disagreements.

7 Amendments to the employee handbook may be made and distributed to employees by the Charter
8 School during the year. A copy of the handbook may be reviewed during site visits.

9 K. Employee Contracts or Agreements: Annually and upon revision, the Charter School shall provide
10 to LACOE a sample copy of the employee contract that, at a minimum, states that the Charter
11 School is the exclusive employer of employees and has sole responsibility for employment,
12 management, dismissal, and discipline of its employees. Employee contracts, for each type of
13 employee, shall be available for review by LACOE upon request.

14 L. Teacher Credentials, Highly Qualified Teacher Requirements, and Non-Certificated Personnel:
15 Annually in September and February, in accordance with Attachment C, Reporting Timeline, the
16 Charter School shall provide to LACOE an all Staff Information List (certificated and non-certificated
17 personnel) and documentation that all teachers hold a Commission on Teacher Credentialing
18 certificate, permit, or other document equivalent to that which teachers in other public schools are
19 required to hold, except as otherwise exempted by The Charter Schools Act. The Charter School
20 shall also comply with NCLB highly qualified teacher requirements. The Charter School shall provide
21 documentation that the teachers of any NCLB and/or charter defined core subject meet the highly
22 qualified teacher requirements on an annual basis and when teachers and courses may be
23 reassigned.

24 The Charter School shall adhere to all provisions of employment laws applicable to charter schools
25 including, but not limited to, EC § 47612.5(e)(1) which states: "Notwithstanding any other provision of
26 law, and as a condition of apportionment, "classroom-based instruction" in a charter school, for the
27 purposes of this part, occurs only when charter school pupils are engaged in educational activities
28 required of those pupils and are under the immediate supervision and control of an employee of the
29 school who possesses a valid teaching certification in accordance with subdivision (1) of Section
30 47605."

31 M. Management Contracts: Prior to entering into a new or revised contract with an education or
32 charter management organization (EMO/CMO), the Charter School shall provide the following
33 information:

- 34 • A draft of the proposed management contract
- 35 • A recent corporate annual report and audited financial statements for the EMO/CMO
- 36 • A description of the EMO/CMO's roles and responsibilities for the management of the Charter
37 School and the internal controls that shall be put in place to guide the relationship
- 38 • A list of other charter schools managed by the EMO/CMO and the academic and operational
39 results of such management
- 40 • A list of and background on the EMO/CMO's leaders and board of directors
- 41 • A letter of assurance from the EMO/CMO that it has conflict of interest policies in place and
42 that none of the principals of either the EMO/CMO or the Charter School have conflicts of
43 interests

44 The County Board considers entering into a contract with an EMO/CMO not identified in the charter
45 to be a material revision to that charter. The County Board shall review and approve any charter
46 school management contracts prior to the Charter School entering into the contract. (See Section 4.1

1 Material Revision to Charter)

2 N. Facilities: No later than 60 days prior to the opening of school or the occupying or re-occupying
3 of a facility or site, including learning centers, satellite facilities, administrative offices, and/or other
4 facilities used by the Charter School, the Charter School shall provide evidence that the facility is/will
5 be adequate for the Charter School's needs.

6 The Charter School will provide a written signed Agreement (lease or other similar document)
7 indicating the Charter School's right to use the principal school site and any ancillary facilities
8 identified by the Charter School for the first year of the School's operation and upon any change.
9 The Charter School shall also provide evidence that the facility will be adequate for the Charter
10 School's needs. A pre-opening site visit will be conducted prior to opening regardless of whether the
11 Charter School is locating in a facility provided by a district under Proposition 39 or in a privately-
12 leased facility.

13 Once open, the Charter School may change facilities only with prior approval of the County Board.
14 Under ordinary circumstances, the School shall provide LACOE not less than 30 days notification of
15 any change in facilities in order for LACOE to conduct a site visit prior to students attending the new
16 facilities. Under extraordinary circumstances, (e.g., a change of facilities necessitated by fire or
17 natural disaster), LACOE may waive the pre-opening site visit.

18 O. Zoning and Occupancy: At all times it is operational, the Charter School shall maintain on file a
19 certification that its facility or facilities is/are located at a site or sites zoned and/or permitted for
20 operation of a charter school (grades operated by Charter School) and has been cleared for use as a
21 charter school by all appropriate local authorities. The facility shall meet all applicable health and fire
22 code requirements and zoning laws.

23 The Charter School shall maintain on file, post as required, and upon request furnish LACOE with
24 documentation of all local approvals (EC § 47610(d)) including applicable fire marshal clearances,
25 certificates of occupancy, signed building permit inspections, and approved zoning variances. The
26 Charter School cannot exempt itself from applicable/local zoning or building code ordinances.

27 Prior to opening a new site or before an existing school may occupy a new or different facility,
28 LACOE may conduct a site review to determine that the facilities are clean, safe, Americans with
29 Disabilities Act (ADA) compliant, and have the necessary local approvals to operate. The Charter
30 School may not operate in the facility until the County Board has granted approval to do so.

31 A LACOE site review of the Charter School's facilities will determine whether they are clean, safe,
32 American Disabilities Act (ADA) compliant, and have the necessary local approvals to operate.
33 Section 1.4 N of this Agreement describes the pre-opening site visit process and requirements.

34 If the Charter School seeks facilities from the district in which it intends to locate, or is located, under
35 EC Section 47614 (Proposition 39), it will follow applicable statute and regulations regarding
36 submission of such a request to the district. LACOE will conduct a pre-opening site review to
37 approve any facilities allocated to the school by the district.
38

SECTION 2: EDUCATIONAL PERFORMANCE

39 **2.1 Educational Program**

40 At all times it is operational the Charter School shall have available the information listed below. The
41 information shall be submitted to LACOE prior to opening, whenever updated, and upon request:

- 42 • Scope and sequence for all subjects to be offered by the Charter School during the school
43 year and during any supplemental instruction offering
44 • The complete educational program for students to be served including, but not limited to:

- 1 (1) A description of the curriculum and identification of the basic instructional materials to be
2 used
- 3 (2) Plans for professional development, including agendas, topics to be covered, and
4 speakers
- 5 (3) Results of interim assessments used to evaluate student specific progress during the
6 school year in addition to the results of the Standardized Testing and Reporting (STAR)
7 program in evaluation of student progress
- 8 (4) If a high school, the University of California course descriptions submitted to UC Doorway
9 (<http://www.ucop.edu/doorway/>)
- 10 (5) The Charter School's annual calendar for the school year that includes the number of
11 instructional days (minimum 175 days), minimum or early release days, holidays, board
12 recess days, and professional development days
- 13 (6) Daily bell schedule for site-based programs that includes any passing time, breaks or
14 recess, lunch breaks, before and after school activities
- 15 (7) Designation of any non-classroom based instructional days
- 16 (8) Sample student contracts, description of frequency of contact with teachers, pupil/teacher
17 ratios, and description of how student work will be evaluated for time value for
18 nonclassroom-based programs (if applicable)
- 19 (9) Initial and mid-term (as appropriate) Western Association of Schools and Colleges
20 (WASC) accreditation self-study and visiting committee reports (if the school seeks such
21 accreditation)

22 2.2 Student Achievement Plan

23 The Charter School shall not be required to submit a Student Achievement Plan if it has met its API
24 growth targets and AYP, both school wide and by significant subgroups, each year.

25 If the Charter School fails to meet API and/or AYP targets school-wide or by numerically significant
26 subgroups, it shall be required to submit a Student Achievement Plan to LACOE according to the
27 following dates:

- 28 • October 1 - Draft Student Achievement Plan
- 29 • December 1 - Final Student Achievement Plan

30 If the Charter School is seeking renewal of a charter and has not met API and/or AYP in the prior
31 year, it shall submit a draft Student Achievement Plan for the future concurrent with the charter
32 renewal request.

33 The Charter School shall implement its final Student Achievement Plan that sets forth school specific
34 goals, how progress towards and achievement of each goal shall be measured, and plans for
35 addressing areas identified as needing improvement. The Student Achievement Plan shall build
36 upon the assessment measures, educational goals, and student outcomes described in the charter
37 petition, and shall provide for more stringent assessment measures, educational goals, and student
38 outcomes than those described in the charter petition. If the final Student Achievement Plan is less
39 stringent than the charter, this shall be considered a material revision to the charter and shall be
40 subject to County Board of Education review and approval. The specific requirements of the Student
41 Achievement Plan are described in Attachment A, Student Achievement Plan Guidelines.

42 2.3 Annual Report

43 By December 1 each year, the Charter School shall submit to LACOE a written Annual
44 Report/School Accountability Report Card (SARC) to the County Board of Education for the prior

1 year that examines and describes the following:

- 2 • STAR results both in aggregate and disaggregated by numerically significant subgroups
- 3 • If a high school, California High School Exit Exam (CAHSEE) results both in aggregate and
- 4 disaggregated by subgroups
- 5 • Progress made toward meeting API and AYP targets
- 6 • Progress made toward each of the educational goals and student outcomes identified in the
- 7 charter
- 8 • Evidence that the Charter School is systematically examining student data and using it to
- 9 drive decisions regarding curriculum and instruction
- 10 • Names of any additional internal assessments used by the Charter School not identified in
- 11 the charter
- 12 • Plans to address areas identified as needing improvement by the Charter School
- 13 • Evidence that the Charter School is financially sound based on certain criteria as indicated in
- 14 Attachment B, Fiscal Oversight Requirements and Financial Reporting.
- 15 • Other relevant information as determined by LACOE or the County Board

16 LACOE shall provide the Charter School with a template for completing the Annual Report/ SARC
17 each year. The Charter School shall also be provided with comparison schools.

18 If the Charter School has been required to submit a Student Achievement Plan, it shall address the
19 following elements in the Annual Report/SARC:

- 20 • Progress made in areas identified where progress falls short of meeting outcomes identified
- 21 in the Student Achievement Plan
- 22 • Professional development provided to further progress on goals described in the Student
- 23 Achievement Plan
- 24 • Progress made on the implementation of changes to curriculum and instructional strategies
- 25 identified in the Student Achievement Plan
- 26 • Identification of targeted funds to support elements of Student Achievement Plan
- 27 • Specific evidence that the results, as shown in the Annual Report, are targeting improvement
- 28 in student achievement, and that the Charter School is financially sound according to the
- 29 criteria as set forth in Attachment B, Fiscal Oversight Requirements and Financial Reporting.

30 2.4 Oral Report to the Los Angeles County Board of Education

31 The Charter School shall also participate in presenting an oral report to the County Board each year.
32 ~~The Charter School shall be informed of the presentation date by LACOE. The presentation shall be~~
33 ~~on or after December 1 as agendaized by the County Board, typically between January and April.~~
34 ~~LACOE shall inform the Charter School of the date when it is scheduled.~~

35 At the discretion of the County Board, the Charter School may be requested to present additional
36 updates and or reports during the year.

37 2.5 Services for Students with Disabilities

38 The Charter School shall submit documentation that it is a Local Education Agency (LEA) with a
39 Special Education Local Plan Area (SELPA) prior to commencing operations and provide a copy of
40 its SELPA Agreement to LACOE annually.

2.6 Annual Assessment of Students

The Charter School shall comply with all state and federal student assessment requirements. The Charter School shall test independent of LACOE, comply with all requirements of the Educational Testing Service (ETS), and provide LACOE with an electronic copy of all Student Level Data provided by ETS within ten (10) days of receipt of the data from ETS.

SECTION 3: FISCAL OPERATIONS

3.1 Funding

The Charter School shall be funded in accordance with EC § 47630 et seq. The Charter School's general purpose entitlement shall be calculated in accordance with EC § 47633 et seq. The parties recognize the authority of the Charter School to pursue additional sources of funding. The County Board of Education must receive prior written notification of any source of additional funding that may result in incurring additional debt (i.e., loans) to the Charter School.

LACOE shall not be responsible for resolving fiscal deficiencies for the Charter School.

3.2 Fiscal Agent

The Charter School shall contract with LACOE for the Charter School's participation in the State Teachers' Retirement System (STRS) and/or the Public Employees Retirement System (PERS) if applicable. See section 3.7 for further discussion of the STRS/PERS responsibilities.

3.3 Student Attendance Accounting and Reporting

The Charter School shall use commercially available and state approved attendance accounting software. Annually and as updated, the Charter School shall provide a copy of the software user manual as well as the Charter School's procedures for attendance accounting, with evidence of internal controls. Charter School created spreadsheets on Excel or other database programs shall not be accepted.

The Charter School shall submit a calendar of attendance months to LACOE no later than two (2) weeks prior to the start of the school year. The structure of attendance months shall adhere to EC § 37201.

NOTE: It is critical that the above attendance reporting deadlines are met in an accurate and timely manner. If the School misses a reporting deadline it risks being excluded from that apportionment's certification and funding period. For example, if P-1 attendance data is not received in time for inclusion in the P-1.

The Charter School shall submit monthly enrollment and attendance data as required to receive apportionment of funding within five (5) business days after the end of the attendance month to LACOE.

In addition, the Charter School shall prepare and submit to LACOE/Controller's Office/Pupil Attendance Accounting and Compliance Unit, the certified data file and original signature state attendance reports according to the following schedule:

- First Principal Apportionment (P-1) (attendance for all full attendance months between July 1 and December 31) by January 4 or if it falls on a Saturday or Sunday, the first business day following January 4
- Second Principal Apportionment (P-2) (attendance for all full attendance months between July 1 and April 15) by April 20 or if it falls on a Saturday or Sunday, the first business day following April 20

- 1 • Annual Apportionment (attendance for The Charter School year) by July 5 or if it falls on a
- 2 Saturday or Sunday, the first business day following July 5
- 3 • Corrections to the second principal apportionment and annual principal apportionment reports
- 4 shall be received by LACOE not later than September 15 or if it falls on a Saturday or Sunday,
- 5 the first business day following September 15

6 Submit with the Monthly Attendance Report, an Exit Report for each student who leaves the school
7 (except when matriculating to sixth grade). The Exit Report shall be completed by the
8 parent/guardian and minimally include: (1) reason for withdrawal; (2) date of withdrawal; (3) school to
9 which student is transferring; (4) parent/guardian signature and date; and (5) administrative signature
10 and date. The Exit Reports shall coincide with the inclusive dates of the Monthly Attendance Report.

11 Supplemental Instruction: A schedule of Summer Supplemental hourly instructional days and hours
12 shall be provided to LACOE no less than two (2) weeks prior to the start of the instruction. Enrollment
13 and attendance data shall be submitted on a weekly basis, and is due within five (5) business days
14 after the end of each week. The Charter School's governing board policy shall clearly identify goals,
15 and how students will be identified for supplemental instruction programs and progress evaluated
16 requisite of funding. Students shall be individually identified for each class, and the hours shall be
17 calculated separately due to different reporting requirements and funding levels.

18 **3.4 Revenue and Expenditure Reporting**

19 The Charter School is required by EC § 47604.33 to submit periodic reports of revenues,
20 expenditures, and reserves. The Charter School shall submit to LACOE monthly statement of cash
21 flows, copies of bank statements, General Ledger, Revenue and Expenditure Summary, Statement
22 of Financial Position, Statement of Fund Balance, Year-to-date Budget to Actual Statement and
23 notes to financial statements in accordance with Attachment B, Fiscal Oversight Requirements and
24 Financial Reporting. As part of the continuous oversight, LACOE shall make a periodic assessment
25 of the charter's fiscal condition.

26 In order to meet statutory timelines for revenue and expenditure reporting, The Charter School shall
27 submit reports to LACOE for review using the state software (SACS20 ALL), according to the
28 following schedule:

- 29 • Preliminary budget on or before July 1
- 30 • First Interim Report (expenditures through 10/31) on or before December 15
- 31 • Second Interim Report (expenditures through 1/31) on or before March 15
- 32 • Unaudited Actuals Report for the prior fiscal year on or before September 15

33 Any changes in the budget or interim reports from one reporting period to the next period shall be
34 explained in writing. Explanations and budget assumptions shall accompany the reports. The Charter
35 School is expected to maintain reserves of no less than three (3) percent of the Charter School's
36 Adopted Budget for the fiscal year. An explanation of any projected drop in reserves below the three
37 (3) percent level shall be included in the assumptions.

38 **3.5 Annual Audit**

39 In accordance with EC § 41020(h), by December 15 of each year, the Charter School shall submit
40 an annual independent financial audit to the State Controller's Office, LACOE, and the CDE. The
41 audit shall be conducted by an auditor from the list approved by the State Controller's Office and
42 mutually agreeable to LACOE and the Charter School. If any findings or exceptions are identified in
43 the annual audit, the charter school shall implement corrective action plans in a timely manner.
44 Continuing or unresolved prior year findings or deficiencies shall have negative impact on the charter
45 school's renewal request.

1 In addition to the Charter School's financial statements, the audit shall include, as applicable, but not
2 be limited to:

- 3 • Contemporaneous records of attendance
- 4 • Annual instructional minutes
- 5 • Additional nonclassroom-based instruction
- 6 • Determination of funding for nonclassroom-based instruction as per EC § 47634.2

7 **3.6 Oversight Fees**

8 The Charter School shall be charged an oversight fee not to exceed one (1) percent of the general
9 purpose and categorical block grant revenue received by the Charter School in accordance with EC
10 § 47613 and used to offset consultant and administrative costs required for comprehensive oversight,
11 which includes but is not limited to the following categories:

- 12 • Curriculum and instruction
- 13 • Assessment and accountability
- 14 • School fiscal review
- 15 • Site visitations
- 16 • Renewal evaluations
- 17 • Attendance accounting processing, analysis and certification

18 The oversight fee shall be based on the general purpose entitlement and categorical block grant
19 funding provided to the Charter School at the Second Principal Apportionment (P-2).

20 **3.7 State Teachers Retirement System (STRS)/Public Employees Retirement System (PERS)** 21 **Reporting**

22 If the Charter School offers its employees the opportunity to participate in STRS or PERS, the
23 Charter School shall be responsible for contracting with LACOE for reporting purposes. Such
24 arrangements shall be made prior to the hiring of any employee. The Charter School shall notify
25 LACOE of the staff person who will make the arrangements and provide written notification that
26 arrangements have been made prior to the hiring of employees.

27 **SECTION 4: FULFILLING CHARTER TERMS**

28 **4.1 Material Revision to Charter**

29 Changes to the charter deemed to be material revisions may not be made without prior approval by
30 the County Board of Education. Revisions to the charter considered to be material changes include,
31 but are not limited to, the following:

- 32 • Substantial changes to the educational program (including the addition or deletion of an
33 educational program), mission, or vision
- 34 • Adding a nonclassroom-based program
- 35 • Proposed changes in enrollment that increases or decreases by more than 20 percent +/- of
36 the enrollment originally projected in the charter petition in any given year
- 37 • Addition or deletion of grades or grade levels to be served
- 38 • Changes to location of facilities or lease agreements for the Charter School sites, resource

centers, meeting space, or other satellite facility including the opening of a new facility; temporary locations rented for annual student testing purposes shall be exempted from this provision

- Admissions requirements and procedures
- Governance structure, including but not limited to: changes in number of board members, method by which new board members are selected, and/or changes in majority/quorum or other provisions relating to resolution approval
- Entering into or revising a contract with an EMO/CMO

4.2 State Assessments

The Charter School agrees to comply with and adhere to the state requirements for participation and administration of all state mandated tests. The state tests required to be administered include, but may not be limited to:

- California Standards Tests
- California High School Exit Examination
- Physical Fitness Test
- California English Language Development Test
- California Alternate Performance Assessment
- Aprenda

4.3 Site Visits

LACOE shall conduct at least two (2) visits during the school year. The site visits shall consist of the following:

- At least one (1) site visit shall be conducted in order to assess the Charter School's progress in governance and organizational management, educational performance, fiscal operations, and fulfillment of the terms of the charter. The primary focus of the visit shall be on teaching and learning and, if applicable, the Student Achievement Plan (described under Section 2: Educational Performance). The site visit may include review of the facility, review of records maintained by the Charter School, interviews with administrators, staff, students, and parents, and observation of instruction in the classroom. The evaluations for each year shall constitute one (1) of the basis upon which a renewal decision shall be made at the end of the term of the charter in accordance with the Education Code. Any deficiencies shall be reviewed with the Charter School administration. The Charter School administration shall be given an opportunity to address the deficiencies.
- At least one (1) site visit shall be conducted to examine and reconcile attendance documentation and review the Charter School's compliance with applicable codes and regulations concerning instructional minutes, ADA, and apportionment.

LACOE reserves the right to make unannounced visits to the Charter School. EC § 47604.32(b) requires LACOE to conduct a site visit annually. The purpose of the visits shall be to monitor the instructional program and operations in accordance with County Board of Education Policy 6650.

4.4 Renewals

The Charter School may seek renewal of its charter prior to expiration of the term of the charter in accordance with EC § 47607(a) and (b). The Charter School shall submit its renewal petition for the next charter term along with a copy of the most recent Annual Report and Student Achievement Plan (if applicable) to LACOE, no later than the second Monday in January (County Board Policy 6670) of

1 the school year in which the Charter School term expires.

2 LACOE shall review the charter petition, academic and financial performance, audit reports, annual
3 visitation reports, and conduct a renewal site visit prior to scheduling the renewal request for
4 consideration by LACOE. To the extent required, the charter petition shall be revised in accordance
5 with current statutes and regulations. LACOE shall abide by Education Code, California Code of
6 Regulations, and County Board Policy and Regulation when considering charter renewal.

7 **4.5 Notice of Violation, Opportunity to Remedy, and Revocation**

8 The County Board may provide notice of violation, opportunity to remedy, and revoke the charter as
9 set forth in EC § 47807 and County Board Policy and Regulation.

10 **4.6 Closure Procedures**

11 At all times it is operational the Charter School shall have closure procedures in place and available
12 for review. Closure procedures shall be submitted to LACOE prior to opening, whenever updated,
13 and upon request. Procedures shall be compliant with requirements contained in County Board
14 Policies and Procedures as operationalized in Attachment D, LACOE Closure Procedures, and shall
15 contain at a minimum:

- 16 • Identification of a responsible person(s) (e.g., Executive Director, Financial Officer, president
17 of the Charter School governing board) to oversee and conduct the closure process; this
18 provision shall include a process to ensure that it is updated no less than annually or when
19 any change is made
- 20 • Notification of students and families of the Charter School closure
- 21 • Security of student and business records
- 22 • Processing of final employee payroll and benefits
- 23 • Identification of all assets and liabilities and plan for transfer as detailed in the charter
- 24 • Final close-out audit to be paid for by the Charter School
- 25 • Identification of a source of funding to be used for closeout expenses including the final audit
- 26 • Dissolution of the Charter School and/or nonprofit corporation

27 Further descriptions of each category and a closure procedures checklist are included as Attachment
28 D, LACOE Closure Procedures. The Charter School's procedures shall also satisfy the definition of
29 "closure procedures" in Title 5, California Code of Regulations § 11962, to the extent that Section
30 imposes, or is amended to impose, additional requirements.

31 Closure procedures will not begin until appeal rights (if applicable) have been exhausted. If the
32 Charter School is to close permanently for any reason (i.e., voluntary surrender, non-renewal, or
33 revocation), LACOE shall serve written notice on the Charter School that the closure procedures
34 described in Attachment D, LACOE Closure Procedures have been invoked. The Charter School
35 shall immediately identify the specific individual who is responsible for coordinating the Charter
36 School's close out activities and shall notify LACOE. LACOE shall identify a staff person who shall
37 work with the Charter School to accomplish all close out activities.

38 *The Charter School expressly acknowledges the right of LACOE, on behalf of the County*
39 *Superintendent of Schools (pursuant to EC § 47604.3), to take immediate and direct control of all of*
40 *the Charter School's student and business records at any time after LACOE gives written notice that*
41 *it is invoking the closure procedures.* (Initial LL)
42

SECTION 5: NONDISCRIMINATION

The parties recognize and agree that the Charter School shall not charge tuition, shall be nonsectarian, and shall be open to all students regardless of race, ethnicity, national origin, gender, sexual orientation (whether perceived or actual), religion, socioeconomic status, or disability. These non-discrimination provisions shall apply to employment as well.

SECTION 6: SEVERABILITY

If any provision or any part of this Agreement is for any reason held to be invalid and or unenforceable or contrary to public policy, or statute, the remainder of this Agreement shall not be affected thereby and shall remain valid and fully enforceable.

SECTION 7: NON-ASSIGNMENT

No portion of this Agreement or the charter petition approved by the LACOE may be assigned to another entity without the prior written approval of the County Board of Education.

SECTION 8: WAIVER

A waiver of any provision or term of this Agreement shall be in writing and signed by both parties. Any such waiver shall not constitute a waiver of any other provision of this Agreement. All parties agree that neither party to this Agreement waives any of the rights, responsibilities, and privileges established by the Charter Schools Act of 1992.

SECTION 9: NOTIFICATION

All notices, requests, and other communications under this Agreement shall be in writing and mailed to the proper addresses as follows:

To LACOE at:

Procurement Services Manager
Los Angeles County Office of Education
9300 Imperial Hwy
Downey, CA 90242

To the Charter School at:

Name Melvin L. Coreton Title Executive Director

NAME OF SCHOOL: Wisdom Academy for Young Scientists

ADDRESS 1 706 E. Manchester Avenue L.A., CA 90001

ADDRESS 2

This Agreement, including Attachments A through G, contains the entire agreement of the parties

1 with respect to the matters covered hereby, and supersedes any oral or written understandings,
2 agreement or agreements between the parties with respect to the subject matter of this Agreement
3 ~~except for the Charter itself.~~ (Initials) AKL No person or party is authorized to make any
4 representations or warranties except as set forth herein, and no agreement, statement,
5 representation or promise by any party hereto which is not contained herein shall be valid or binding.
6 The undersigned acknowledges that she/he has not relied upon any warranties, representations,
7 statements, or promises by any of the parties herein or any of their agents or consultants except as
8 may be expressly set forth in this Agreement. The parties further recognize that this Agreement shall
9 only be modified in writing by the mutual agreement of the parties.

10 7-18-2011

11 Date

Print: Alex Loux Sign: [Signature]
Authorized Board Representative, Wisdom Academy for Young Scientists

12 7-18-2011

13 Date

Print: Adell Walker Sign: [Signature]
Authorized Board Representative, Wisdom Academy for Young Scientists

14 Date

Designee, Los Angeles County Board of Education

Attachment A: Student Achievement Plan Guidelines

I. Overview

A Student Achievement Plan is required to be submitted to the Los Angeles County Office of Education (LACOE) if the Charter School fails to meet API growth targets and/or AYP in any year. The Achievement Plan requires the Charter School to establish specific goals and actions the Charter School will take to improve student academic achievement in those areas identified through the API and/or AYP as not meeting performance criteria. The Charter School shall be expected to present an annual update to the County Board of Education on the progress made in meeting goals identified in the Student Achievement Plan. These guidelines make explicit the elements that shall be addressed in the Student Achievement Plan for any subject area or criteria in which the Charter School falls short of targets. Data compiled from this Student Achievement Plan and the annual update, plus confirming evidence gathered during periodic site visits will provide LACOE with evidence of whether the Charter School is on track to its charter being renewed.

In addition to API and AYP, the Charter School may incorporate a variety of additional outcome measures to further demonstrate academic achievement and organizational effectiveness. While these various supplemental measures will not carry as much weight as the required measures in making renewal decisions, they may be important in helping the Charter School achieve its academic goals and distinctive qualities in the Charter School's mission as well as highlight those goals.

II. Required Components of the Student Achievement Plan

For each area in which the Charter School did not meet API and/or AYP targets, the Charter School shall submit a plan to the LACOE describing specific and concrete actions the Charter School will take in order to improve student achievement over the course of the current school year. The Student Achievement Plan shall address, at a minimum, the following elements:

- Methods or system the Charter School uses to examine student achievement data on a regular basis across grade levels, by subject matter, by significant subgroups, and across the Charter School as a whole
- Analysis of the STAR and AYP results that identifies the specific problem in the area(s) not meeting targets and/or criteria
- Specific actions, which follow from the examination of student data, which the Charter School will take to improve student achievement in the area(s) identified as needing improvement, including changes to curriculum, instruction, assessment, governance, and organization
- Professional development plan for teachers and/or other staff that supports the activities the Charter School will implement to improve performance in targeted areas
- Diagnostic assessments that will be used to enable the Charter School to monitor the effects of proposed changes on student performance

The Charter School shall submit a draft Student Achievement Plan to LACOE by October 1 if the Charter School did not meet API targets or AYP in the prior year. LACOE will review the draft plan and either approve it as submitted or request changes to it. If changes are required, the final Plan shall be due to LACOE by December 1.

Further information regarding API may be found at www.cde.ca.gov/italacian/index.asp on the LACOE website. Information on AYP, including targets and criteria may be found at www.cde.ca.gov/iteac/ayfindex.asp.

Attachment B: Fiscal Oversight Requirements and Financial Reporting

LACOE shall determine fiscal soundness of the Charter School by reviewing and analyzing the financial reports and documents provided by the Charter School. This determination shall be made each month and LACOE shall notify the Charter School in writing of any concerns it may have regarding the financial stability of the Charter School.

By the fifteen of each month the Charter School shall provide the following reports and documents with full disclosure of transactions to the Controller's Office, LACOE for the prior month:

1. Monthly bank statements
2. Monthly bank reconcillations
3. Monthly general ledger
4. Statement of revenue and expenditures
5. Statement of financial position
6. Year to date budget to actual statement
7. Notes to financial statements

LACOE may require additional financial related documents and shall request them of the Charter School as needed.

**Los Angeles County Office of Education
Timeline and Due Dates 2011-12
Attachment C: Reporting Timeline (Revised Annually)
(Provided as a separate Excel Spreadsheet)**

May 2011 Revised for WAYS June 23, 2011 as discussed July 8, 2011

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**Los Angeles County Office of Education
Charter School Closure Procedures Checklist
Attachment D: LACOE Closure Procedures**

ITEM	DESCRIPTION OF NECESSARY ACTION	COMPLETION DATE
1.	<p>When revocation, non-renewal, or proceedings have been exhausted, LACOE shall, within three (3) business days, provide the charter school with written notification by certified mail/courier service, of the closure action.</p> <p>In the case of voluntary surrender, the charter school shall, within three (3) business days of the decision to close, provide LACOE Charter School Office (CSO) with written notification by registered mail that closure procedures have been invoked.</p> <p>In both instances, the dated notice shall be referred to as the "Closure Action."</p> <p>The charter school shall post, in public view at each site, a copy of the Closure Action upon receipt/issuance whether it originates with LACOE or the charter school.</p>	Three (3) business days
2.	<p>LACOE CSO shall, upon Closure Action, immediately notify the California Department Education (CDE). The notice will include:</p> <ul style="list-style-type: none"> • Charter school name, charter number, CDS code; • Reason for closure (revocation, non-renewal, other); • Effective date of closure; • Description of the circumstances (reason) of the closure. 	Receipt/issuance of Closure Action
3.	<p>The charter school shall, within two (2) business days of the Closure Action, notify LACOE CSO of the location of all student and business records. No student or business records shall be disposed of, moved, or duplicated without the express written consent of LACOE CSO, except that student records may be copied for students' families or for the purpose of sending them to a receiving school. A record must be kept of all files copied and/or sent; the record must be provided to LACOE.</p>	Two (2) business days
4.	<p>The charter school shall, within two (2) business days of the Closure Action, provide LACOE CSO with the name, address, and contact information of the individual designated as the primary contact for all close out activities of the school, and the board approved resolution appointing this person as primary contact.</p>	Two (2) business days
5.	<p>The charter school primary contact and a member of the charter school's governing board shall meet with the LACOE Superintendent or designee within 5 days of the Closure Action to review the orderly closing of the charter school. At this meeting:</p> <p>5a. The charter school shall provide LACOE with a complete and accurate roster of all students enrolled in the charter school including:</p> <ul style="list-style-type: none"> • Student names; • Parent(s)/guardian(s) names, addresses, phone numbers; • Grade levels and grades completed; • Each student's district of residence. 	Five (5) business days

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Los Angeles County Office of Education
Charter School Closure Procedures Checklist

ITEM	DESCRIPTION OF NECESSARY ACTION	COMPLETION DATE
	5b. LACOE will determine the date and time when LACOE will retrieve all pupil cumulative records, including but not limited to specific information on completed courses, credit or grade levels, report cards, IEP, discipline records, and immunization records. High school charters will include all curriculum and standard syllabus, instructional materials, and one textbook for each subject.	Time to be determined; no later than 120 business days
6.	<p>The charter school shall, within five (5) business days of the Closure Action, submit to LACOE CSO for approval a draft of a notification letter to parents. The letter shall include:</p> <ul style="list-style-type: none"> Reason for closure; Date of closure; Process for the transfer of student records; Current list of local public and charter schools; Name(s) and contact information of the charter school personnel to whom inquiries may be made; The manner in which parents/guardians may obtain copies of pupils' cumulative records, including but not limited to, specific information on completed courses, credits or grade level, report cards, Individualized Education Program (IEP), discipline records, immunization records; List of public schools in the districts of residence of charter school students. <p>Upon LACOE's approval, the charter school shall mail the letter to parents within three (3) business days.</p>	Five (5) business days
7.	<p>The charter school shall, within five (5) business days of the Closure Action, draft a notification letter to the districts of residence for all its students and submit to LACOE CSO for approval; the letter will include the date of closure, charter school personnel to whom requests for records can be made.</p> <p>Upon approval by LACOE, the charter school will mail the letter to the districts within three (3) business days.</p>	Five (5) business days Three (3) business days
8.	<p>The charter school, if a Local Education Agency (LEA) in a Special Education Local Plan Area (SELPA), shall within five (5) business days of the Closure Action, notify the SELPA of the Closure Action.</p> <p>8a. If the last date of instruction is ten (10) or more days from the Closure Action, the charter school must mail parents/guardians copies of their child's current IEP within five (5) business days of the last date of instruction.</p> <p>8b. If the last date of instruction is less than ten (10) days from the Closure Action, the charter school shall mail copies of all student IEPs to the SELPA within 10 days of the Closure Action.</p>	Five (5) business days Five (5) business days Ten (10) business days

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Los Angeles County Office of Education
Charter School Closure Procedures Checklist

ITEM	DESCRIPTION OF NECESSARY ACTION	COMPLETION DATE
9.	The charter school shall, within five (5) business days of the Closure Action, notify all contractors (such as a charter management organization, education management organization, food service provider, instructional service provider, or transportation service provider) of the school's closure. The charter school shall terminate all existing leases, service agreements, and other contracts for the close out of the school. Leases, service agreements and contracts should be terminated in a cost effective manner in order to minimize expenses. LACOE CSO shall be copied on all correspondence.	Five (5) business days
10.	The charter school shall, within five (5) business days of the Closure Action, provide written notification to the State Teachers Retirement System (STRS), Public Employees Retirement System (PERS), or other retirement benefit administration systems, and follow their procedures for dissolving contracts and reporting. LACOE CSO shall be copied on all correspondence.	Five (5) business days
11.	The charter school shall, within five (5) business days of the Closure Action, notify all faculty and staff of the school's closure, providing each with necessary information related to compensation and retirement. Including, but not limited to, any optional benefits that they may continue after the school closes. LACOE CSO shall be copied on all correspondence.	Five (5) business days
12.	LACOE CSO shall respond promptly to inquiries from students, their families, charter school faculty and staff, the community/public, and the media.	Immediately
13.	Provided that LACOE has possession of pupil records, LACOE shall, within five (5) business days, respond to parent/guardian written requests for a copy of their child's cumulative file ensuring that the documents are given to the parent/guardian identified as having legal custody/guardianship of the student with regard to educational placement.	Five (5) business days from request
14.	LACOE shall, within ten (10) business days, respond to requests for the transfer of students' cumulative files to other public or private schools in which students enroll.	Ten (10) business days from request
15.	If the charter school continues instruction to the end of the current academic year, it shall issue report cards within five (5) business days of the last date of instruction.	Five (5) business days from last date of instruction
16.	16a. The charter school shall, within five (5) days of the last date of instruction, submit an enrollment update to the CDE California School Information Services (CSIS) Program and deposit a copy with http://lacoemis.org 16b. The charter school shall, within twenty (20) business days of the last date of instruction, provide the LACOE Controller's Office (CO), Pupil Attendance with the final monthly student attendance registers, signed by teachers and certified by the designated administrator; all teacher contemporaneous records (daily class lists/rosters); and all absence logs, sign-in/out sheets and other supporting documentation for attendance accounting. 16c. The charter school shall provide closing State Attendance Report (SAR) with original signatures as well as the electronic file on compact disk either hand delivered or certified/return receipt mail to LACOE CO, Pupil Attendance within ten (10) business days of the above.	Five (5) business days from last date of instruction Twenty (20) business days from last date of instruction Ten (10) business days

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**Los Angeles County Office of Education
Charter School Closure Procedures Checklist**

ITEM	DESCRIPTION OF NECESSARY ACTION	COMPLETION DATE
17.	The charter school must continue to maintain the same insurance coverage for the period following dissolution and winding up of the corporation or entity.	Continuous
18.	The charter school shall continue to ensure that assets are protected against misappropriation, theft, and deterioration. Assets shall not be disposed of or moved without the express written consent of LACOE Controller's Office (CO). Insurance must be maintained until assets are properly disposed of in accordance with the distribution plan. All materials/inventory purchased with federal dollars and subject to federal restrictions must be disposed in accordance with applicable federal law.	Continuous
19.	The charter school shall, within ten (10) business days of the Closure Action, produce for LACOE's inspection, a comprehensive list of and copies of all existing leases, service agreements, and other contracts. LACOE CSO shall be copied on all correspondences with identified contractors.	Ten (10) business days
20.	The charter school shall, within ten (10) business days of the Closure Action, notify all funding sources (including charitable partners) of the school's closure. LACOE CSO shall be copied on all correspondence.	Ten (10) business days
21.	If the charter school has any agreements with organizations representing employees, the charter school shall notify the organizations of the Closure Action as specified in the agreements. LACOE CSO shall be copied on all correspondence.	According to agreements
22.	The charter school shall, within ten (10) business days of the Closure Action, notify the LACOE CSO of all pending law suits or legal claims to which the school is a party. The charter school shall immediately notify LACOE CSO if litigation or claims are filed thereafter until the school is formally dissolved.	Ten (10) business days
23.	The charter school shall, within ten (10) business days of the Closure Action, prepare and deliver to LACOE CO a comprehensive inventory of all assets. These assets may not be disposed of, moved, transferred, or liquidated without express written consent from LACOE.	Ten (10) business days
24.	The charter school shall, within ten (10) business days of the Closure Action, provide the LACOE CO with a close-out budget that includes the following: 24a. A description of current and outstanding projected payroll and payroll benefits commitments through closure, including a list of each employee, and their job duties; and 24b. A projection of the funds necessary to complete all administrative closure related tasks.	Ten (10) business days
25.	The charter school shall, within ten (10) business days of the Closure Action, prepare and deliver to LACOE CO a comprehensive list of all creditors and debtors.	Ten (10) business days

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Los Angeles County Office of Education
Charter School Closure Procedures Checklist

ITEM	DESCRIPTION OF NECESSARY ACTION	COMPLETION DATE
26.	The charter school shall return grant funds and restricted categorical funds to their source in accordance with the terms of the grant or state and federal law as appropriate. Submit a final expenditure report for all grants to the granting agency within twenty (20) business days from the last date of instruction. Federal grants must be closed out, including the filing of the required Final Expenditure Report and Final Performance Reports. Federal Forms 269 and 269a may apply if the school was receiving funds directly from the U.S. Department of Education. LACOE CSO shall be copied on all correspondence.	Twenty (20) business days from last date of instruction; applicable state and federal requirements
27.	The charter school shall, within twenty (20) business days of the Closure Action and monthly until dissolution, submit to LACOE CO monthly accounts payable along with detailed payment schedules. (Expenditures must be strictly limited to only those that are reasonable and necessary for the on-going day-to-day operations of the charter school. These expenditures are limited to salaries, benefits, utilities, rent, auditor/certified public accountant and insurance and must already be authorized in the budget.) Submit year-end financial reports to the LACOE CO within twenty (20) business days of the last date of instruction.	Twenty (20) business days Twenty (20) business days from last date of instruction
28.	The charter school shall, within twenty (20) business days from the Closure Action, prepare and deliver to LACOE CO a proposed plan and timeline for the disposal of all property owned by the school (and acquired with public funds) in order to maximize revenue in accordance with law, payment of any and all liabilities and the disbursement of any remaining assets of the school, liquidation of assets to pay off any and all outstanding liabilities. No assets may be liquidated, disposed of, moved, or transferred, in accordance with this proposed plan until LACOE has given approval and the final closure audit has been concluded.	Twenty (20) business days
29.	The charter school shall arrange for a preliminary audit, if requested by LACOE. The charter school shall arrange for a final closure audit no more than 120 calendar days from the last date of instruction; cost of the audit will be considered a liability of the charter school. This audit may coincide with the regular required annual audit. The auditor engaged to perform the audit(s) shall be from the list of approved school auditors maintained by the California State Controller's Office and shall be approved by LACOE with the estimated start and completion date, and estimated cost of audit. The independent auditor will conduct a final audit of the charter school, including but not limited to the following task(s): <ul style="list-style-type: none"> • An accounting of all financial assets, including cash and accounts receivable and an inventory of property, equipment, and other items of material value. • An accounting of the liabilities, including accounts payable and any reductions in apportionments as a result of audit findings or other investigations, loans, and unpaid staff compensation. • An assessment of the disposition of net assets including all unrestricted and restricted funds received by, or due to the charter school. • Verification of school's comprehensive list of creditors and debtors and the amounts owed or owing. • The charter school will provide copies of the final monthly student attendance registers to the independent auditor. 	Upon request 120 calendar days from the last date of instruction

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Los Angeles County Office of Education
Charter School Closure Procedures Checklist

ITEM	DESCRIPTION OF NECESSARY ACTION	COMPLETION DATE
30.	Based on the audit findings, and with the written approval of LACOE, the charter school shall be authorized to: <ul style="list-style-type: none"> Expend identified assets to liquidate appropriate identified liabilities, bearing in mind that assets paid for by state funds shall be transferred to another LACOE charter school operated as or by nonprofit public benefit corporation pursuant to Education Code Section 47604. Assets donated to the school may be returned to donors or disposed of, in accordance with donor's wishes. Return of any grant funds and restricted categorical funds to their source in accordance with the terms of the grant or state and federal law, as appropriate, which may include the submission of a final expenditure report for entitlement grants and the filing of any required Final Expenditure Reports and Final Performance Report. 	Per LACOE approved plan and timeline in accordance with audit
31.	At the conclusion of the final closure audit, all remaining assets shall be disposed of by the LACOE approved plan in accordance with the Education Code prior to any distribution of said assets. Following the resolution of all outstanding assets and liabilities, the charter school shall be dissolved. If the charter school is established as a nonprofit public benefit corporation pursuant to Education Code Section 47604 and does not have any functions other than the operation of the charter school, the corporation shall be dissolved.	Per LACOE approved plan and timeline
32.	On the dissolution date, the charter school shall perform all of the following on behalf of the faculty and staff: <ul style="list-style-type: none"> File all final federal, state, and local employer payroll tax returns and issue final W-2s and Form 1099s by the statutory deadlines; File the Federal Notice of Discontinuance with the Department of Treasury (Treasury Form 63); Make final federal tax payments (employee taxes, etc.); File the final withholding tax return (Treasury Form 941 and State Form DE6); File the final return with the IRS (Form 990 and Schedule). The charter school will submit any required year-end financial reports to the CDE and LACOE CO in the form and time frame required, and provide copies of all items above to the LACOE CO within twenty (20) business days of the dissolution date.	Dissolution date Twenty (20) business days from dissolution
33.	At all times, the charter school shall allow LACOE immediate access, inspection, and copying of all school records including financial and attendance records, upon LACOE's request.	Immediate access

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ATTACHMENT E

Action of the County Board to Authorize the Charter School

(Provided as a separate file)

ATTACHMENT F

Necessary Changes to the Charter Petition to Reflect the County Board as the Authorizer

To be submitted to the Los Angeles County Office of Education by August 15, 2011. The Charter Office has requested to meet with the Charter School to provide support in making the necessary changes.

Element 1 – Educational Program: Describe the manner in which the school shall comply with the requirement to serve students with disabilities in the same manner as students are served in other public schools (EC 47646 and 56145). The Charter School shall:

1. Inform LACOE whether it intends to remain a "school of the district" or will be an LEA for the purpose of special education services and which LEA the school will join.

If the school shall become an LEA, the petition must specify the charter school's special education plan, including the process to be used to identify students who qualify for special education programs and services, how the school will provide or access special education programs and services, the school's understanding of its responsibilities under law for special education pupils, and how the school intends to meet those responsibilities. Including, description of the accommodations and/or modifications that may be used during standardized assessments and how the Charter School is responsible for students with disabilities when the IEP Team exempts them from standardized testing; how parents of students with disabilities are informed about the school's educational program; how the school shall provide special education services to students who are English learners. Specify services to be provided by employees of the school and those to be provided by contract with the SELPA or another agency.

Describe the target population to be served, how the educational program for students with disabilities reflects the mission of the school and ensures that this student population will achieve content standards. Specifically, respond to Findings of Fact contained in the Report and Recommendation to the County Board with regard to students with disabilities.

2. Provide a five-year build-out plan that describes the number of students and grade levels to be served each year including the location (facility) in which the students will be housed.
3. Describe how the school identifies and responds to the needs of students who are not achieving at or above expected levels.

Element 2 – Measurable Student Outcomes:

1. Revised Section 2.3 (Extent to which all pupils demonstrate that they have attained skills #1 and #2) of the Charter School's petition shall be revised to reflect the County Board as the authorizer.
2. Describe the measurable outcomes the school uses to determine whether students in grade K and 1 are making progress toward meeting the content standards.
3. Describe the measurable outcomes the school uses to determine whether English learners are making progress toward meeting the content standards in all content areas.

Element 3 – Means for Measuring Pupil Progress:

1. Describe the assessment instruments the school uses to measure ongoing student progress in all academic areas, grade levels, and student populations.

Element 5 – Employee Qualifications:

1. Submit copies of all current job descriptions including any new job descriptions for special education positions.

Element 7 – Means to Achieve a Racial and Ethnic Balance:

1. Submit recruitment plan used for 2011-12 enrollment. Describe the racial and ethnic balance the school is attempting to achieve and show how that balance is reflective of LAUSD.

Element 8 – Admissions Requirements:

1. Describe the process for conducting the lottery.

Element 12 – Public School Attendance Alternatives:

1. Describe how the school notifies the parent/guardian of each enrolled pupil has no right to admission in a particular school of any local education agency as a consequence of enrollment in the charter school, except to the extent that such a right is extended by the local education agency.

Element 14 – Dispute Resolution Procedures: Minimally, this section shall be revised to come into compliance with County Board Policies and Regulations and the terms of the petition shall not place LACOE or the County Board in the position of being adversely impacted.

1. *As written, the charter petition provides an unacceptable description of how the costs of the dispute resolution process would be funded. LACOE cannot agree to the provision, "Any party who fails or refuses to submit to arbitration shall bear all costs and expenses incurred by such other party in compelling arbitration of any controversy, claim or dispute."*
2. *The charter petition fails to recognize that if the substance of a dispute is a matter that could result in the taking of appropriate action, including, but not limited to, revocation of the charter in accordance with EC § 47607, the matter will be addressed at the County Board's discretion in accordance with that provision of law and any regulations pertaining thereto. The charter petition does not unequivocally exempt any issue related to revocation from first having to go through Element 14 (Dispute Resolution).*
3. *The Dispute Resolution element provides for unreasonable timelines. For instance, mediation must occur within 120 days to four (4) months after the Issues Conference and there is no timeline within which arbitration, the final step, must occur.*

The Charter School agrees to submit changes to the petition that adhere to the concerns identified above, no later than August 15, 2011. (Initial: [initials])

Element 16 – Closure Procedures:

1. Closure procedures in the charter petition reflect the LAUSD Board of Education as the authorizer; the petitioner did not submit necessary changes to reflect the County Board as the potential authorizer. This is of particular importance with regard to special education as WAYS currently operates as a school of the district for special education services and would be a Local Education Agency (LEA) if authorized by the County Board.

The Charter School shall make the necessary technical amendments to the complete charter petition to reflect the County Board as the authorizer.

ATTACHMENT G

Changes to the Charter Petition Necessary to Comply with Education Code Section 47607(a)(2)

To be submitted to the Los Angeles County Office of Education by August 15, 2011. The Charter Office has requested to meet with the Charter School to provide support in making the necessary changes.

The Charter School's renewal petition fails to comply with EC § 47607(a)(2) which requires that *Renewals...of charters are governed by the standards and criteria in 47605, and shall include...a reasonably comprehensive description of any new requirement of charter schools enacted into law after the charter was originally granted or last renewed....*

The sections that shall be brought current include, but may not be limited to: Element 2: Measurable Student Outcomes; Element 3: Method of Measuring Student Progress; Element 4: Governance; and Element 8: Admission Procedures.

EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000439

Written Notice Prior To Settlement With Former Director

Higelin, Judy <Higelin_Judy@laoe.edu>

Fri, Oct 26, 2012 at 12:46 PM

To: Edward Cabil <edcabil@sbcglobal.net>

Cc: Patel_Neha <Patel_Neha@laoe.edu>, Sanchez_Lila <Sanchez_Lila@laoe.edu>, Jason Okonkwo <mrjason7@gmail.com>

Thank you for the notice. We appreciate your keeping us apprised.

Judy

From: Edward Cabil [mailto:edcabil@sbcglobal.net]

Sent: Friday, October 26, 2012 11:22 AM

To: Higelin, Judy

Cc: Patel_Neha; Sanchez_Lila; Jason Okonkwo

Subject: Written Notice Prior To Settlement With Former Director

LACOE's MOU and conditions of approval for the charter state that WAYS should provide LACOE with written notice before the school enters into a contract with the former director. The former director presented a claim for damages against WAYS, which we have tendered to our insurer. It is hopeful that the former director will agree to settle that claim rather than litigate. That settlement, if reached, will of course be in the form of a contractual agreement. Although we do not believe that this is the sort of "contract" described in the MOU, we are providing this communication to you as written notice in an abundance of caution and in continuance of our good faith efforts to work cooperatively with LACOE. The details of the settlement negotiations are, of course, attorney-client privileged at this time. When and if a settlement agreement is reached, the document will be public.

Blessings,
Ed Cabil

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EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

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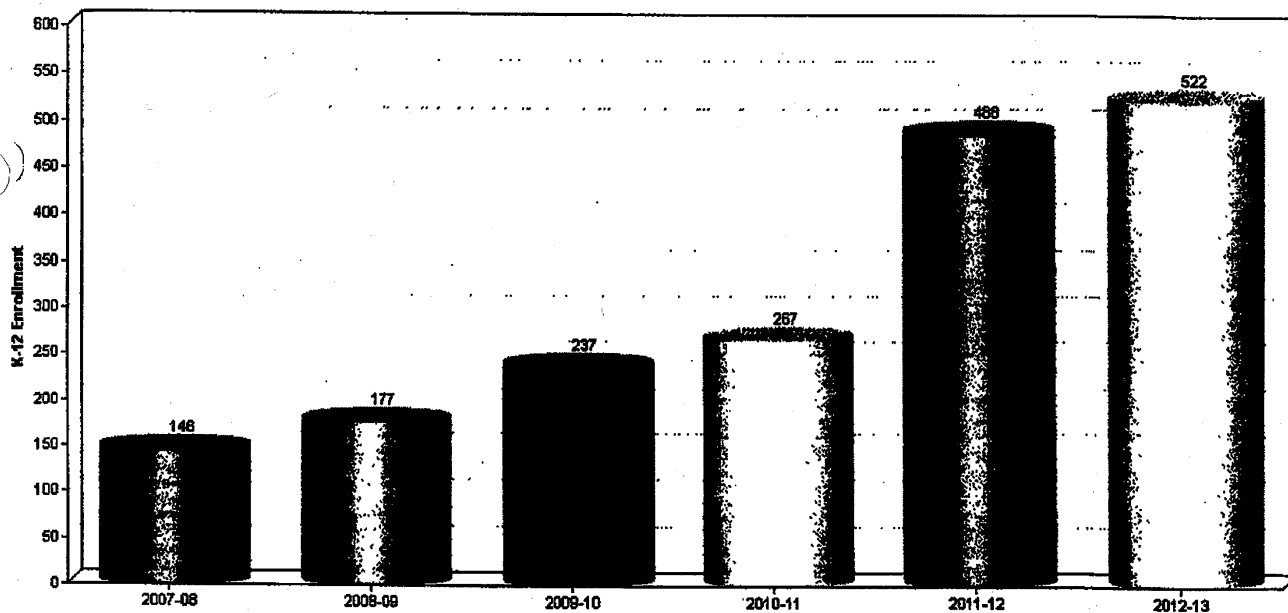


California Department of Education
Data Reporting Office

K-12 Public School Enrollment 0112730-WISDOM ACADEMY FOR Y

Select Report **Time Series - Public School Enrollment**

Select School **WISDOM ACADEMY FOR YOUNG SCIEN --10101960112730**



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EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000443

**Response to Michael Ammermon Emails dated November 29, 2013, December 11,
and December 13, 2013**

Jason Okonkwo <mrjason7@gmail.com>
To: mwacpa@me.com
Cc: "edcabil@sbcglobal.net" <edcabil@sbcglobal.net>, Jason O <mrjason7@gmail.com>

Fri, Jan 10, 2014 at 12:55 PM

January 9, 2013

Dear Mr. Ammermon,

Greetings and salutations of the new year!

I am writing in response to your emails dated November 29, 2013, December 11, and
December 13, 2013.

As you could imagine, all of your emails were sent during our busiest time of the year. We
were inundated with school activities and business, and as you know we are undergoing our
regular annual audit. I apologize for the delay in my response.

Regarding American Express:

Thank you for confirming receipt of the American Express statements and supporting
documentation.

There are two additional AMEX accounts since 2010 Yetunde Watson -62021 and Larry
Moore -32013.

Regarding Van Rental Agreement:

I was able to locate the Van Lease Agreement from 2011-12. However I was unable to locate a signed copy of the agreement. During
this year WAYS experienced significant turn-over in the Board of Directors and administration. Many official school documents were
kept by those individuals who are no longer associated with WAYS, and have yet to be returned after several requests to do so. I
suspect that the signed van lease and Board documentation, if any, may be within those lost documents.

Regarding Avatar Technology:

I was unable to locate any Board documentation regarding the purchase of the Avatar
Computers. However, I can attest that the Board was fully aware of the purchase before it
was executed and after they were purchased. I've attached the news letter showing our
students using the computers.

I believe that this matter may need to be ratified by our current Board. I will discuss this with
our CEO.

Regarding Ed Cabil Reimbursement:

I was able to resolve this matter. Check #11731 was issued in error, voided, and not paid to
Mr. Cabil.

Regarding the Lexus:

Please see the following documents attached:

1. Original Lexus purchase/lease documents
2. Original Board approval documentation
3. Analysis for Purchase and Sale
4. Payoff documentation
5. Proposed sale documentation

Regarding OSE Business Services:

I will do all that I can to help you resolve your connection issue. However, because I am in no way
directly related to the parties at OSE Business Services I have limited knowledge of the specifics
pertaining their Business Filings, social security number, and fictitious business or doing business as
license. Therefore, on December 12, 2013, I forwarded your email concerning their business to OSE,

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and on December 16, 2013, OSE replied in the email attached and suggested that you reach them for more information at (323) 377-0972 or orangecounty.osebs@gmail.com.

Furthermore, I cannot confirm the accuracy of what you claim Deara stated in the interview with her on November 15th, including the allegation that Kendra Okonkwo is the only person with a key and the only one who has access to 6709 La Tijera Blvd Ste 274, for I was not present in the interview nor am I involved in the business of Innovative Ways Academy.

I'm unsure of how you drew your conclusion, however considering the information provided, it does not appear that Mrs. Okonkwo may be controlling or managing in some manner the OSE Business. Obviously, I am not a professional Investigator or Auditor however I believe that the first step in any investigation is to ask questions. I believe that the most accurate answers about Mrs. Okonkwo business and relationships would come from Mrs. Okonkwo herself. I also encourage you to get in touch with OSE so that you can receive the most accurate information regarding their business. I hope that this helps you confirm the authenticity and who the controlling parties of OSE are.

Mr. Ammermon, it is true that I am not aware of any related party business relationships. As you know, I've been employed with WAYS for nearly 7 years now. Prior to my employment at WAYS I was employed by a District Public School. All to say that I have no expectations for the framework of OSE Business Services and Infrastructure. Unfortunately, I have no information or opinion on the type of business footprint you would expect for OSE.

Additionally, to further assist you in establishing the authenticity of OSE Business Service, On during the week of December 16-20, 2013, I requested the 1099 for OSE from Bali Business Management. I have not received it yet, and I will follow-up with them on Monday, January 13, 2014. On December 18, 2013, I requested copies of the OSE Business Services Checks and Cashiers Checks, both the front and back of each check. Our bank, Wells Fargo, said that it would take ten business days to deliver, and considering the recent holidays I expected 14 days. However, as of today I have not received the copies from our bank and I will follow-up with them on Monday, January 13, 2014. Also, please note that the bank considered my request extraordinary and unusual, so the process was a quite long and difficult. Nonetheless, during the week of November 11-15, I believe that you scanned copies of all our bank canceled check images and payable cashiers checks. OSE information will be provided within those documents.

I hope that the information I provided will help you resolve all matters quickly and efficiently. And as always, I am open to any recommendation that you may have.

Sincerely,

Jason











—
Jason Okonkwo
Direct: 323.253.8907
Email: mjason7@gmail.com

- CONFIDENTIALITY NOTICE -

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11 attachments

000445

-  **April 2012.PDF**
241K
-  **Lexus Sale Docs 1.PDF**
218K
-  **Lexus Sale Docs 2.PDF**
1201K
-  **Lexus Payoff Info.PDF**
60K
-  **Lexus Board Approval.PDF**
84K
-  **Lexus Purchase Docs.PDF**
927K
-  **Capital Expense Recommendation.pdf**
41K
-  **Lexus Sale Docs 3 - Escrow.com Transactions.pdf**
91K
-  **Email from OSE - Gmail - email on thursday from Michael.pdf**
60K
-  **OSE Docs.PDF**
113K
- Van Lease01.PDF**
81K

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EXHIBIT

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FCMAT AB 139 Audit - WAYS RESPONSE TABLE (EXHIBIT)

000447

**Response to Michael Ammermon Emails dated November 29, 2013, December 11,
and December 13, 2013**

Jason Okonkwo <mrjason7@gmail.com>

Mon, Jan 13, 2014 at 12:33 PM

To: mwacpa@me.com

Cc: "edcabil@sbcglobal.net" <edcabil@sbcglobal.net>

Good afternoon Mr. Ammermon,

Today I received the copies of the requested Cashiers Checks from our bank. Please see the attachment and kindly confirm receipt of all requested documents.

Furthermore, how soon can we expect the FCMAT Audit Report?

I look forward to your response.

Sincerely,

Jason Okonkwo

[Quoted text hidden]



OSE Business Cashiers Checks.PDF
531K

000448

EXHIBIT

34

FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000449

OSE Business Services - Requested Cashier's Checks and Bill Payment Checks

Jason Okonkwo <mjason7@gmail.com>
To: Michael Ammermon <mwacpa@me.com>
Cc: Debi Deal <ddeal@fomat.org>, "edcabil@sbcglobal.net" <edcabil@sbcglobal.net>

Wed, Jan 22, 2014 at 10:06 AM

Dear Mr. Ammermon,

I received the final cashiers check from our bank, Wells Fargo, attached.


Kindly tell us when we can expect the draft Audit Summary?

Please let me know if you need any additional information.

Sincerely,

Jason

On Tue, Jan 14, 2014 at 5:26 PM, Michael Ammermon <mwacpa@me.com> wrote:
[quoted text hidden]
[quoted text hidden]

 **01221400.PDF**
43K

000450

EXHIBIT

35

FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000451

Missing Information

4 messages

Michael Ammermon <mwaepa@me.com>
To: Jason Okonkwo <mjason7@gmail.com>
Cc: Debi Deal <ddeal@format.org>

Fri, Nov 29, 2013 at 1:56 PM

Dear Jason,

Last week we were able to meet with Bali Business Management. The information that Bali was able to provide was helpful and did provide coverage for many items that were not available during our visit at WAYS. I've send Halilu an Email today requesting him to find some information we would like him to follow up on.

AMERICAN EXPRESS:

During our visit with Bali, Bali was not able to locate and therefore we were unable to review American Express Card statements and supporting receipts or documentation for the following:

- Calendar year 2010; Months April through December
- Calendar year 2011; Months January through December
- Calendar year 2012; Months January through October, and the month of December
- Calendar year 2013; Months September and October

There appears to be at least three credit card numbers ending in 62005 - Kendra, 32005 - Jason, and 33003-Jason. Of the missing American Express statements and documents identified above, Bali was unable to find in their records any of the three credit card statements and supporting documentation I have just described and we cannot determine based on what is missing if there are any other additional credit card accounts.

When you have some time when you return to work next week, please provide us a listing of all credit card accounts for the 2010-2013 calendar years and let us know if you can find any of the missing credit card statements and supporting documentation.

VAN LEASE/RENTAL AGREEMENT:

Attached is a PDF titled "Emeka Enwezor Van Lease." When we reviewed the documentation for the sampled vendor, Emeka Enwezor, Bali could not find any lease agreement documentation. There was however a note attached to check number 9513 that states, "Q? Jason will send back-up on Monday 12/12/2011." Please search your records and send us a copy of the Emeka Enwezor Van lease/rental agreement and associated Board approval and Board approval documentation.

AVATAR TECHNOLOGY:

We also sampled Avatar Technology and came across a large purchase dated January 23, 2012 in the amount of \$37,986.51 for 85 "Legerro 13.3" items at \$410 per unit plus tax. Please send us the Board Approval and any Board Agenda or other documentation supporting the Boards approval of the purchase.

ED CABIL REIMBURSEMENT:

Attached as a PDF titled "Ed Cabil Duplicate Reimbursements check numbers 11731 and 11600" is the documentation identifying two checks to Mr. Cabil for the identical amounts of \$319.25. Both checks, check numbers 11600 and 11731 are for the same amount of \$319.25, are dated one month apart; however, both reimbursements submitted are using what appears to me as exactly the same backup supporting documentation. It may be that Mr. Cabil inadvertently submitted and was

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approved for the same reimbursement twice or there is some other reason for the duplicate. Please follow up with Ed and let us know how these two transactions should be accounted for and if there is other documentation this is in the same amount of \$319.25 but with different supporting documentation.

LEXUS PURCHASE, PAYOFF, & PROPOSED SALE:

Based on the discussion you and I had, I did remember that you stated that the Lexus RX-350 that you drive was going to be sold and that the goal was to purchase another school van with the profits from the sale. When we discussed the sale of the Lexus with Bali, they indicated that they understood the Lexus payments of \$891.94 per month over the past 12 months to be lease payments. Bali did not have any lease or purchase documents for the Lexus in order for us to determine if the Lexus was a lease or financed capital purchase or some other lease/option to buy type transaction that should have been capitalized. We were able to identify in the October 2013 WAYS Wells Fargo bank statement the payoff of the Lexus as check number 12397, clearing the bank on October 21, 2013, in the amount of \$30,379.02. Please provide us with the following regarding the Lexus:

- Original Lexus purchase / lease documents
- The original Board approval documentation and minutes authorizing the purchase of the Lexus
- The Board approval documentation and minutes authorizing the sale of the Lexus
- The analysis that you or Mr. Cabil would have provided the WAYS Board establishing the financial profitability, viability, or reasoning for the purchase and subsequent sale of the Lexus
- Copies of any Lexus payoff documentation
- Copies of any Lexus proposed sale documentation

Thank you for your help. If you have any questions, please feel free to contact us.

Best regards,

Mike

Michael W. Ammermon
30100 Crown Valley Pkwy., Ste. 35E
Laguna Niguel, CA 92677 Office/Cell
Phone (949) 887-2283
Fax (866) 398-5477
Email: mwacpa@me.com

2 attachments

 **Emeka Enwezor Van Lease.pdf**
362K

 **Ed Cabil Duplicate Reimbursements check numbers 11731 and 11600.pdf**
1656K

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EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

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Missing Information follow up and OSE Business Services issues

2 messages

Michael Ammermon <mwap@me.com>
To: Jason Okonkwo <mjason7@gmail.com>
Cc: edcabill@sboglobal.net, Debi Deal <ddeal@format.org>

Wed, Dec 11, 2013 at 5:39 PM

Dear Jason,

Hope your schedule has opened up and the holidays are treating you well. I'm following up regarding a few things. I would like to come out one more day to review the information that I followed up with you last Thursday, December 5th which was based on my Friday, November 29th E-mail to you discussing the American Express Statements, Van/Lease Rental Agreement, Avatar Technology, Ed Cabll Reimbursement, Lexus Purchase, Payoff, & Proposed Sale.

Thank you for responding to Nafisa at Bali Business Management, day before yesterday, December 9th, by providing the OSE Business Services ("OSE") IRS Form W-9. Based on the W-9 for OSE we received from Bali Business Management, we have a slight connection issue that we need your assistance. As far as we can research, we cannot make a connection between OSE as a business and the Social Security Number (SSN) used by Obiesie Enwezor in completing his W-9 as owner of OSE Business Services. In other words, according to our business search for the WAYS vendor OSE, we cannot find a business known as OSE Business Services. Usually, when a business files for a Fictitious Business Name or Doing Business As (DBA) license, we can identify the business using our business search tools.

OSE also shares the identical address as Innovative Ways Academy, a Non-Profit Corporation. Both OSE and Innovative Ways Academy have the mailing address of 6709 La Tijera Blvd., Ste. 274, Los Angeles, CA 90045. Innovative Ways Academy is Deara Okonkwo's Non-Profit organization and the Innovative Ways Academy and Web Site identifies the Innovative Ways Academy's address as 6709 La Tijera Blvd., Ste. 274, Los Angeles, CA 90045.

When we interviewed Deara Okonkwo, your sister, on November 15th, Deara clearly explained that Kendra Okonkwo, your mother, is the only person who checks the mail at the 6709 La Tijera Blvd., Ste. 274 and is the only person with keys and access to 6709 La Tijera Blvd., Ste. 274.

We visited the 6709 La Tijera Blvd., Ste. 274, Los Angeles, CA 90045 mailing address which is the mailing address of both OSE and Innovative Ways Academy and found the 6709 La Tijera Blvd., Ste. 274 address to be only a post office box rental and business services type center. Considering the volume of boxes of paper alone that WAYS purchases from OSE, we would have expected the OSE location to be a warehouse facility with the ability to service numerous customers complete with shipping documents, bills of lading, packing slips, and other documentation.

Since Kendra Okonkwo is alleged to be the only person with a key and the only one who has access to 6709 La Tijera Blvd., Ste. 274's mail box, it appears that Kendra Okonkwo may be controlling or managing in some manner the OSE business. We would like you to help us understand and now confirm the authenticity of OSE and who the controlling owners and parties of OSE are.

I believe you when you explained to us when we first met that there were no other related party businesses that you knew of. Jason, because even you were not aware of any other

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potential related party business relationships, this is why we need to carefully confirm OSE's business. At this point in our audit, based on the invoice only documentation from OSE, OSE does not appear to be exhibiting the type of business footprint we normally would expect to find for a business doing the type of sales volume that OSE does with WAYS.

Considering the amount of sales OSE has with WAYS, I would believe that OSE will be more than happy to help you and in turn help us. In order to authenticate OSE and support the questions we have, we are requesting the following:

1. Please obtain from OSE the documents OSE filed with their bank for opening their bank account as a business and any other documents which may help us identify OSE as a legitimate business (Example documents that OSE should have are DBA documents, State Board of Equalization sales and resale documents, business license, and business property tax documents).
2. Provide to us the IRS Form 1099's that were issued to OSE for calendar years 2011 and 2012.
3. Since OSE had not provided any Packing Slips or other Shipping documents for the supplies sold to WAYS, please provide us with OSE's actual physical business/warehouse address and phone number. This way you can let OSE know we will telephone Mr. Enwezor and set up a meeting with Mr. Enwezor.
4. Please inform Mr. Enwezor that we will need to review his supplier purchases to support that the product OSE obtained or consolidated from his suppliers and subsequently sold to WAYS did in fact occur.

Hopefully we can resolve the OSE matter and move on to completing the other remaining items we described in the first paragraph of this E-mail. If you have any questions, please feel free to call or write anytime. We are looking forward to meeting Mr. Enwezor.

Sincerely,

Mike

Michael W. Ammermon
30100 Crown Valley Pkwy., Ste. 35E
Laguna Niguel, CA 92677 Office/Cell
Phone (949) 887-2283
Fax (866) 398-5477
Email: mwacpa@me.com

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EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

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Missing Information follow up and OSE Business Services Issues

3 messages

Michael Ammermon <mwacpa@me.com>
To: Jason Okonkwo <mjason7@gmail.com>
Cc: edcabil@sbcbglobal.net, Debi Deal <ddeal@fcmat.org>

Fri, Dec 13, 2013 at 6:40 PM

Dear Jason,

We received from WAYS a Priority USPS envelope late today with a CD containing 17 files which appear to be American Express statements. Thank you so much for scanning the American Express statements that were un-available during our last visit to WAYS and sending the American Express Statements to us. We have not had a chance to go through the files on the CD we received from you today and believe that the CD contents are American Express statements; however, I'll let you know as soon as possible if we can check off from the list the missing American Express statements identified in our Friday, November 29, 2013, 1:57 PM E-mail.

This still leaves as outstanding from the Friday, November 29, 2013, 1:57 PM E-mail, the Van/Lease Rental Agreement, Avatar Technology, Ed Cabil Reimbursement, Lexus Purchase, Payoff, & Proposed Sale and the OSE Business Services matter. By now I'm sure Executive Director, Ed Cabil is reviewing his reimbursements and you and Mr. Cabil are gathering the requested board minutes and authorizations, etc., as described in the Friday, November 29, 2013, 1:57 PM E-mail.

Regarding the OSE Business Services matter described in our E-mail sent to you and Mr. Cabil the day before yesterday, Wednesday, December 11, 2013 at 5:39 PM, we are adding one additional requested item. One additional area that may further help us with establishing the authenticity of OSE Business Services would be for you and Mr. Cabil to request from your bank and provide to us the **OSE Business Services Checks and Cashier's Checks, both the front and back of each check**. Regarding Cashier's Checks, if you request inside of your bank branch, the branch where you obtained the cashier's checks can provide you front and back copies of the cashier's checks that were issued to OSE Business Services.

To keep track of the remaining requested items we have included in this E-mail, both the Friday, November 29, 2013 1:57 PM E-mail and Wednesday, December 11, 2013 5:39 PM E-mail for reference. We have added the OSE Business Services Check and Cashier's Check copies request for both front and back copies of the OSE Business Services checks to the Wednesday, December 11, 2013 at 5:39 PM E-mail below as item number 4 which now identifies five items.

To assist you and Mr. Cabil in obtaining front and back copies of the OSE Business Services checks and cashiers checks, we have attached a copy of the OSE Business Services QuickBooks transaction report which identifies each transaction with OSE Business Services. OSE Business Services checks are identified as bill payment checks shown in the report as "Bill Pmt-check", although two Bill Pmt-Checks are cashier's checks and are identified as such. Using the OSE Business Services check number, check date, and amount shown in the QuickBooks Transaction Report, your bank should have no difficulty in providing front and back copies of the OSE Business Services checks. Cashier's checks are identified in the attached OSE Business Services QuickBooks transaction report typically as General Journal entries; however, I have written in blue ink a small "cc", signifying cashier's check by each amount that is considered to be a cashier's check. Also attached are two additional PDF files which are copies of the front of the cashier's checks that we obtained which should assist your bank in quickly identifying the cashier's checks

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we are requesting front and back copies.

Thank you and Mr. Cabil again for sending us the American Express statements. If we do not hear from you by sometime next week we will follow up with another E-mail to see where you are in the process.

Thank you again.

Sincerely,

Mike

Michael W. Ammermon
30100 Crown Valley Pkwy., Ste. 35E
Laguna Niguel, CA 92677 Office/Cell
Phone (949) 887-2283
Fax (866) 398-5477
Email: mwacpa@me.com

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EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

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Vehicle Donation Letter

Donor:
Emeka Enwezor
953 West 45th Street
Los Angeles, CA 90037

Donated to:
Merle Williamson Foundation
706 East Manchester Ave
Los Angeles, CA 90001

Donation(s):

Vehicle(s)	VIN	Value
1994 Ford E-350 VAN - White -- 15-passenger - Automatic	1FBJS31G6SHA4271 2	\$4800
Total		\$4800

On December 31, 2012, the above-referenced vehicle(s) was/were given by the donor to
Merle Williamson Foundation.

The donor did not receive anything in exchange for this donation.

Merle Williamson Foundation is recognized as a non-profit organization per IRS Code
432.56.215-B. Their tax identification number is 63-6292527.

Please retain this receipt for income tax purposes.

000461

EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000462

**MERLE WILLIAMSON FOUNDATION
DOING BUSINESS AS
WISDOM ACADEMY FOR YOUNG SCIENTISTS (WAYS)**

CONFLICT OF INTEREST CODE

I. ADOPTION

In compliance with the Political Reform Act of 1974, California Government Code Section 87100, *et seq.*, the Merle Williamson Foundation, a California nonprofit public benefit corporation doing business as the Wisdom Academy for Young Scientists, a California public charter school, hereby adopts this Conflict of Interest Code ("Code"), which shall apply to all governing board members and all other designated employees of Wisdom Academy for Young Scientists ("Charter School"), as consistent with California Government Code Section 87300. As the Charter School has also agreed in its charter to comply with Government Code Section 1090, in addition to the Political Reform Act, this Code intends to conform to the requirements of that Section.

II. DEFINITION OF TERMS

The definitions contained in the Political Reform Act of 1974, the regulations of the Fair Political Practices Commission, specifically California Code of Regulations Section 18730, and any amendments or modifications to the Act and regulations are incorporated by reference to this Code.

III. DESIGNATED EMPLOYEES

Employees of this Charter School, including governing board members, who hold positions that involve the making or participation in the making of decisions that may foreseeably have a material effect on any financial interest shall be "designated employees." The designated positions are listed in "Exhibit A" attached to this policy and incorporated by reference herein.

IV. STATEMENT OF ECONOMIC INTERESTS: FILING

Each designated employee, including governing board members, shall file a Form 700 Statement of Economic Interests ("Statement") at the time and manner prescribed below, disclosing reportable investments, interests in real property, business positions, and income required to be reported under the category or categories to which the designated employee's position is assigned in "Exhibit A."

An investment, interest in real property or income shall be reportable, if the business entity in which the investment is held, the interest in real property, the business position, or source of income may foreseeably be affected materially by a decision made or participated in by the designated employee by virtue of his or her position. The specific disclosure responsibilities assigned to each position are set forth in "Exhibit B."

Filing of Annual Statements. All Statements shall be supplied by the Charter School. All Statements shall be filed with the Charter School and the Charter School's filing officer shall make and retain a copy of the Statement and forward the original to the County Board of Supervisors.

V. DISQUALIFICATION

No designated employee shall make, participate in making, or try to use his/her official position to influence any Charter School decision which he/she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family.

VI. MANNER OF DISQUALIFICATION

A. Non-Governing Board Member Designated Employees

When a non-Governing Board member designated employee determines that he/she should not make a decision because of a disqualifying interest, he/she should submit a written disclosure of the disqualifying interest to his/her immediate supervisor. The supervisor shall immediately reassign the matter to another employee and shall forward the disclosure notice to the Charter School Principal, who shall record the employee's disqualification. In the case of a designated employee who is head of an agency, this determination and disclosure shall be made in writing to his/her appointing authority.

B. Governing Board Member Designated Employees

Financial interest in a contract: Where a Governing Board member has a personal, material financial interest in a contract, the financial interest will be reviewed under Government Code Section 1090 to determine whether the remote or non-interest exceptions apply. Should the Board determine that no applicable remote or noninterest exceptions apply, the Board must either: (1) not enter into the contract, as Government Code Section 1090 prevents the entire board from voting on the contract; or (2) prior to the Board of Director's discussion of and/or taking any action on the contract at issue, the Board member must resign from the Board of Directors. The resignation shall be made part of the Board's official record.

All other financial interests: Governing Board members shall disclose a disqualifying interest at the meeting during which consideration of the decision takes place. This disclosure shall be made part of the Board's official record. The Board member shall refrain from participating in the decision in any way (i.e., the Board member with the disqualifying interest shall refrain from voting on the matter and shall leave the room during Board discussion and when the final vote is taken) and comply with any applicable provisions of the Charter School bylaws.

EXHIBIT A

Designated Positions

- I. Persons occupying the following positions are designated employees and must disclose financial interests in all categories defined in "Exhibit B" (i.e., categories 1, 2, and 3).
- A. Members of the Board of Directors
 - B. Executive Director of Charter School
 - C. Principal of Charter School
 - D. Director of Operations
 - E. Director of Instruction
 - F. Consultants¹

¹ The Executive Director may determine, in writing, that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location of interest code.

EXHIBIT B

Disclosure Categories

Category 1 Reporting:

- A. Interest in real property which is located in whole or in part either (1) within the boundaries of the District where the Charter School is located, or (2) within two miles of the boundaries of the District, including any leasehold, beneficial or ownership interests or option to acquire such interest in real property.

(Interests in real property of an individual include a business entity's share of interest in real property of any business entity or trust in which the designated employee or his or her spouse owns, directly, indirectly, or beneficially, a 10% interest or greater.)

- B. Investments in or income from persons or business entities which are contractors or sub-contractors which are or have been within the previous two-year period engaged in the performance of building construction or design within the District.

- C. Investments in or income from persons or business entities engaged in the acquisition or disposal of real property within the jurisdiction.

(Investment includes any financial interest in or security issued by a business entity, including but not limited to common stock, preferred stock, rights, warrants, options, debt instruments and any partnership interest or other ownership interests.)

(Investments of any individual include a pro rata share of investments of any business entity or trust in which the designated employee or his or her spouse owns, directly, indirectly or beneficially, a ten percent interest or greater.)

(Investment does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, or any bond or other debt instrument issued by any government or government agency.)

Category 2 Reporting:

- A. Investments in or income from business entities which manufacture or sell supplies, books, machinery or equipment of the type utilized by the Charter School. Investments include interests described in Category 1.

Category 3 Reporting:

- A. Investments in or income from business entities which are contractors or sub-contractors engaged in the performance of work or services of the type utilized by the department for which the designated employee is Manager or Charter School Principal. Investments include the interests described in Category 1.

EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000467

WISDOM ACADEMY FOR YOUNG SCIENTISTS
FISCAL POLICY

POLICY NUMBER ONE: BUDGET PREPARATION AND IMPLEMENTATION

ANNUAL BUDGET

The school shall annually adopt a budget as a planning tool to implement its strategic plan. The budget will be approved by the Board, and implemented by the management staff. The staff will also update the board on the status of the budget through the Finance Committee and make necessary adjustments as needed.

BACKGROUND:

In order to manage the resources of the school, a budget has to be prepared to reflect the priorities of the school, and also help achieve its goals and objectives.

PROCEDURES:

Executive Consultant:

- Informs the Executive Director of the guidelines and procedures for the year's budget process. Provide the management staff with the formats and timelines for preparing the school budget.
- Review the budget and check the calculations and the basis for the calculations.
- Make revenues estimates in coordination with the Executive Director, taking into consideration the state funding, fundraising, investment activities and other income sources.
- Prepare a draft budget based on the requests by the Executive Director taking into account other operating expenses of the school, and all other contractual obligations of the school. This budget will include both capital and operating budgets for the fiscal year.
- Meet with the Executive Director and review the budgets, their assumptions and computations related to both revenue projections and expenditure estimates. In reviewing the budgets for recommendation to the finance committee the priorities of the school, revenue availability and fiscal responsibility must be considered.
- Prepare the final recommended budget based on agreements reached from the meeting with the Executive Director for presentation to the Finance Committee and Board of for approval.
- Provide the approved budgets to the Director of Operations and other Administrative Staff so they know the budgets they have to work with during the year.
- Responsible for making sure the budgets are being implemented correctly. This includes working with the Consultant Accounting Staff to input the budgets into the accounting system to help monitor budgets to actual comparison. Also working with the Director of Operations and Staff Consultant to answer budget related questions and reporting any problems and proposed solutions to the Executive Director and Finance Committee.
- Review budget to actual report prepared by Staff Consultant and make necessary adjustments and narratives or comments before presenting to Executive Director, Finance Committee and Board.
- Revise the budget for board consideration when there is a material change in the approved budget.

Executive Director:

- Review the draft budget with the Executive Consultant, making sure that the priorities of the school are reflected in the final budget recommended to the Finance Committee and the Board.
- Review the monthly budgets to actual comparisons prepared by the Executive Consultant and take any recommended actions as necessary.
- Recommend any budget adjustments as necessary to the Finance Committee and the Board.
- Help the Executive Consultant in preparing annual budgets.

Consultant Bookkeeper:

- Inform the Executive Consultant of any unbudgeted expenditures seen while reviewing purchase orders.
- Input the approved budgets in the Accounting system so we can generate budget to actual reports.
- Approve purchase orders before they are issued to vendors, after checking to make sure there are funds in the budget for cover the order.
- Prepare monthly budget to actual report for Executive Consultant to review.

POLICY NUMBER TWO: TIME SHEET AND PAYROLL POLICIES AND PROCEDURES

PAYROLL

All employees on payroll must be hired by the Executive Director and must have worked for the hours being paid, those hours having been properly documented and approved by the Executive Director. The expense must be properly recorded in the accounting records to the correct account to facilitate availability of accurate and timely financial information for management's use in making decisions.

BACKGROUND:

The school hires employees to work on its operations, in order to achieve its objectives. The employees in turn get paid on a timely basis and the information on these costs is made available to school management for decision making.

PROCEDURES:

Responsibility of the employee:

- Punch in time card on a daily basis when you come in for work, when you take lunch or any other absence, when you return back to work on the same day and when you leave for the day. Any specific arrangements outside normal hours should be discussed and approved by the Executive Director prior to beginning of the assignment.
- No overtime can be worked before obtaining approval from the Executive Director.
- Salaried employees are required to sign a sign-in log on a daily basis.
- At the end of each pay period each hourly employee is required to finish completing their time sheet that was generated by the computer system and give them to Administrative Assistant for approval. The employee should make sure they complete the total regular hours, overtime hours, vacation, sick, and other hours worked each day and for the pay period. If you work on more than one job on a regular basis you should complete a time sheet for each job. Just state what hours you worked for each job on the same time sheet if you work more than one job on an irregular basis.
- The properly completed and approved time sheet is put in the box of the Administrative Assistant no later than the date it is due for processing. Delay in submitting the time sheet can affect employee pay date.
- If you are a new employee, make sure that you complete a personnel information package, including a W-4 form that gives us information on your tax status. We cannot give you all the money due you without knowing your tax information. Any information related to direct deposit, tax sheltered annuity or any other voluntary deductions should be given to the Financial Consultant no later than the deadline given to you by the business office. If you are hired after the start of a pay period, you will not be paid until the pay period following the period you started working.

Responsibility of the Administrative Assistant:

- Provide all staff with time sheet, sign-in sheet, time card, due date for time sheet, due date for voluntary deductions set up, time clock and other employee package items necessary to accurately complete information for payroll and benefit accrual.
- Collect all the time sheets in your box and any others around the time clock area.
- Verify that the time recorded on the time sheet corresponds with the time clock records. Any unexplained discrepancies should be reported to the Executive Director for correction or explanation. Any incomplete or unapproved time sheet should be referred to the Executive Director for completion and approval immediately in time to promptly prepare payroll.

- Verify the time sheet to make sure the computations are accurate and that the information and approvals are made by the appropriate persons and write the account numbers where the salaries will be charged on the time sheets.
- After verifying that everything is correct and that you have every employee's time sheet, sort out using the previous period time report and give to the Executive Director for approval and transmittal to the Executive Consultant. Also process the Salaried payroll for the pay period, ESA for the 15th and regular monthly payroll for the 30th.
- Print the input information for the School Director to approve for transmission to Executive Consultant.
- Send new hire and any other employee change information to the
- Executive Consultant as you get the information from the employee.
- After the checks come back from BBM, verify all the checks to make sure that everything is correct and that the checks appear accurate. Additionally check the payroll reports sent to you to make sure everything balances both to the time reported and other relevant deductions. If there is anything that appears unusual, inform the Financial Consultant or a Executive Director. Put the checks in envelopes ready to be distributed to employees and leave with the receptionist together with a sign-in list. Instruct the receptionist that nobody should pick-up another persons check without written authority to do so. Before the receptionist gives a check to an employee that employee must sign the list provided as evidence that they have received their check.

Responsibility of Executive Director:

- Make sure that the new employee package is completed and accurately filled out prior to starting work, especially the I-9, Immigration and Naturalization Form and W-4, Employee Tax Information. The employee should also be given a copy of the employee handbook so they can be aware of the school policies and procedures that affect them.
- Negotiations regarding pay and other benefits should take into consideration the budgetary constraints to make sure that we do not commit to what we cannot pay.
- A personnel action form (PAF) must be completed and given to the Financial Consultant stating how much the employee will be paid, what the effective date is, and what account will be charged for this expense. The PAF and the completed package must be given to the Financial Consultant so that payroll arrangements can be made and personnel file opened for the new employee.
- The Executive Director must make sure the employee follow the school policies and procedures that relate to them. Any infraction should be cured according to school policies and procedures related to employee discipline.
- Make sure that all employees complete a time sheet and give it to them for their approval on a timely basis.
- Ensure that the time sheet as completed by employees reflect their attendance, including breaks and lunch time, before approving the time sheet.
- Make sure that employees are allowed to take breaks in the mornings and in the afternoons and a lunch break for those who work full-time. Generally, rest periods (breaks) are taken every four hours of work and meal periods (lunch) when someone works six or more hours a day.
- Ensure that overtime worked by the employee is approved in advance and that there is enough funding available to cover the overtime and other related costs.

POLICY NUMBER THREE: PURCHASE AND OTHER PROCUREMENT POLICIES AND PROCEDURES

PURCHASES:

The school will purchase the materials needed to implement the plans and strategies set out by the board and the charter in order to achieve its objectives. In making these purchases the school must ensure that the materials being purchased are necessary for running the school. The school will also ensure that economy of resources is exercised in judging whether there is a need to purchase a certain item, as the school has limited resources for many competing

priorities. The purchase must give the school the best deal (price, quality and other criteria considered), and also ensure that there are funds available to pay for the materials. All purchases must be approved by the Executive Director. The purchase must be documented and recorded in the accounting books.

PROCEDURES:

- All purchases must be initiated by completing a purchase order. Exceptions may be granted by the Executive Director or Executive Consultant for purchase of certain small items that are less than \$100 or in emergency situations.
- Before completing the purchase order the purchaser must assure that there are unencumbered funds budgeted for this purpose and the purchase is being charged to the correct budget category. If there is any question regarding the availability of funds, the Staff Consultant can be contacted for an answer.
- The purchaser must demonstrate, by providing copies of three bids or estimates that the vendor picked provides us with the best deal for the service or product being purchased. (The lowest price may not always be the best deal for the school.)
- For the purpose of getting bids, purchases of \$2,999 or less can be done by phone bids, purchases of between \$3,000 and \$9,999 can be done by written bids on vendor's letterhead. Purchases of \$10,000 or more need to be advertised in a more formal competitive bidding process.
- In cases where a particular vendor is known to give us the best deal, once a year research of prices and services is enough to satisfy this criterion. In such a case copies of the result of the research should be kept on file to be referred to when needed.
- There may also be cases where a vendor is a sole source vendor, which means that the vendor is the only vendor that can supply this product or service. In such an instance it will be impossible to provide bids, but it must be demonstrated that the vendor is the sole source.
- Purchase orders will be issued by Administrative Assistant. The form must be originally filled out, including who to deliver the order to and the account number to which the expenditure is to be charged. The original is given to the Administrative Assistant to fax to the vendor with a return confirmation from the vendor after being approved by the Director of Operations, a copy for the Director of Operations's file, Staff Consultant's file and a copy to the Office Assistant (receiving). All originals and copies of purchase orders must have the signatures of the Director of Operations.
- All purchase orders must be approved by the Director of Operations.
- When the purchaser gets the order they will keep the items in a safe place for use, after making sure that the order received agrees with the purchase order. In certain instances the order might be tracked as to who is using them, so we can allocate them to various programs.

Procedures for Receipt of Order (Office Assistant)

- When the order arrives the Office Assistant compares the quantity on the packing slip, the purchase order and the order received to make sure they agree. If they agree the packing slip will be initialed and sent to the Staff Consultant with a copy to the Director of Operations.

Administrative Assistant:

- When the original purchase order is received from the Director of Operations, it is immediately faxed to the vendor. This will be done after checking to make sure the order is charged to the correct account, and funds are available signified by the approval of the Director of Operations, evidenced by the his signatures.
- A copy of the purchase order is kept in an open purchase order file pending the time the order is filled. It is discarded when the invoice for the purchase is processed. The purchase order is encumbered in the Accounting system to set aside the funds so it will be available to pay for the bill. The purchase order is unencumbered when we pay the bill.
- The Administrative Assistant will check incoming orders to make sure they are consistent with the packing slip and the purchase order. The orders will then be stamped or tagged as property of the Wisdom Academy depending on what kind of item it is. Books will be

stamped and equipment will be tagged, while supplies will be inventoried issued as necessary.

- The Administrative Assistant will check all the documentation and make sure they are complete, accurate, and consistent with one another. The Administrative Assistant will also make sure that the correct budget category is being charged and the amount of the bill is computed accurately.
- As part of checking the documentation, the Administrative Assistant will ensure that the invoice being paid is an original invoice, not a copy, and that we are not paying from a statement of account. Please refer to commercial warrant processing for more details on bills processing.

POLICY NUMBER FOUR: CONTRACTING POLICIES AND PROCEDURES

1. All contracts must be approved by the School Director and Staff Consultant. Contracts of up to \$4,999 may require at least three phone bids, between \$5,000 and \$9,999 may require three written bids on contractor's letterhead. Contracts of \$10,000 and above require formal competitive bidding process. For more information, please see purchase procedures.
2. Before approving a contract, it must be determined that funds are available for this purpose and the payment terms clearly and satisfactorily stated in the contract, considering cash flow needs of the school.
3. In the case of a construction contract, the contractor must be licensed by the state board and have the financial capability to execute the contract, except in cases where an exception is allowed by a Principal.
4. The contractor must have workers compensation and other general liability insurance that will name the school as additionally insured, except in cases where the school agrees to cover the contractor as part of terms of the contract.
5. The contractor must submit a bill based on the original approved contract for the Principal to approve for payment. In the event of change orders, they must be pre-approved by a Executive Director or designee.
6. The contractor must provide the school with a completed form W-9, taxpayer identification number, at the time of signing the contract.
7. Before the payment is made for construction contracts, the contractor must provide the school with a lien release as to labor and materials to exempt the school from any legal action including mechanics lien related to non payment of labor and material.
8. Before approving payment, the Executive Director will be certain that the construction was executed satisfactorily (in some cases an expert opinion might be sought to determine this).
9. It is customary to withhold 10% of the contract price until final determination is made on the successful completion of the contract. This will therefore be the practice of the school.
10. A copy of the contract should be filed in the business services office as soon as the contract is signed, to ensure that all documentation is complete and accurate.
11. All independent contractors must be persons that are in business for themselves, set their hours, and are responsible for results and not persons that are normally considered as employees. All other part-time or one-time persons employed by the school should be put on the payroll system, as they are actually employees and not independent contractors. All independent contractors must have a written contract following the procedures outlined above.

POLICY NUMBER FIVE: CHECK REQUESTS POLICIES AND PROCEDURES

CHECK REQUESTS:

All disbursements, except for those made through the Revolving Cash Fund, Payroll System and Petty Cash, must be made through the Check Request.

BACKGROUND:

The school has a responsibility to process all payments in accordance with generally accepted accounting principles and other government accounting standards in order to discharge its fiduciary responsibilities as delegated by the board of directors.

PROCEDURES:

Administrative Assistant:

- Picks up mails from the bills mailbox and distribute to various departments where necessary for check requests and approval of the bill.
- Checks the utilities and other general office bills for any error before giving to the Director of Operations for check request approval.
- Double check requests and bills to make sure that all the information and documentations are correct. This information and documentation includes payee, account numbers, original invoice (payments cannot be made with a copy of the invoice or statement of account), relevant purchase order and receiving reports, amounts and appropriate approvals. If any information or documentation is inaccurate or incomplete, the check request must be returned to the responsible party so it can be corrected immediately, for timely processing of the check request. Check requests must not be left with anyone for an unreasonably long period of time as to incur the school, credit problems.
- The check requests are sent to Executive Consultant for input into the computer system for payment. All the check numbers must be serially numbered, taking time to make sure the first check of each batch or day follows the last number as specified in the check register. A serial number log must be kept to ensure the numbering system is being adhered to. Each time a number is used it is crossed out to prevent the reuse of the number a second time.
- Pick up the mail from Ball Business Management the following day and verify that all the checks were generated and everything related to the check is correct. Then attach a copy of the check to the check request, staple them together and complete the payment information on the check request. Stamp the documentation as paid and file the whole package in the paid bills folder, after the checks are approved by the check signer.
- Put the checks in an envelope for mailing. If someone has to pick up a check in the office they must sign a log, and if it is an unknown person picture identification or drivers license should be reviewed to make sure that it is the right person.

The Administrative Assistant:

- Make sure that the bill being approved is a bill the school incurred and that those who incurred them are authorized to incur the bill, and that sufficient amounts are available in the budget to pay for the bill.
- Must be sure that services or goods were actually delivered as ordered and the amounts billed are agreed to and the bill was not previously paid and the invoice is not a duplicate or copy.
- Must be sure that the invoice is being charged to the right budget line item (account number and object code). This information must be provided by completing a check request form, and attaching the invoice, copy of the purchase order and a receiving advice or report noted on the purchase order. Any discrepancy between the invoice and the purchase order must be noted on the bill and reported to the Financial Consultant or Director of Operations.
- The check request must be made in a timely manner for payment to prevent incurring collection and other credit problems.

Director of Operations:

- Make sure that there is enough cash flow to pay the checks being requested before approving the bills. This can be accomplished by reviewing the cash balance on the report provided by Financial Consultant.
- Check to see that the checks were written to the same payee as stated on the check request and bill.
- Keep the budget managers or persons who incur expenditures informed about cash flow in case they have to defer incurring certain expenditures, pending improvement in cash flow.

- Before signing any check, make sure the documentation is attached and that the check request information is completely filled out with prior approvals attached.
- Checks in excess of \$10,000 of non recurring item require two signatures.

POLICY NUMBER SIX: REIMBURSEMENTS

All employee reimbursement check requests must be accompanied by filling out a reimbursement form with attached documentation including receipts and invoices of the reimbursements. Mileage reimbursement check requests must be accompanied by a form detailing the mileage description with a starting point and ending point. The description will also include the date of the travel and the number of miles travelled for each entry or date. Mileage will be reimbursed at the IRS rate that is applicable at that particular time.

POLICY NUMBER SEVEN: USE OF CORPORATE CREDIT CARDS AND PROCEDURES

Credit cards secured for the school through our bankers will allow us the convenience of charging purchases on the account, therefore saving staff the trouble of using their funds to purchase needed materials. Furthermore, it will save the school from cutting many checks for reimbursements. Instead one check will be cut to our bankers.

- The cash advance feature CANNOT be activated or used for any reason.
- The card can be used only for business purchases. NO PERSONAL USE.
- The duplicate receipt must always be turned in to Administrative Assistant, after purchase is made to allow for easy processing of the bills. The account number to be charged must be stated on the receipt.
- Before charging anything to the card, the purchaser must determine what budget line items should be charged for this expenditure and whether the budget item has enough funds in the account to accommodate the charges, considering all other charges previously made to this account. If in doubt about the availability of the funds, please consult the responsible budget manager.
- Any missing or lost credit card must be immediately reported to the Financial Consultant and the Bank, so that security measures regarding cancellation and reissue can be accomplished in time to prevent illegal charges to the account.
- The card can be used to charge things for other staff as long as verification is made as to the availability of funds for the purchase. The card can be used for small purchases that normally require payment before order, it should not be used for items that can be put on purchase orders and billed to us in the normal way. Do not use the credit card in such a way as to circumvent our normal purchase order or billing system. Examples of things that can be charged include airline tickets for training and seminars, books and instructional supplies.
- The Financial Consultant and the Executive Director are responsible for ensuring that the credit card holders follow these procedures. Any abuse of the credit card policies should be reported to the Financial Consultant or the Executive Director. The school reserves the right to terminate any credit card due to abuses including lack of following credit card policies and procedures.
- The Executive Director must approve any expenditure related to any direct benefit of the credit card user. No one can approve an expenditure that is for his or her own benefit.
- The Administrative Assistant must turn in all credit card statements to the Financial Consultant. The Administrative Assistant will give each credit card holder his or her statements.
- Credit card holders will prepare a check request for each credit card statement with all attached documentation, including receipts and account numbers. This will ensure orderly and efficient processing of the bills to avoid the charging of interest.

POLICY NUMBER EIGHT: PETTY CASH POLICIES AND PROCEDURES

The school will maintain a petty cash fund to make it expedient to disburse small purchases that are needed to operate the school business. The items to be disbursed out of these funds are limited to small items of \$25 or less.

PROCEDURES:

Administrative Assistant:

- The Administrative Assistant has oversight over the implementation of the petty cash policies and procedures.
- Processes requests for issuance of petty cash after being approved by the School Director.
- Processes replenishment of petty cash on a regular basis.
- Ensures that the replenishment expenditures are supported by authentic purchase receipts approved by the School Director.
- Monitors all the petty cash given to holders to make sure they are replenishing them on a regular basis and remind the holders of the need to replenish the fund so that expenditures can be recorded. If the holder does not have expenditures for several months, this may indicate that the petty cash might not be necessary.
- When a petty cash is originally issued to a holder, it must be logged in a petty cash log; any increases to the petty cash amount must be recorded in the log.
- Petty cash is reimbursed in the same manner as any other reimbursement or bill. In urgent situations, reimbursements can be done from the revolving cash fund.

Petty Cash Holders

- Request for issuance of petty cash from the Executive Director based on a compelling need supported by convincing reasons.
- Makes sure that the petty cash fund in their possession is securely locked in a cabinet at all times, making sure that nobody else has access to the fund.
- The petty cash holder has a personal responsibility for the funds in their possession.
- Issuance of funds to staff who need them must be evidenced by a receipt signed by staff and petty cash issuer.
- Before issuing the funds to the staff the holder must ascertain that the staff is going to spend the money on a budgeted expenditure approved by the School Director.
- Must ensure those given petty cash bring back an authentic receipt approved by the Administrative Assistant with the appropriate account number where the expenditure will be charged.
- The Executive Director's signature on the purchase receipt is evidence that the expenditure is approved by the Executive Director and it is for an expenditure that has been budgeted by the school for this purpose and the goods or services is to be used for a specific school business purpose. The signature also means that there is available balance in the line item to accommodate the expenditure.
- When the staff gives the petty cash holder an authentic purchase receipts approved by the Executive Director, the issuance receipt should be endorsed by the holder as paid and copy of the paid issuance receipt given to the Administrative Assistant. If there is a cash balance returned by the staff it should be reflected on the issuance receipt. The paid issuance receipt should be attached to the purchase receipt.
- When the petty cash is low the holder should fill out the petty cash replenishment form and request for replenishment of the petty cash fund equal to the amount of the purchase receipts in their possession. The total amount of the replenishment and the petty cash on hand should always be equal to the amount originally issued to the holder.

Staff Requesting the Use of Petty Cash:

- Before requesting for petty cash fund staff must make sure that the expenditure is approved by the Executive Director and there is available funds for that expenditure.
- Make sure that a purchase receipt is obtained for the goods or services purchased and the receipt is approved by the Executive Director with the appropriate account number written on the receipt before giving it to the petty cash holder.

- Return any excess cash to the petty cash holder together with the receipt to relieve the staff of the responsibility of the cash originally received.
- Once a staff receives funds from the petty cash holder, the staff is personally responsible for the funds, until they bring back an approved receipt with account numbers plus any left over cash in exchange for a release of liability. This is evidenced by a copy of a paid issuance receipt by the holder of the petty cash.

POLICY NUMBER NINE: FINANCIAL REPORTING REVIEW POLICIES AND PROCEDURES

As part of our internal control procedures, the school will reconcile and review the result of operations to make sure the transactions are charged to the appropriate accounts and that the operations are being executed as planned.

Financial Operations Review-Procedures:

- About the first week of the month through the second week of the month following the end of each month the back office company will reconcile all accounts of the school. In order to do that all deposit and other non disbursement information has to be provide to the company prior to the end of the previous month.
- After reconciling all the accounts include bank reconciliation the Consultant Accountant will prepare all financial reports (Statement of Financial Position or Balance Sheet, Budget report or budget variance report, Statement of Activities and Cash flow actual and projections) for review by the Executive Consultant. After reviewing the report it will be sent to the School for review and transmission to LACOE in time to meet their 15th of the month dateline.
- On the third week following the end of the month the School Management will meet with the Financial Consultant to review the Financial reports including any narrative and analysis reports and recommendations.
- On the day of the board meeting the Finance Committee will meet to review the financial performance of the school and make recommendation to the board for their adoption or approval.
- It is recommended that the school maintain a reserve equal to at least 10% of its previous years expenditures.

POLICY NUMBER TEN: PROGRAM CASH RECEIPTS AND DEPOSIT POLICIES AND PROCEDURES

PROGRAM CASH RECEIPTS:

All programs and other pass through payments will be paid to the office and given to the Administrative Assistant periodically for deposit to the bank.

BACKGROUND:

The school will run various programs including meals, after school programs and pass through programs. Checks and cash are usually received at the reception desk for registration for these events.

PROCEDURES:

Responsibilities of the Office:

- Each parent is issued a receipt (original) when payment is made for any of these programs. Parents who have a history of insufficient funds checks (as provided by Financial Consultant) will be required to pay cash.
- Satellite site receipts will be brought to the main office on a daily basis for safekeeping. The Administrative Assistant will include the amounts received from the satellite site (if any) in their balancing of the total receipts for the school.

- Checks and cash are kept in a secured cabinet locked in a box until deposit is made to the bank.
- The checks must be stamped "for deposit only", using the appropriate stamp for the program bank account, to reduce any risk of loss.
- Three staff persons have access to the key so they can retrieve funds for deposit or store funds collected from parents (under no circumstances should this amount be used for any reason except as approved by the Finance Consultant) This amount is not petty cash and therefore should not be used for that purpose. Please use petty cash fund to pay for small emergency items.
- The office prepares deposit tickets on Tuesdays and Fridays, making sure the total amounts on the deposit tickets agree with the total receipts attached (duplicate) and receipts log book. \$100 from petty cash fund will be left in the cash box for the purpose of making change when payments are received from parents.
- Any discrepancy between the deposit tickets and the attached receipts should be noted and reported to the Financial Consultant and the Executive Director so that further investigation can be conducted to resolve the problem.
- The income log must be compared with the incoming attendance and participation log from the program department, to make sure they agree and explain any discrepancies between them.
- The program to be credited with these funds should be noted on the deposit ticket or receipt.
- The receipts and deposit tickets will be given to the Administrative Assistant by 12 noon for deposit to the bank. A copy of the deposit ticket should be made and kept with the office, showing the signature of the Administrative Assistant as evidence that they have received the amounts listed on the ticket.

Responsibilities of the Administrative Assistant:

- The Administrative Assistant will review the whole packet to make sure that everything is completed accurately.
- A copy of the deposit ticket and duplicate receipts are filed in the program deposits file and the original deposit ticket and the funds are deposited at the bank.
- The deposit receipt from the bank must be attached to the duplicate deposit ticket in the program account file.
- Attendance log or report is compared with duplicate receipts for the respective programs to make sure everything agrees, any discrepancy must be investigated and when necessary reported to Financial Consultant or Executive Director.
- By the middle of the month following the end of a month, bank reconciliation is prepared and any "non sufficient funds" checks identified in a separate report. Letters will be written to the issuers of the checks so they can pay the amounts, plus service charge of \$15 per bounced check.
- Each month after the bank reconciliation or when the program is complete, depending on the program, a check will be generated from the program account to our county account or outside vendor depending on the program requirements.
- Adjusting journal entries will be made to reverse the revenue account, replacing it with fees receivable account pending the time the amount is collected from the issuer of the bounced check.
- Prepare a list of insufficient funds check and provide the office and program staff with copies.

Responsibilities of the Program Staff and Office:

- To make sure that all participants of the program have paid their fees.
- Make sure that a report of attendance or participation log is prepared and a copy given to the Office daily, additionally monthly reports should be prepared and a copy given to the Administrative Assistant (all reports and cash counting will be done by two people).
- Any parent who has insufficient funds for more than twice or does not pay previous insufficient funds check will be required to pay cash in subsequent events or programs.

POLICY NUMBER 11. REVOLVING CASH FUND POLICY AND PROCEDURES

The School will maintain a Revolving Cash Fund to accommodate immediate cash needs that will normally not be met by the commercial warrant system. The school will make all efforts to make all payments through the commercial warrants system. Only check requests that are needed immediately due to circumstances beyond our control will be disbursed through this system.

PROCEDURES:

- All requests must be made by a check request, with all the supporting documents for the approval of the School Director.
- The request will follow the normal procedures for commercial warrant check requests.
- Poor planning will not qualify as a reason for approving this request.
- Receipts are required immediately after an event for requests of advance deposits.

Executive Director:

- Approval will be made based on the documentation provided and the compelling reasons why the request must be approved.
- No requests should be approved for convenience as these requests create additional burden and work for the school and circumvents the accounting process and may understate our expenditures.
- No approvals should be made without the request coming from budget manager, who checks the budget availability and the urgency for this request.
- The approved request will be given to the Administrative Assistant for processing.

Financial Consultant:

- All approved requests must be disbursed from the Revolving Cash Fund bank account the same day.
- Any request for an RCF check must be directed to the Executive Director.
- Requests should only be entertained from the Executive Director.
- All requests must be checked to make sure all required information is complete before issuing the check. The Executive Director should be alerted if all the necessary information is not complete.
- Make sure there is available balance in the RCF account before issuing any check. This will be accomplished by keeping a running balance after issue of checks and deposit of check to the RCF account.
- Reimburse the RCF no later than the 25th of every month to make certain that the expenditures are recorded in the correct month to void understanding our financial statements.
- Reimbursement of RCF including petty cash must be made to the Executive Director and charged to the respective account numbers already provided before the RCF checks were generated.
- Do not reimburse any RCF check or petty cash without the required receipts, account number and other required documentation.
- At any given time the bank balance, plus un-reimbursed expenditures, plus petty cash given out must be equal to the RCF amount.

LAST PAGE










Revised: 07262012
Approved: 01312013


EXHIBIT

41




FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000479

Wisdom Academy for Young Scientists						
March 2013		Read Across America Book Fair				
					1 Herbal Coffee with Principal 	2
3	4 Staff mtg K-2 grade Dr. Seuss Celebration 	5 Writing Exam 4 th grade.	6 Staff Mtg 3-5 grade Writing exam 4 th grade	7	8 Awards Assembly 	9 Geffen Theatre (exclusive Trip)
10	11 Staff mtg K-2 Kindergarten Round-up Begins	12	13 Staff Meeting M. Fire Drill	14 Make it and take it Workshop Dr. Neal 3-6pm	15 St. Patrick's Day 	16
17	18 Spirit Week/ Funny Hat Day	19 Spirit Week/College Day	20 Staff Mtg K-5 SSC mtg 2pm Staff Mtg K-5 Spirit week/ Twins Day	21 Spirit Week/pajamas -SP. Ed Parent Class 6pm	22 Fun Friday	23
24	25 	26 	27 	28 	29 	30
31						

Wisdom Academy for Young Scientists						
April 2013 STAR Achievement Month						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 Pupil Free day	2 Back to school	3 Staff Meeting K - 5	4	5 Coffee with Principal SA	6
7	8 Staff Meeting K - 2 Week of Benchmark Assessments IV	9 5 TH Grade Final Science Competition	10 Staff Meeting 3 - 5	11	12 Awards Assembly 	13
14	15 Lake Arrowhead Staff Meeting K - 2	16 Lake Arrowhead	17 Lake Arrowhead -Long Beach Aquarium of The Pacific Field Trip (2 nd Grade) CSUN Field trip (Gomez) Staff Meeting 3 - 5	18 Lake Arrowhead UCLA Field trip (selected 4 th)	19 Lake Arrowhead Earth Science Fair	20
21	22	23	24 Staff Meeting K - 5 School site council 2pm	25	26	27
28	29 STAR Testing	30 STAR Testing				

000481

Wisdom Academy for Young Scientists						
May 2013 Marvelous Month May!						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1 STAR Testing	2 STAR Testing	3 STAR Testing make up Cinco de Mayo Celebration	4 Sharefest Work Day
5	6 Teacher Appreciation week Staff Meeting K - 2	7 Teacher Appreciation week	8 Teacher Appreciation week Staff Meeting 3 - 5	9 Teacher Appreciation week	10 Teacher Appreciation week	11
12 Mother's Day	13 Book Fair	14 Book Fair	15 Fire drill Book Fair	16 Book Fair Career Day	17 Book Fair Fifth Grade Formal Ball	18 5 TH GRADE HONORS RECOGNITION 35 TH SENATE
19	20	21 TEACHER MIX UP DAY	22 SSC meeting 2pm Staff Meeting K - 5 Archer school Book drive 3 pm	23	24 Earth Science Fair	25
26	27 Memorial Day School Closed	28 Awards Assembly 	29 Parent Volunteer Appreciation Luncheon	30 Teacher Appreciation  LUNCHEON	31 Graduation/Last Day of School 	June 3 Pupil free day

EXHIBIT

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FCMAT AB 139 Audit - WAYS RESPONSE TABLE (EXHIBIT)

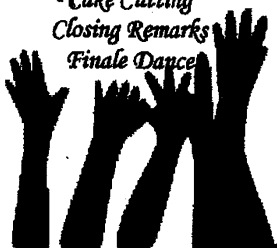
000483

Wisdom Academy for Young Scientists
5th Grade Formal Ball
Friday, June 8, 2012

Reach
for the
STARS
Program

Welcome
Class of 2012 Debuts
Musical Tribute
The Waltz

★
~ Dinner Served ~ ★
Class of 2012 Speaker
Slideshow
★ *Cake Cutting*
Closing Remarks
Finale Dance

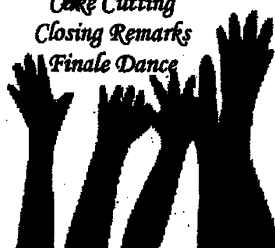


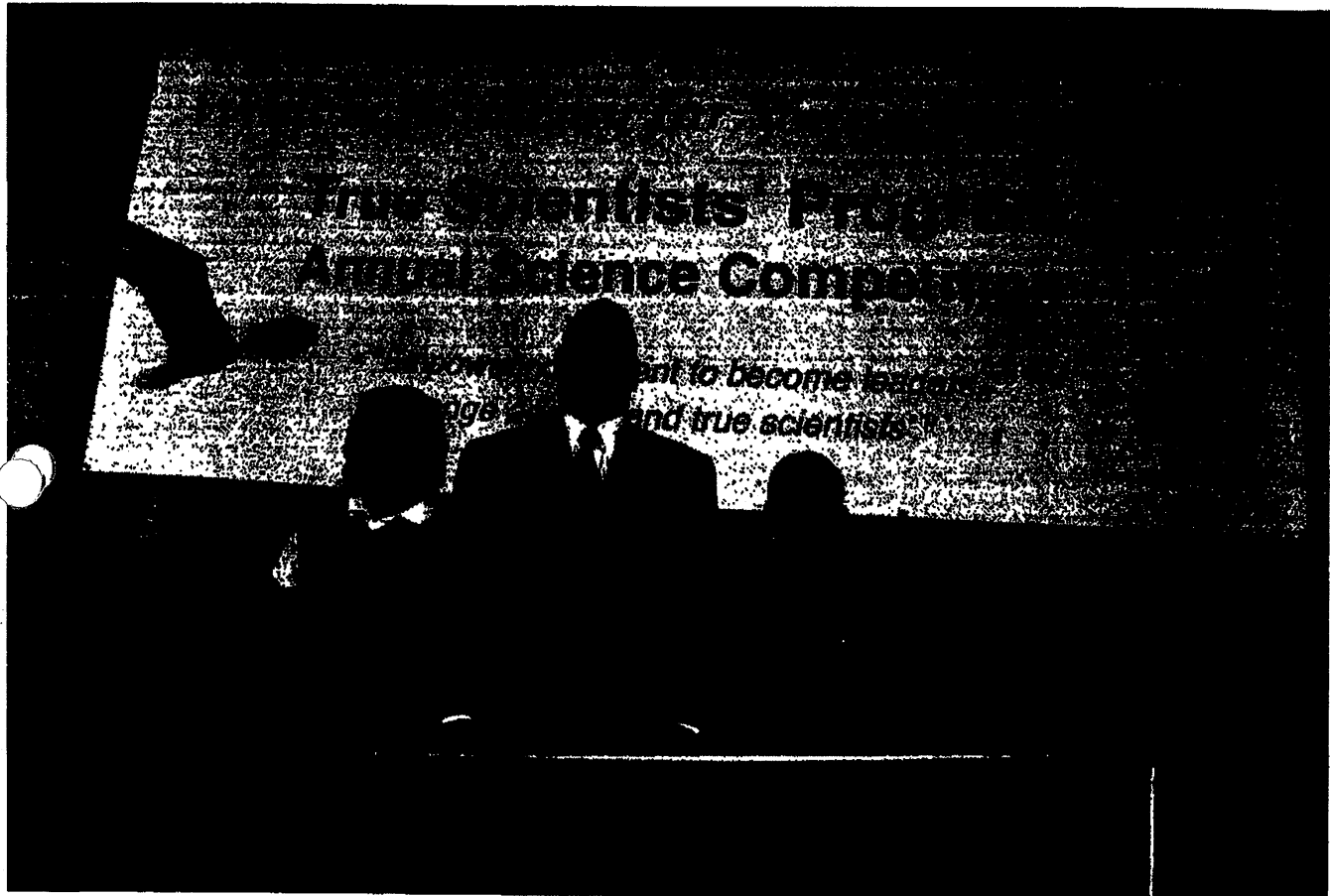
Wisdom Academy for Young Scientists
5th Grade Formal Ball
Friday, June 8, 2012

Reach
for the
STARS
Program

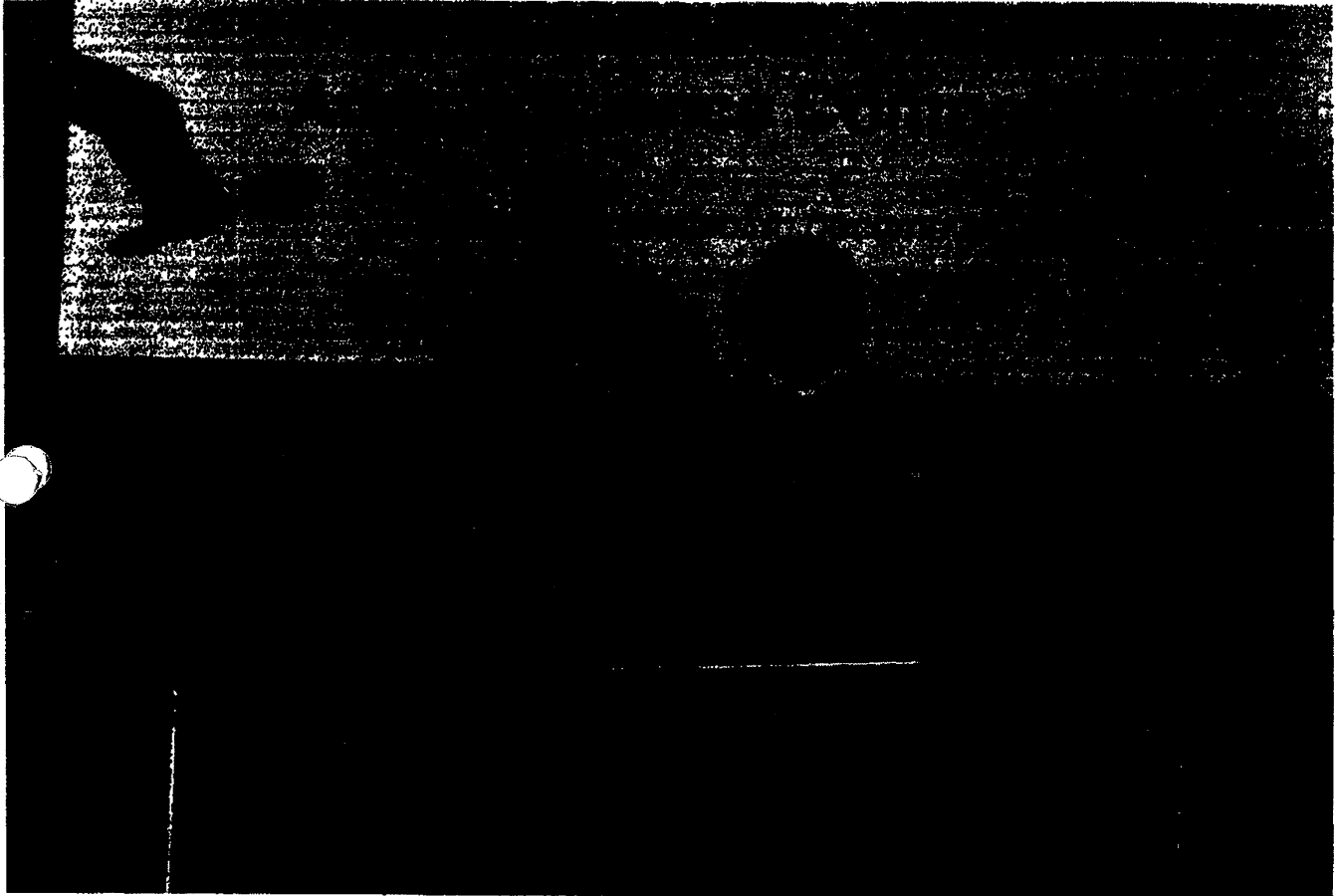
Welcome
Class of 2012 Debuts
Musical Tribute
The Waltz

★
~ Dinner Served ~ ★
Class of 2012 Speaker
Slideshow
★ *Cake Cutting*
Closing Remarks
Finale Dance





000485



000486



000487



000488



000489

EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000490



Results Detail

last statement filed on: 12/30/2011

Corporation		
DEDE DANCE STUDIO		
Number: C3060134	Incorporation Date: 12/12/2007	Status: Active
Jurisdiction: CA	Type: Domestic Nonprofit	
Address		
706 EAST MANCHESTER AVENUE, LOS ANGELES, CA 90001		
Agent For Service Of Process		
CHARLETHA WASHINGTON 706 EAST MANCHESTER AVENUE, LOS ANGELES, CA 90001		

Please review this information to determine if you have located the correct corporation. The corporation is not yet due to file the required statement; therefore, this filing must be filed either by mail or at our public counter in Sacramento. Refer to Statement of Information for the forms and instructions.

[Search Results](#) [New Search](#)

000491

EXHIBIT

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FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000492

DeDe Dance Studio

706 EAST MANCHESTER AVENUE
LA, CA 90001

PROGRAMS:

PRINCESS CLUB

LADIES FIRST

NOBLE MEN

DANCE CLASSES

AGES: 5 - 17

IMPORTANT DATES:

ORIENTATION - AUG 25TH 2012

PROGRAMS BEGIN - SEPT 8TH 2012

HOTEL RETREAT - NOV 2ND - 4TH 2012

5TH ANNUAL BALL - APR 13TH 2012

WWW.DEDEDANCESTUDIO.COM

INFO@DEDEDANCESTUDIO.COM

323-501-2053

000493

NOBLE MEN



Respectful, Responsible & Righteous Gentlemen

Our brotherhood branch, Noble Men (boys ages 5 - 18), is a cross between fraternity and boys scouts in which young males undergo mentoring and educational workshops to become respectful, responsible and righteous gentlemen. Moreover, the programs boost the children's self-esteem and ambition of youth to become leaders of their respective communities. The program coordinators and mentors will serve as facilitators in empowering young males to become role models for their community and future leaders of society.



REBANCESTUDIO

Recent Posts

- 8th Annual Ball - Swags & Silhouettes
- Now Enrolling for Programs - Fall 2013
- The Edutainer Pt. II: Magic in Music
- 6th Annual Ball: April 13th 2013
- Back to School Dance - 8/7/12

Categories

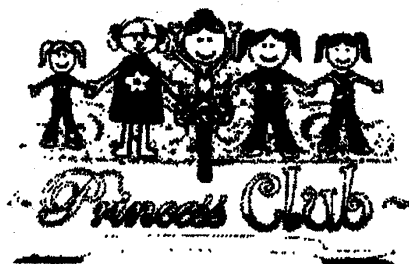
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Meta

- Log in
- Entries RSS
- Comments RSS
- WordPress.org

000494

Princess Club



Princess Club is a group of young girls the ages of 7-12 who gather together in harmony and work to build their self-esteem, character and ambition. Princess Club assists pre-teens in exploring their identity and individuality as they transition into beautiful and well-respected young ladies. When our girls graduate from Princess Club they will promote to Ladies First and become a leader and role-model for their communities, schools, and friends.



DEBANCESTUDIO

Recent Posts

- 6th Annual Ball – Swans & Silhouettes
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- 5th Annual Ball: April 13th 2013
- Back to School Dance – 8/7/12

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000496



000497

EXHIBIT

45

FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000498

Fw: WAYS Scheduling

1 message

Edward Cabil <edcabil@sbcglobal.net>
Reply-To: Edward Cabil <edcabil@sbcglobal.net>
To: Jason Okonkwo <mrjason7@gmail.com>

Wed, Oct 30, 2013 at 12:00 PM

Mr. Ammermon is an independent auditor who is contracted for work with the FICMAT team. Below, please find the date and info he shared for the meeting on November 13th.

Please let me know if that date works for you.

Blessings,
Ed Cabil

----- Forwarded Message -----

From: Michael Ammermon <mwacpa@me.com>
To: edcabil@sbcglobal.net
Cc: 'Debi Deal' <ddeal@fcmat.org>
Sent: Wednesday, October 30, 2013 9:54 AM
Subject: WAYS Scheduling

Dear Ed,

Thank you so much for speaking with me today, I'm grateful we could connect over the phone. I enjoyed our conversation and am looking forward to meeting you. As we discussed, we will begin our field work by meeting you in your office at 706 E Manchester Ave Los Angeles, CA 90002 starting Wednesday, November 13th and we will keep open as additional field work days at WAYS for Thursday, November 14th and Friday, November 15th.

The amount of field work days that we may need is dependent on what information we are able confirm during our meeting with your audit firm on Tuesday, November 12th and the condition and locations of WAYS business records while we are on site at WAYS. We will do our best to complete our field work during the three days discussed above and will let you know if we believe additional time is necessary.

If you have any questions, please feel free to call me directly on my cell phone at (949) 887-2283.

Thank you again.

Best Regards,

Mike

000499

Michael W. Ammermon
30100 Crown Valley Pkwy., Ste. 35E
Laguna Niguel, CA 92677
Office/Cell Phone (949) 887-2283
Fax (866) 398-5477
Email: mwacpa@me.com

000500

EXHIBIT

46

FCMAT AB 139 Audit – WAYS RESPONSE TABLE (EXHIBIT)

000501

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY for YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG SCIENTISTS

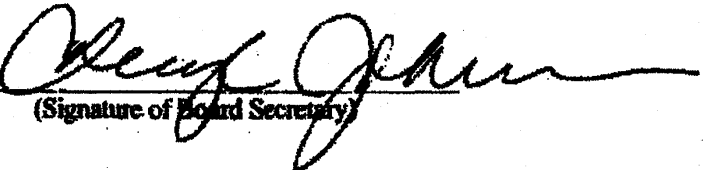
706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered, seconded, and adopted:

"Be it Resolved, that the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to enter a Commercial Property Lease 2013-14 Fiscal Year - 706 East Manchester Ave & 8778 South Central Ave Los Angeles, Ca on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in accordance with applicable provisions of laws of the State of California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

000502

OCI Development Corporation
8200 Wilshire Blvd. Suite #200
Beverly Hills, California 90211
(310) 407-8931

TRIPLE NET COMMERCIAL LEASE 2013-14

This Lease Agreement ("Agreement") is entered into this 1st day of July 2013, by and between OCI Development Corporation, hereinafter referred to as the "Landlord, Wisdom Academy For Young Scientists, hereinafter referred to as the "Tenant".

WHEREAS, the Landlord is the owner of certain premises situated at 706 East Manchester (Buildings B,C,D,E), Los Angeles, California 90001, in the County of Los Angeles and state of California hereinafter referred to as the "Leasehold Premises."

WHEREAS, the Tenant desires to rent and lease the Leasehold Premises from the Landlord, and the Landlord has agreed to lease the same to the Tenant upon the following terms and conditions.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, and in consideration of the rents and covenants of the Tenant to be paid and kept as herein contained, the Landlord has agreed to lease unto the Tenant, and by this Agreement does hereby lease the Leasehold Premises unto the Tenant, and the Tenant hereby leases the Leasehold Premises from the Landlord, and the parties do covenant and agree as follows:

1. **Term.** This Lease shall be for a term of 1 year, between the hours 7:00 am to 7:00 pm, Monday - Friday, commencing on the 1st day of July 2013, and ending on the 30th day of June 2014.

2. **Rent.** Tenant shall pay to Landlord, without demand or deduction, at its offices or such other places as Landlord may from time to time direct in writing, the monthly lease amount as follows:

Tenant shall pay a monthly rental of Thirteen Thousand Nine Hundred - Seventy Eight Dollars (13,978.45) on the 1st day of July, 2013 and a like sum on the first day of each and every calendar month during the term hereof, and prorate for the fractional portion of any month, except that of the first day of the calendar month immediately following the commencement date, the Tenant shall also pay the Landlord rent at the said rate for any portion of the preceding calendar month included in the term of this lease.

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000503

3. **Security Deposit.** Tenant shall further pay to Landlord, prior to any use or occupancy of the Leasehold Premises, a security deposit in the sum of Thirteen Thousand Fifty (\$13,505.75), to be held as security for any damages to the Leasehold Premises, or as payment, in whole or part, for any costs or expenses incurred by the Landlord resulting from the failure of Tenant to surrender the premises in the condition described in Paragraph 6 herein. Unless withheld by the Landlord, in whole or in part, by reason of any damage to the Leasehold Premises, the security deposit shall be returned to the Tenant within thirty (30) days after the termination of this Lease.

4. **Utilities.** During the term of this Lease, the Tenant shall be solely responsible for the payment of any and all utilities of the Leasehold Premises, including, but not limited to, gas, electric, telephone, cable and any service fees required for the installation of these utilities. The Tenant shall also be solely responsible for the payment of any and all water bills, sewer bills and garbage collection costs concerning the Leasehold Premises.

5. **Clean and Sanitary Condition.** During the term of the Lease, the Tenant shall keep and maintain the Leasehold Premises and the surrounding area in a clean and sanitary condition at all times, free of all garbage and debris. All garbage and similar debris shall be deposited by the Tenant in facilities specifically for garbage collection. Tenant shall be responsible for placing the garbage bins and/or containers and recycling container(s) at the curb for pick-up and to return the containers to their appropriate place. Tenants shall further comply with all local ordinances and regulations imposed by the City of Los Angeles relating to maintaining the Leasehold Premises in a clean and sanitary condition and relating to the collection of garbage and similar debris. Tenant shall be solely liable for any action and/or fines that may be brought by the City of Los Angeles, or any other enforcement agency, as a result of the Leasehold Premises not being kept in a clean and sanitary condition.

6. **Maintenance.** It shall be the Tenant's sole responsibility to keep and maintain the entire Leasehold Premises, and every part thereof, in good condition and repair at all times during the term of the Lease. Tenant shall keep and maintain the Leasehold Premises in a clean, sanitary and safe condition, at all times during the term of the Lease, in accordance with the laws of the State of California and in accordance with all directions, rules and regulations of the health officer, fire marshal, building inspector, or other proper officials of the governmental agencies having jurisdiction, at the sole cost and expense of Tenant, and Tenant shall comply with all requirements of law, ordinance and otherwise, affecting the use of said premises. If Tenant refuses or neglects to maintain, commence and to complete repairs on the Leasehold Premises promptly and adequately, Landlord may, but shall not be required to do so, provide necessary maintenance and repairs, and Tenant shall pay the cost thereof to Landlord upon demand. At the time of the expiration of the tenancy herein, Tenant shall surrender the Premises in good condition, reasonable wear and tear excepted.

7. **Liability Insurance.** Tenant shall, during the entire term of this Lease, keep in full force and effect a policy of public liability and property damage insurance with respect to the Leasehold Premises, in which the limits of public liability shall not be less than Five Hundred Thousand Dollars (\$500,000.00) for injury or death to one person in one accident, One Million Dollars (\$1,000,000.00) for injury or death per occurrence and Five Hundred Thousand Dollars (\$500,000.00) for property damage per occurrence. The policy shall name Landlord, any other parties in interest designated by Landlord, and Tenant as insured, and shall contain a clause that the insurer will not cancel or change the insurance without first giving Landlord thirty (30) days prior written notice. Tenant shall provide Landlord with a certificate evidencing insurance at the commencement of occupancy and upon request. The insurance shall be with an insurance company approved by Landlord, and a copy of the paid-up policy evidencing such insurance or a certificate of the insurer certifying the insurance of such policy shall be delivered to Landlord prior to commencement of Tenant's Work and upon renewals not less than thirty (30) days prior to the expiration of such coverage.

8. **Personal Property Insurance.** Tenant agrees to carry, at its sole expense, insurance against all risks of physical loss, insuring Tenant's fixtures, furnishings, equipment and all other items of personal property of Tenant located on or within the Leasehold Premises, in an amount equal to not less than one hundred percent (100%) of the actual replacement cost thereof and to furnish Landlord with a certificate evidencing such coverage.

9. **Property Insurance.** Tenant agrees to pay property insurance on the Leasehold Premises.

10. **Subordination.** Tenant agrees that this Lease shall, at the request of the Landlord, be subordinate to any mortgages or deeds of trust that may hereafter be placed upon said premises and to any and all advances to be made thereunder, and to the interest thereon, and all renewals, replacements and extensions thereof, provided the mortgagee or trustee named in said mortgages or trust deeds shall agree to recognize the Lease of Tenant in the event of foreclosure if Tenant is not in default. Tenant also agrees that any mortgagee or trustee may elect to have this Lease a prior lien to its mortgage or deed of trust, and in the event of such election, and upon notification by such mortgagee or trustee to Tenant to that effect, this Lease shall be deemed prior in lien to the said mortgage or deed of trust, whether this Lease is dated prior to or subsequent to the date of said mortgage or deed of trust. Tenant agrees that upon the request of Landlord, any mortgagee or any trustee, it shall execute whatever instruments may be required to carry out the intent of this Section.

11. **Assignment and Subletting.** Tenant agrees not to assign or in any manner transfer this Lease or any estate or interest therein by operation of law or otherwise without prior written consent of Landlord, and not to sublet the leased premises or any part(s) thereof or allow anyone to come in with, through or under

it without like consent. Consent by Landlord to one or more assignments of this Lease or to one or more sublettings of the leased premises or the collection of rent by Landlord from any assignee or sub-lessee shall not operate to exhaust Landlord's rights under this Article. In the event that Tenant, with or without the previous consent of Landlord, does assign or in any manner transfer this Lease or any estate or interest therein, Tenant shall in no way be released from any of its obligations under this Lease.

12. Waste or Nuisance. Tenant shall not commit or suffer to be committed any waste upon the Leasehold Premises, and Tenant shall not place a load upon any floor of the Leasehold premises that exceeds the floor load per square foot area which such floor is designed to carry, if Landlord provides design or architectural information describing maximum load limitations. Tenant shall not use or permit the use of any medium that might constitute a nuisance.

13. Reconstruction of Damaged Premises. In the event the Leasehold Premises shall be partially or totally destroyed by fire or other casualty as to become partially or totally untenable, then the damage to the Leasehold Premises shall be promptly repaid, unless Landlord shall elect not to rebuild as hereinafter provided, and the fixed minimum rental and other charges shall be abated in proportion to the amount of the Leasehold Premises rendered untenable. In no event shall Landlord be required to repair or replace Tenant's trade fixtures, furnishings or personal property. If more than Twenty-five percent (25%) of the leased premises or of floor area of the building in which the leased premises are located shall be damaged or destroyed by fire or other casualty, then Landlord may either elect that the Leasehold Premises be repaired or rebuilt or, at its sole option, terminate this Lease by giving written notice to Tenant of its election to so terminate, such notice to be given within ninety (90) days after the occurrence of such damage or destruction.

14. Total Condemnation of Leased Premises. If the whole of the Leasehold Premises shall be taken by any public authority under the power of eminent domain, then the term of this Lease shall cease as of the day possession shall be taken by such public authority and the rent shall be paid up to that day with a proportionate refund by Landlord of such rent as may have been paid in advance for a period subsequent to the day of the taking.

15. Partial Condemnation. If less than the whole but more than Twenty-five percent (25%) of the Leasehold Premises shall be taken under eminent domain, Landlord shall have the right either to terminate this Lease and declare the same null and void, or to restore the remaining portion of the leased premises or the building to a complete architectural unit. In the event Landlord elects to restore, all of the terms herein provided shall continue in effect, except the fixed annual rental shall be reduced in proportion to the amount of the leased premise taken.

If Twenty-five percent (25%) or less of the Leasehold Premises shall be so taken, the lease term shall cease only as to the part so taken and of the day possession shall be taken by such public authority, and Tenant shall pay rent up to that date, with appropriate refund by Landlord of such rent as may have been paid in advance for a period subsequent to the date of the taking, and thereafter the fixed minimum annual rental shall be reduced in proportion to the amount of the leased premises taken. In such event, or in the event that Twenty-five percent (25%) or less of the Leasehold Premises shall be taken, Landlord shall, at its expense, make all necessary repairs or alterations to the basic building, originally installed by Landlord, so as to constitute the remaining leased premises a complete architectural unit.

16. Landlord's and Tenant's Damages. All damages awarded for such taking under the power of eminent domain, whether for the whole or a part of the leased premises, shall belong to and be the property of Landlord whether such damages shall be awarded as compensation for diminution in value to the leasehold or the fee of the premises, and Tenant shall have no claim against either Landlord or the condemning authority with respect thereto; provided, however, that Landlord shall not be entitled to the ward made for depreciation to, and cost of removal of Tenant's stock and fixtures.

17. Default. All rights and remedies of landlord herein enumerated shall be cumulative and none shall exclude any other rights or remedies allowed by law. Tenant the parties covenants and agrees that if a default occurs when:

- a) Tenant shall fail, neglect or refuse to pay any installment of all rent at the time and in the amount as herein provided, or to pay any other monies agreed by it to be paid promptly when and as the same shall become due and payable under the terms hereof, and if any such default should continue for a period of more than ten (10) days;
- b) Tenant shall abandon or vacate the leasehold premises or fail to keep the leased premises continuously and uninterruptedly open for business each business day or shall fail, neglect or refuse to keep and perform any of the other material covenants, conditions, stipulations or agreements herein contained and covenanted and agreed to be kept and performed by it, and in the event any such default shall continue for a period of more than ten (10) days after notice thereof given in writing to tenant by landlord provided however that if the cause for giving such notice involves the making of repairs or other matters reasonable requiring a longer period of time than the period of such notice. Tenant shall be deemed to have complied with such notice so long as it has commenced to comply with said notice within the period set forth in the notice and is diligently prosecuting compliance of said notice or has taken proper steps or proceeding under the circumstances to prevent the seizure, destruction, alteration or other interference with said leased premises by reason on non-compliance with the requirements of any law or ordinance or with the rules, regulations, or

directions of any governmental authority as the case may be; then the tenant does hereby authorize and fully empower said landlord or landlord's agent to terminate this lease at once and to re-enter and take possession of said premises immediately on the day following the final day of the tenant's school year, and by force if necessary, without any previous notice of intention to re-enter and remove all persons and their property, and to use such force and assets in effecting and perfecting such removal of said tenant as may be necessary and advisable to recover at once first and exclusive possession of all said leased premises whether in possession of said tenant or of third persons or otherwise, without being deemed guilty of any manner of trespass and without prejudice to any remedies with might otherwise be used by landlord, in which event this lease shall terminate and tenant shall indemnify the landlord against all unavoidable loss of rent which landlord may incur by reason of such termination during the residue of the term herein specified.

- c) The landlord may, however, at its option, at any time after such default or violation of condition or covenant, re-enter and take possession of said premises without such re-entry working a forfeiture of the rents to be paid and the covenants, agreements and conditions to be kept and performed by tenant for the full term of this lease. In such event landlord shall have the right, but not the obligation, to divide or subdivide the leasehold premises in any manner landlord may determine and to lease or let the same or portions hereof for such period of time and at such rentals and for such use and upon such covenants and conditions as landlord may elect, applying the net rentals from such letting first to the payment of landlord's expenses incurred in dispossessing tenant and the cost and expense of making such improvements in the leasehold premises as may be necessary in order to enable landlord to re-let the same, and to the payment of brokerage commissions or other necessary expenses of landlord in connection with such re-letting. The balance, if any, shall be applied by landlord from time to time on account of the payments due or payable by tenant hereunder, with the right reserved to landlord to bring such action or proceedings for the recovery of any deficits remaining unpaid as landlord may deem favorable from time to time, without being obligated to await the end of the term hereof for the final determination of tenant's account. Any balance remaining however, after full payment and liquidation of landlord's account as aforesaid shall be paid to tenant with the right reserved to landlord at any time to give notice in writing to tenant of landlord's election to cancel and terminate this lease and upon giving of such notice and the simultaneous payments by landlord to tenant of any credit balance in tenant's favor that may at the time be owing to tenant shall constitute a final and effective cancellation and termination of this lease and the obligations hereunder on the part of either party to the other.
- d) Landlord may, at its option, while such default or violation of covenant or condition continues, and after ten (10) days notice of its intention so to do,

declare all the rent reserved for the full term of this lease remaining unpaid due and payable at once; and tenant does hereby empower any attorney of any court of record in the state of California or elsewhere to appear for it and waive the issuance and service of process and confess judgment against it for the whole or any part of said rent and thereafter to release all errors and warrant all rights of appeal and stay of execution. The initial exercise or use of this warrant of attorney shall not exhaust the same, but the same may be used and exercised without limitation as often as necessity for the use of the same arise. The exercise or use of this warrant of attorney shall not prevent landlord from subsequently terminating this lease, by giving notice to tenant of its election so to do and upon its tender to tenant of a sum equal to the amount, if any, paid by the tenant for rents accruing after the date of such termination.

- e) In addition to the other rights granted to the landlord hereunder, landlord may, at its option, while such default or violations of covenants or condition continue(s), and after ten (10) days' notice of its intentions to do so, confess judgment for possession of the leased premise and tenant does hereby empower any attorney of any court to record in the commonwealth of California or elsewhere to appear for it and waive the issuance and service of process and confess a judgment in ejectment.
- f) Also in addition to the other rights granted to landlord under this lease, tenant agrees that in the event that the amounts due landlord under this lease are collected are disputed by law or through an attorney at law through judicial action, the prevailing party is entitled to recovery of reasonable attorneys fees and costs. And judgment is entered in favor of landlord against tenant, whether by confession or otherwise, then tenant agrees to pay all costs of collection, including attorney's fees in the amount of ten percent (10%) of the judgment or five hundred dollars (\$500.00), whichever is greater.

18. Right of Entry. Landlord or Landlord's agent shall have the right to enter the Leasehold Premises at all reasonable times to examine the same, and to make such repairs, alterations, improvements or additions as Landlord may deem necessary or desirable, and Landlord shall be allowed to take all material into and upon said premises that may be required therefore without the same constituting an eviction of Tenant in whole or in part, and the rent reserved shall in now wise abate while said repairs, alterations, improvements or additions are being made, by reason of loss or interruption of business of Tenant, or otherwise.

19. Loss and Damage to Tenant's Property. The Landlord shall not be responsible or liable to the Tenant for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the premises adjacent to the Leasehold Premises or any part, or for any loss or damages resulting to the Tenant or its property from bursting, stoppage or leaking of water, gas, sewer or steam pipes or for any

damage or loss of property within the Leasehold Premises from any cause whatsoever.

20. **Notice by Tenant.** Tenant shall give immediate notice to Landlord in case of fire or accidents in the leased premises or in the building of which the premises are a part or of defects therein or in any fixtures or equipment.

21. **Holding Over.** Any holding over after the expiration of the term hereof with the consent of the Landlord, shall be construed to be a tenancy from month to month (at twice the monthly minimum rental herein specified).

22. **Successors.** All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors, and assigns of the said parties; and if there shall be more than one Tenant, they shall be bound jointly and severally by the terms, covenants and agreements herein. No rights, however, shall inure to the benefit of any assignee of Tenant unless the assignment to such assignee has been approved by Landlord in writing as provided in Paragraph 11 herein.

23. **Landlord's Covenant.** Upon payment by the Tenant of the rents herein provided, and upon the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, Tenant shall peacefully and quietly hold and enjoy the Leasehold Premises for the term hereby demised without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under the Landlord, subject nevertheless to the terms and conditions of this Lease, and any mortgages to which this Lease is subordinate.

24. **Waiver.** One or more waivers of any covenant or condition by Landlord shall not be construed as a waiver of a subsequent breach of the same covenant or condition, and the consent or approval by Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant. No breach of a covenant or condition of this Lease shall be deemed to have been waived by Landlord, unless such waiver is in writing and signed by Landlord.

25. **Notices.** Any notice, demand, request or other instrument which may be or is required to be given under this Lease shall be sent by United States certified mail, return receipt requested, postage prepaid and shall be addressed (a) if to Landlord, at the address first above stated, or at such other address as Landlord shall designate by written notice, (b) if to Tenant, to the leased premises or at such other address as Tenant shall designate by written notice, and shall be effective upon two business days from deposit with the U.S. Postal Service.

THIS LEASE FOR THE PURPOSES OF RECORDATION. THIS INSTRUMENT SHALL BE SUBJECT TO THE TERMS OF THIS LEASE WHICH DESCRIBE THE PARTIES, THE LEASEHOLD PREMISES, THE TERM OF THIS LEASE, AND SPECIAL PROVISIONS, AND SHALL INCORPORATE THIS LEASE BY REFERENCE.

28. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Leasehold Premises, the transferor shall be automatically relieved of any and all obligations on the part of Landlord accruing from and after the date of such transfer, including, but not limited to, any obligation to Tenant with respect to the security deposit returned to in Paragraph 3 of this Lease upon assignment of the same to the transferee, provided that the interest of the transferor, as Landlord, in any funds then in the hands of Landlord in which Tenant has an interest shall be turned over, subject to such interest, to the transferee. No holder of a mortgage to which this Lease is or may be subordinate shall be responsible in connection with the security deposited hereunder, unless such mortgage or hold of such deed of trust shall have actually received the security deposited hereunder.

29. Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than an account of the earliest stipulated rent, nor shall any endorsement or statement of any check or any letter accompanying any check or any payment as rent be deemed an accord and satisfaction, and Landlord shall accept such check or payment without prejudice to Landlord's right to cover the balance of such rent or pursue any other remedy in this Lease provided.

30. This Lease shall be governed by and construed in accordance with the laws of California. If any provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease shall not be affected thereby and each provision of the Lease shall be valid and enforceable to the fullest extent permitted by law.

31. Entire Agreement. This Lease and the exhibits, if any, attached hereto and forming a part thereof, set forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the leased premises and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than herein set forth. No alterations, amendments, changes or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by each party.

32. **Property Tax.** Tenant is exempt for property tax assessment pursuant to Revenue and Taxation Code section 202(a)(3). Tenant and Landlord agree to cooperate in order to obtain exemption determination from County Tax Assessor. Should any governmental taxing authority acting under any present or future law, ordinance or regulation, levy, assess or impose a tax, excise, assessment and/or any business and/or occupation taxes (other than income or franchise tax) upon or against the rentals payable by Tenant to Landlord, either by way of substitution or in addition to any existing tax on land and buildings or otherwise, Tenant shall be responsible for and shall pay such tax, excise, assessment, and any business and occupation taxes levied directly against the Tenant, or shall reimburse Landlord for the amount thereof, as the case may be, as additional rent, on or before the date that any fine, penalty or interest would be added thereto for non-payment. Tenant shall also pay its pro-rata share of any tax or charge levied in lieu of Real Estate taxes.

33. **Indemnification.** Tenant agrees to defend, indemnify and save harmless Landlord against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations, arising from Tenant's use of the Premises or the conduct of its business or from any activity, work or thing done, omitted, permitted or suffered by Tenant in or about the Premises, and will further defend, indemnify and save the Landlord harmless against and from any and all claims arising from any breach or default on Tenant's part in the performance of any covenant or agreement on Tenant's part to be performed, pursuant to the terms of this Lease, or arising from any act or negligence of Tenant, and from and against all costs, counsel fees, experts fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding to be brought against Landlord by reason of any such claim, Tenant upon notice from the Landlord covenants to resist or defend at Tenant's expense such action or proceeding by counsel reasonably satisfactory to Landlord.

Landlord agrees to defend, indemnify and save harmless Tenant against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations, arising from Landlord's use of the Premises or the conduct of its business or from any activity, work or thing done, omitted, permitted or suffered by Landlord in or about the Premises, and will further defend, indemnify and save the Tenant harmless against and from any and all claims arising from any breach or default on Landlord's part in the performance of any covenant or agreement on Landlord's part to be performed, pursuant to the terms of this Lease, or arising from any act or negligence of Landlord, and from and against all costs, counsel fees, experts fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding to be brought against Tenant by reason of any such claim, Landlord upon notice from the Tenant covenants to resist or defend at Landlord's expense such action or proceeding by counsel reasonably satisfactory to Tenant.

34. Heirs and Successors. This agreement shall be binding on and shall inure to the benefit of the parties hereto, their respective heirs, successors, personal representatives and assigns.

Dora Obien

7/1/13

Dora Obien, CEO

Date

OCI DEVELOPMENT CORPORATION

"LANDLORD"

Edward Cabil

12/03/14

Edward Cabil, CEO

Date

WISDOM ACADEMY FOR YOUNG SCIENTISTS

"TENANT"

This Lease Agreement ("Agreement") is entered into this 1st day of July 2013, by and between OCI Development Corporation, hereinafter referred to as the "Landlord, Wisdom Academy For Young Scientists, hereinafter referred to as the "Tenant".

WHEREAS, the Landlord is the owner of certain premises situated at 8776 South Central Avenue, Los Angeles, California 90002, in the County of Angeles and state of California hereinafter referred to as the "Leasehold Premises."

WHEREAS, the Tenant desires to rent and lease the Leasehold Premises from the Landlord, and the Landlord has agreed to lease the same to the Tenant upon the following terms and conditions.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, and in consideration of the rents and covenants of the Tenant to be paid and kept as herein contained, the Landlord has agreed to lease unto the Tenant, and by this Agreement does hereby lease the Leasehold Premises unto the Tenant, and the Tenant hereby leases the Leasehold Premises from the Landlord, and the parties do covenant and agree as follows:

1. Term. This Lease shall be for a term of 1 year, between the hours 7:00 am to 7:00 pm, Monday - Friday, commencing on the 1st day of July 2013, and ending on the 30th day of June 2014.

2. Rent. Tenant shall pay to Landlord, without demand or deduction, at its offices or such other places as Landlord may from time to time direct in writing, the monthly lease amount as follows:

Tenant shall pay monthly rent of Four Thousand Six Hundred Seventy Eight Dollars (4,678.03) on the 1st day of July, 2013 and a like sum on the first day of each and every calendar month during the term hereof, and pro rata for the fractional portion of any month, except that of the first day of the calendar month immediately following the commencement date, the Tenant shall also pay the Landlord rent at the said rate for any portion of the preceding calendar month included in the term of this lease.

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3. **Security Deposit.** Tenant shall further pay to Landlord, prior to any use or occupancy of the Leasehold Premises, a security deposit in the sum of Thirteen Thousand Fifty (\$13,505.75), to be held as security for any damages to the Leasehold Premises, or as payment, in whole or part, for any costs or expenses incurred by the Landlord resulting from the failure of Tenant to surrender the premises in the condition described in Paragraph 6 herein. Unless withheld by the Landlord, in whole or in part, by reason of any damage to the Leasehold Premises, the security deposit shall be returned to the Tenant within thirty (30) days after the termination of this Lease.

4. **Utilities.** During the term of this Lease, the Tenant shall be solely responsible for the payment of any and all utilities of the Leasehold Premises, including, but not limited to, gas, electric, telephone, cable and any service fees required for the installation of these utilities. The Tenant shall also be solely responsible for the payment of any and all water bills, sewer bills and garbage collection costs concerning the Leasehold Premises.

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6. **Maintenance.** It shall be the Tenant's sole responsibility to keep and maintain the entire Leasehold Premises, and every part thereof, in good condition and repair at all times during the term of the Lease. Tenant shall keep and maintain the Leasehold Premises in a clean, sanitary and safe condition, at all times during the term of the Lease, in accordance with the laws of the State of California and in accordance with all directions, rules and regulations of the health officer, fire marshal, building inspector, or other proper officials of the governmental agencies having jurisdiction, at the sole cost and expense of Tenant, and Tenant shall comply with all requirements of law, ordinance and otherwise, affecting the use of said premises. If Tenant refuses or neglects to maintain, commence and to complete repairs on the Leasehold Premises promptly and adequately, Landlord may, but shall not be required to do so, provide necessary maintenance and repairs, and Tenant shall pay the cost thereof to Landlord upon demand. At the time of the expiration of the tenancy herein, Tenant shall surrender the Premises in good condition, reasonable wear and tear excepted.

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11. **Assignment and Subletting.** Tenant agrees not to assign or in any manner transfer this Lease or any estate or interest therein by operation of law or otherwise without prior written consent of Landlord, and not to sublet the leased premises or any part(s) thereof or allow anyone to come in with, through or under

it without like consent. Consent by Landlord to one or more assignments of this Lease or to one or more sublettings of the leased premises or the collection of rent by Landlord from any assignee or sub-lessee shall not operate to exhaust Landlord's rights under this Article. In the event that Tenant, with or without the previous consent of Landlord, does assign or in any manner transfer this Lease or any estate or interest therein, Tenant shall in no way be released from any of its obligations under this Lease.

12. Waste or Nuisance. Tenant shall not commit or suffer to be committed any waste upon the Leasehold Premises, and Tenant shall not place a load upon any floor of the Leasehold premises that exceeds the floor load per square foot area which such floor is designed to carry, if Landlord provides design or architectural information describing maximum load limitations. Tenant shall not use or permit the use of any medium that might constitute a nuisance.

13. Reconstruction of Damaged Premises. In the event the Leasehold Premises shall be partially or totally destroyed by fire or other casualty as to become partially or totally untenable, then the damage to the Leasehold Premises shall be promptly repaid, unless Landlord shall elect not to rebuild as hereinafter provided, and the fixed minimum rental and other charges shall be abated in proportion to the amount of the Leasehold Premises rendered untenable. In no event shall Landlord be required to repair or replace Tenant's trade fixtures, furnishings or personal property. If more than Twenty-five percent (25%) of the leased premises or of floor area of the building in which the leased premises are located shall be damaged or destroyed by fire or other casualty, then Landlord may either elect that the Leasehold Premises be repaired or rebuilt or, at its sole option, terminate this Lease by giving written notice to Tenant of its election to so terminate, such notice to be given within ninety (90) days after the occurrence of such damage or destruction.

14. Total Condemnation of Leased Premises. If the whole of the Leasehold Premises shall be taken by any public authority under the power of eminent domain, then the term of this Lease shall cease as of the day possession shall be taken by such public authority and the rent shall be paid up to that day with a proportionate refund by Landlord of such rent as may have been paid in advance for a period subsequent to the day of the taking.

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If Twenty-five percent (25%) or less of the Leasehold Premises shall be so taken, the lease term shall cease only as to the part so taken & of the day possession shall be taken by such public authority, and Tenant shall pay rent up to that date, with appropriate refund by Landlord of such rent as may have been paid in advance for a period subsequent to the date of the taking, and thereafter the fixed minimum annual rental shall be reduced in proportion to the amount of the leased premises taken. In such event, or in the event that Twenty-five percent (25%) or less of the Leasehold Premises shall be taken, Landlord shall, at its expense, make all necessary repairs or alterations to the basic building, originally installed by Landlord, so as to constitute the remaining leased premises a complete architectural unit.

16. Landlord's and Tenant's Damages. All damages awarded for such taking under the power of eminent domain, whether for the whole or a part of the leased premises, shall belong to and be the property of Landlord whether such damages shall be awarded as compensation for diminution in value to the leasehold or the fee of the premises, and Tenant shall have no claim against either Landlord or the condemning authority with respect thereto; provided, however, that Landlord shall not be entitled to the ward made for depreciation to, and cost of removal of Tenant's stock and fixtures.

17. Default. All rights and remedies of landlord herein enumerated shall be cumulative and none shall exclude any other rights or remedies allowed by law. Tenant the parties covenants and agrees that if a default occurs when:

- a) Tenant shall fail, neglect or refuse to pay any installment of all rent at the time and in the amount as herein provided, or to pay any other monies agreed by it to be paid promptly when and as the same shall become due and payable under the terms hereof, and if any such default should continue for a period of more than ten (10) days;
- b) Tenant shall abandon or vacate the leasehold premises or fail to keep the leased premises continuously and uninterruptedly open for business each business day or shall fail, neglect or refuse to keep and perform any of the other material covenants, conditions, stipulations or agreements herein contained and covenanted and agreed to be kept and performed by it, and in the event any such default shall continue for a period of more than ten (10) days after notice thereof given in writing to tenant by landlord provided however that if the cause for giving such notice involves the making of repairs or other matters reasonable requiring a longer period of time than the period of such notice. Tenant shall be deemed to have complied with such notice so long as it has commenced to comply with said notice within the period set forth in the notice and is diligently prosecuting compliance of said notice or has taken proper steps or proceeding under the circumstances to prevent the seizure, destruction, alteration or other interference with said leased premises by reason on non-compliance with the requirements of any law or ordinance or with the rules, regulations, or

directions of any governmental authority as the case may be; then the tenant does hereby authorize and fully empower said landlord or landlord's agent to terminate this lease at once and to re-enter and take possession of said premises immediately on the day following the final day of the tenant's school year, and by force if necessary, without any previous notice of intention to re-enter and remove all persons and their property, and to use such force and assist in effecting and perfecting such removal of said tenant as may be necessary and advisable to recover at once first and exclusive possession of all said leased premises whether in possession of said tenant or of third persons or otherwise, without being deemed guilty of any manner of trespass and without prejudice to any remedies with might otherwise be used by landlord, in which event this lease shall terminate and tenant shall indemnify the landlord against all unavoidable loss of rent which landlord may incur by reason of such termination during the residue of the term herein specified.

- c) The landlord may, however, at its option, at any time after such default or violation of condition or covenant, re-enter and take possession of said premises without such re-entry working a forfeiture of the rents to be paid and the covenants, agreements and conditions to be kept and performed by tenant for the full term of this lease. In such event landlord shall have the right, but not the obligation, to divide or subdivide the leasehold premises in any manner landlord may determine and to lease or let the same or portions hereof for such period of time and at such rentals and for such use and upon such covenants and conditions as landlord may elect, applying the net rentals from such letting first to the payment of landlord's expenses incurred in dispossessing tenant and the cost and expense of making such improvements in the leasehold premises as may be necessary in order to enable landlord to re-let the same, and to the payment of brokerage commissions or other necessary expenses of landlord in connection with such re-letting. The balance, if any, shall be applied by landlord from time to time on account of the payments due or payable by tenant hereunder, with the right reserved to landlord to bring such action or proceedings for the recovery of any deficits remaining unpaid as landlord may deem favorable from time to time, without being obligated to await the end of the term hereof for the final determination of tenant's account. Any balance remaining however, after full payment and liquidation of landlord's account as aforesaid shall be paid to tenant with the right reserved to landlord at any time to give notice in writing to tenant of landlord's election to cancel and terminate this lease and upon giving of such notice and the simultaneous payments by landlord to tenant of any credit balance in tenant's favor that may at the time be owing to tenant shall constitute a final and effective cancellation and termination of this lease and the obligations hereunder on the part of either party to the other.
- d) Landlord may, at its option, while such default or violation of covenant or condition continues, and after ten (10) days notice of its intention so to do,

declare all the rent reserved for the full term of this lease remaining unpaid due and payable at once; and tenant does hereby empower any attorney of any court of record in the state of California or elsewhere to appear for it and waive the issuance and service of process and confess judgment against it for the whole or any part of said rent and thereafter to release all errors and warrant all rights of appeal and stay of execution. The initial exercise or use of this warrant of attorney shall not exhaust the same, but the same may be used and exercised without limitation as often as necessity for the use of the same arise. The exercise or use of this warrant of attorney shall not prevent landlord from subsequently terminating this lease, by giving notice to tenant of its election so to do and upon its tender to tenant of a sum equal to the amount, if any, paid by the tenant for rents accruing after the date of such termination.

- e) In addition to the other rights granted to the landlord hereunder, landlord may, at its option, while such default or violations of covenants or condition continue(s), and after ten (10) days' notice of its intentions to do so, confess judgment for possession of the leased premise and tenant does hereby empower any attorney of any court to record in the commonwealth of California or elsewhere to appear for it and waive the issuance and service of process and confess a judgment in ejectment.
- f) Also in addition to the other rights granted to landlord under this lease, tenant agrees that in the event that the amounts due landlord under this lease are collected are disputed by law or through an attorney at law through judicial action, the prevailing party is entitled to recovery of reasonable attorneys fees and costs. And judgment is entered in favor of landlord against tenant, whether by confession or otherwise, then tenant agrees to pay all costs of collection, including attorney's fees in the amount of ten percent (10%) of the judgment or five hundred dollars (\$500.00), whichever is greater.

18. Right of Entry. Landlord or Landlord's agent shall have the right to enter the Leasehold Premises at all reasonable times to examine the same, and to make such repairs, alterations, improvements or additions as Landlord may deem necessary or desirable, and Landlord shall be allowed to take all material into and upon said premises that may be required therefore without the same constituting an eviction of Tenant in whole or in part, and the rent reserved shall in now wise abate while said repairs, alterations, improvements or additions are being made, by reason of loss or interruption of business of Tenant, or otherwise.

19. Loss and Damage to Tenant's Property. The Landlord shall not be responsible or liable to the Tenant for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the premises adjacent to the Leasehold Premises or any part, or for any loss or damages resulting to the Tenant or its property from bursting, stoppage or leaking of water, gas, sewer or steam pipes or for any

damage or loss of property within the Leasehold Premises from any cause whatsoever.

20. **Notice by Tenant.** Tenant shall give immediate notice to Landlord in case of fire or accidents in the leased premises or in the building of which the premises are a part or of defects therein or in any fixtures or equipment.

21. **Holding Over.** Any holding over after the expiration of the term hereof with the consent of the Landlord, shall be construed to be a tenancy from month to month (at twice the monthly minimum rental herein specified).

22. **Successors.** All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors, and assigns of the said parties; and if there shall be more than one Tenant, they shall be bound jointly and severally by the terms, covenants and agreements herein. No rights, however, shall inure to the benefit of any assignee of Tenant unless the assignment to such assignee has been approved by Landlord in writing as provided in Paragraph 11 herein.

23. **Landlord's Covenant.** Upon payment by the Tenant of the rents herein provided, and upon the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, Tenant shall peacefully and quietly hold and enjoy the Leasehold Premises for the term hereby demised without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under the Landlord, subject nevertheless to the terms and conditions of this Lease, and any mortgages to which this Lease is subordinate.

24. **Waiver.** One or more waivers of any covenant or condition by Landlord shall not be construed as a waiver of a subsequent breach of the same covenant or condition, and the consent or approval by Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant. No breach of a covenant or condition of this Lease shall be deemed to have been waived by Landlord, unless such waiver is in writing and signed by Landlord.

25. **Notices.** Any notice, demand, request or other instrument which may be or is required to be given under this Lease shall be sent by United States certified mail, return receipt requested, postage prepaid and shall be addressed (a) if to Landlord, at the address first above stated, or at such other address as Landlord shall designate by written notice, (b) if to Tenant, to the leased premises or at such other address as Tenant shall designate by written notice, and shall be effective upon two business days from deposit with the U.S. Postal Service.

26. **Captions and Section Numbers.** The captions, section numbers, and article numbers, appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections of this Agreement nor in any way affect this Agreement Lease.

27. **Recording.** Tenant shall not record this Lease without the written consent of Landlord; however, upon the request of either party hereto, the other party shall join in the execution of a memorandum or so-called "short form" of this Lease for the purpose of recordation. Said memorandum or short form of this Lease shall describe the parties, the Leasehold Premises, the term of this Lease, and special provisions, and shall incorporate this Lease by reference.

28. **Transfer of Landlord's Interest.** In the event of any transfer or transfers of Landlord's interest in the Leasehold Premises, the transferor shall be automatically relieved of any and all obligations on the part of Landlord accruing from and after the date of such transfer, including, but not limited to, any obligation to Tenant with respect to the security deposit referred to in Paragraph 3 of this Lease upon assignment of the same to the transferee, provided that the interest of the transferor, as Landlord, in any funds then in the hands of Landlord in which Tenant has an interest shall be turned over, subject to such interest, to the ten transferee. No holder of a mortgage to which this Lease is or may be subordinate shall be responsible in connection with the security deposited hereunder, unless such mortgagee or hold of such deed of trust shall have actually received the security deposited hereunder.

29. **Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement of any check or any letter accompanying any check or any payment as rent be deemed an accord and satisfaction, and Landlord shall accept such check or payment without prejudice to Landlord's right to cover the balance of such rent or pursue any other remedy in this Lease provided.

30. This Lease shall be governed by and construed in accordance with the laws of California. If any provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease shall not be affected thereby and each provision of the Lease shall be valid and enforceable to the fullest extent permitted by law.

31. **Entire Agreement.** This Lease and the exhibits, if any, attached hereto and forming a part thereof, set forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the leased premises and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than herein set forth. No alterations, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by each party.

32. **Property Tax.** Tenant is exempt for property tax assessment pursuant to Revenue and Taxation Code section 202(a)(3). Tenant and Landlord agree to cooperate in order to obtain exemption determination from County Tax Assessor. Should any governmental taxing authority acting under any present or future law, ordinance or regulation, levy, assess or impose a tax, excise, assessment and/or any business and/or occupation taxes (other than income or franchise tax) upon or against the rentals payable by Tenant to Landlord, either by way of substitution or in addition to any existing tax on land and buildings or otherwise, Tenant shall be responsible for and shall pay such tax, excise, assessment, and any business and occupation taxes levied directly against the Tenant, or shall reimburse Landlord for the amount thereof, as the case may be, as additional rent, on or before the date that any fine, penalty or interest would be added thereto for non-payment. Tenant shall also pay its pro-rata share of any tax or charge levied in lieu of Real Estate taxes.

33. **Indemnification.** Tenant agrees to defend, indemnify and save harmless Landlord against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations, arising from Tenant's use of the Premises or the conduct of its business or from any activity, work or thing done, omitted, permitted or suffered by Tenant in or about the Premises, and will further defend, indemnify and save the Landlord harmless against and from any and all claims arising from any breach or default on Tenant's part in the performance of any covenant or agreement on Tenant's part to be performed, pursuant to the terms of this Lease, or arising from any act or negligence of Tenant, and from and against all costs, counsel fees, experts fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding to be brought against Landlord by reason of any such claim, Tenant upon notice from the Landlord covenants to resist or defend at Tenant's expense such action or proceeding by counsel reasonably satisfactory to Landlord.

Landlord agrees to defend, indemnify and save harmless Tenant against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations, arising from Landlord's use of the Premises or the conduct of its business or from any activity, work or thing done, omitted, permitted or suffered by Landlord in or about the Premises, and will further defend, indemnify and save the Tenant harmless against and from any and all claims arising from any breach or default on Landlord's part in the performance of any covenant or agreement on Landlord's part to be performed, pursuant to the terms of this Lease, or arising from any act or negligence of Landlord, and from and against all costs, counsel fees, experts fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding to be brought against Tenant by reason of any such claim, Landlord upon notice from the Tenant covenants to resist or defend at Landlord's expense such action or proceeding by counsel reasonably satisfactory to Tenant.

34. Heirs and Successors. This agreement shall be binding on and shall inure to the benefit of the parties hereto, their respective heirs, successors, personal representatives and assigns.



7/1/13

Dora Oblanu, CEO

Date

OCI DEVELOPMENT CORPORATION

"LANDLORD"



02/03/14

Edward Cabell, CEO

Date

WISDOM ACADEMY FOR YOUNG SCIENTISTS

"TENANT"

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14. Total Condemnation of Leased Premises. If the whole of the Leasehold Premises shall be taken by any public authority under the power of eminent domain, then the term of this Lease shall cease as of the day possession shall be taken by such public authority and the rent shall be paid up to that day with a proportionate refund by Landlord of such rent as may have been paid in advance for a period subsequent to the day of the taking.

15. Partial Condemnation. If less than the whole but more than Twenty-five percent (25%) of the Leasehold Premises shall be taken under eminent domain, Landlord shall have the right either to terminate this Lease and declare the same null and void, or to restore the remaining portion of the leased premises or the building to a complete architectural unit. In the event Landlord elects to restore, all of the terms herein provided shall continue in effect, except the fixed annual rental shall be reduced in proportion to the amount of the leased premise taken.

If Twenty-five percent (25%) or less of the Leasehold Premises shall be so taken, the lease term shall cease only as to the part so taken as of the day possession shall be taken by such public authority, and Tenant shall pay rent up to that date, with appropriate refund by Landlord of such rent as may have been paid in advance for a period subsequent to the date of the taking, and thereafter the fixed minimum annual rental shall be reduced in proportion to the amount of the leased premises taken. In such event, or in the event that Twenty-five percent (25%) or less of the Leasehold Premises shall be taken, Landlord shall, at its expense, make all necessary repairs or alterations to the basic building, originally installed by Landlord, so as to constitute the remaining leased premises a complete architectural unit.

16. **Landlord's and Tenant's Damages.** All damages awarded for such taking under the power of eminent domain, whether for the whole or a part of the leased premises, shall belong to and be the property of Landlord whether such damages shall be awarded as compensation for diminution in value to the leasehold or the fee of the premises, and Tenant shall have no claim against either Landlord or the condemning authority with respect thereto; provided, however, that Landlord shall not be entitled to the ward made for depreciation to, and cost of removal of Tenant's stock and fixtures.

17. **Default.** All rights and remedies of landlord herein enumerated shall be cumulative and none shall exclude any other rights or remedies allowed by law. Tenant the parties covenants and agrees that if a default occurs when:

- a) Tenant shall fail, neglect or refuse to pay any installment of all rent at the time and in the amount as herein provided, or to pay any other monies agreed by it to be paid promptly when and as the same shall become due and payable under the terms hereof, and if any such default should continue for a period of more than ten (10) days;
- b) Tenant shall abandon or vacate the leasehold premises or fail to keep the leased premises continuously and uninterruptedly open for business each business day or shall fail, neglect or refuse to keep and perform any of the other material covenants, conditions, stipulations or agreements herein contained and covenanted and agreed to be kept and performed by it, and in the event any such default shall continue for a period of more than ten (10) days after notice thereof given in writing to tenant by landlord provided however that if the cause for giving such notice involves the making of repairs or other matters reasonable requiring a longer period of time than the period of such notice. Tenant shall be deemed to have complied with such notice so long as it has commenced to comply with said notice within the period set forth in the notice and is diligently prosecuting compliance of said notice or has taken proper steps or proceeding under the circumstances to prevent the seizure, destruction, alteration or other interference with said leased premises by reason on non-compliance with the requirements of any law or ordinance or with the rules, regulations, or

directions of any governmental authority as the case may be; then the tenant does hereby authorize and fully empower said landlord or landlord's agent to terminate this lease at once and to re-enter and take possession of said premises immediately on the day following the final day of the tenant's school year, and by force if necessary, without any previous notice of intention to re-enter and remove all persons and their property, and to use such force and assists in effecting and perfecting such removal of said tenant as may be necessary and advisable to recover at once first and exclusive possession of all said leased premises whether in possession of said tenant or of third persons or otherwise, without being deemed guilty of any manner of trespass and without prejudice to any remedies with might otherwise be used by landlord, in which event this lease shall terminate and tenant shall indemnify the landlord against all unavoidable loss of rent which landlord may incur by reason of such termination during the residue of the term herein specified.

- c) The landlord may, however, at its option, at any time after such default or violation of condition or covenant, re-enter and take possession of said premises without such re-entry working a forfeiture of the rents to be paid and the covenants, agreements and conditions to be kept and performed by tenant for the full term of this lease. In such event landlord shall have the right, but not the obligation, to divide or subdivide the leasehold premises in any manner landlord may determine and to lease or let the same or portions hereof for such period of time and at such rentals and for such use and upon such covenants and conditions as landlord may elect, applying the net rentals from such letting first to the payment of landlord's expenses incurred in dispossessing tenant and the cost and expense of making such improvements in the leasehold premises as may be necessary in order to enable landlord to re-let the same, and to the payment of brokerage commissions or other necessary expenses of landlord in connection with such re-letting. The balance, if any, shall be applied by landlord from time to time on account of the payments due or payable by tenant hereunder, with the right reserved to landlord to bring such action or proceedings for the recovery of any deficits remaining unpaid as landlord may deem favorable from time to time, without being obligated to await the end of the term hereof for the final determination of tenant's account. Any balance remaining however, after full payment and liquidation of landlord's account as aforesaid shall be paid to tenant with the right reserved to landlord at any time to give notice in writing to tenant of landlord's election to cancel and terminate this lease and upon giving of such notice and the simultaneous payments by landlord to tenant of any credit balance in tenant's favor that may at the time be owing to tenant shall constitute a final and effective cancellation and termination of this lease and the obligations hereunder on the part of either party to the other.
- d) Landlord may, at its option, while such default or violation of covenant or condition continues, and after ten (10) days notice of its intention so to do,

damage or loss of property within the Leasehold Premises from any cause whatsoever.

20. **Notice by Tenant.** Tenant shall give immediate notice to Landlord in case of fire or accidents in the leased premises or in the building of which the premises are a part or of defects therein or in any fixtures or equipment.

21. **Holding Over.** Any holding over after the expiration of the term hereof with the consent of the Landlord, shall be construed to be a tenancy from month to month (at twice the monthly minimum rental herein specified).

22. **Successors.** All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors, and assigns of the said parties; and if there shall be more than one Tenant, they shall be bound jointly and severally by the terms, covenants and agreements herein. No rights, however, shall inure to the benefit of any assignee of Tenant unless the assignment to such assignee has been approved by Landlord in writing as provided in Paragraph 11 herein.

23. **Landlord's Covenant.** Upon payment by the Tenant of the rents herein provided, and upon the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, Tenant shall peacefully and quietly hold and enjoy the Leasehold Premises for the term hereby demised without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under the Landlord, subject nevertheless to the terms and conditions of this Lease, and any mortgages to which this Lease is subordinate.

24. **Waiver.** One or more waivers of any covenant or condition by Landlord shall not be construed as a waiver of a subsequent breach of the same covenant or condition, and the consent or approval by Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant. No breach of a covenant or condition of this Lease shall be deemed to have been waived by Landlord, unless such waiver is in writing and signed by Landlord.

25. **Notices.** Any notice, demand, request or other instrument which may be or is required to be given under this Lease shall be sent by United States certified mail, return receipt requested, postage prepaid and shall be addressed (a) if to Landlord, at the address first above stated, or at such other address as Landlord shall designate by written notice, (b) if to Tenant, to the leased premises or at such other address as Tenant shall designate by written notice, and shall be effective upon two business days from deposit with the U.S. Postal Service.

26. **Captions and Section Numbers.** The captions, section numbers, and article numbers, appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections of this Agreement nor in any way affect this Agreement Lease.

27. **Recording.** Tenant shall not record this Lease without the written consent of Landlord; however, upon the request of either party hereto, the other party shall join in the execution of a memorandum or so-called "short form" of this Lease for the purpose of recordation. Said memorandum or short form of this Lease shall describe the parties, the Leasehold Premises, the term of this Lease, and special provisions, and shall incorporate this Lease by reference.

28. **Transfer of Landlord's Interest.** In the event of any transfer or transfers of Landlord's interest in the Leasehold Premises, the transferor shall be automatically relieved of any and all obligations on the part of Landlord accruing from and after the date of such transfer, including, but not limited to, any obligation to Tenant with respect to the security deposit referred to in Paragraph 3 of this Lease upon assignment of the same to the transferee, provided that the interest of the transferor, as Landlord, in any funds then in the hands of Landlord in which Tenant has an interest shall be turned over, subject to such interest, to the ten transferee. No holder of a mortgage to which this Lease is or may be subordinate shall be responsible in connection with the security deposited hereunder, unless such mortgagee or hold of such deed of trust shall have actually received the security deposited hereunder.

29. **Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement of any check or any letter accompanying any check or any payment as rent be deemed an accord and satisfaction, and Landlord shall accept such check or payment without prejudice to Landlord's right to cover the balance of such rent or pursue any other remedy in this Lease provided.

30. This Lease shall be governed by and construed in accordance with the laws of California. If any provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease shall not be affected thereby and each provision of the Lease shall be valid and enforceable to the fullest extent permitted by law.

31. **Entire Agreement.** This Lease and the exhibits, if any, attached hereto and forming a part thereof, set forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the leased premises and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than herein set forth. No alterations, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by each party.

32. **Property Tax.** Tenant is exempt for property tax assessment pursuant to Revenue and Taxation Code section 202(a)(3). Tenant and Landlord agree to cooperate in order to obtain exemption determination from County Tax Assessor. Should any governmental taxing authority acting under any present or future law, ordinance or regulation, levy, assess or impose a tax, excise, assessment and/or any business and/or occupation taxes (other than income or franchise tax) upon or against the rentals payable by Tenant to Landlord, either by way of substitution or in addition to any existing tax on land and buildings or otherwise, Tenant shall be responsible for and shall pay such tax, excise, assessment, and any business and occupation taxes levied directly against the Tenant, or shall reimburse Landlord for the amount thereof, as the case may be, as additional rent, on or before the date that any fine, penalty or interest would be added thereto for non-payment. Tenant shall also pay its pro-rata share of any tax or charge levied in lieu of Real Estate taxes.

33. **Indemnification.** Tenant agrees to defend, indemnify and save harmless Landlord against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations, arising from Tenant's use of the Premises or the conduct of its business or from any activity, work or thing done, omitted, permitted or suffered by Tenant in or about the Premises, and will further defend, indemnify and save the Landlord harmless against and from any and all claims arising from any breach or default on Tenant's part in the performance of any covenant or agreement on Tenant's part to be performed, pursuant to the terms of this Lease, or arising from any act or negligence of Tenant, and from and against all costs, counsel fees, experts fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding to be brought against Landlord by reason of any such claim, Tenant upon notice from the Landlord covenants to resist or defend at Tenant's expense such action or proceeding by counsel reasonably satisfactory to Landlord.

Landlord agrees to defend, indemnify and save harmless Tenant against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations, arising from Landlord's use of the Premises or the conduct of its business or from any activity, work or thing done, omitted, permitted or suffered by Landlord in or about the Premises, and will further defend, indemnify and save the Tenant harmless against and from any and all claims arising from any breach or default on Landlord's part in the performance of any covenant or agreement on Landlord's part to be performed, pursuant to the terms of this Lease, or arising from any act or negligence of Landlord, and from and against all costs, counsel fees, experts fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding to be brought against Tenant by reason of any such claim, Landlord upon notice from the Tenant covenants to resist or defend at Landlord's expense such action or proceeding by counsel reasonably satisfactory to Tenant.

34. Heirs and Successors. This agreement shall be binding on and shall inure to the benefit of the parties hereto, their respective heirs, successors, personal representatives and assigns.

Dora Obien 7/1/13

Dora Obien, CEO

Date

OCI DEVELOPMENT CORPORATION

"LANDLORD"

Edward Cabli 02/03/14

Edward Cabli, CEO

Date

WISDOM ACADEMY FOR YOUNG SCIENTISTS

"TENANT"

EXHIBIT 8

MERLE WILLIAMSON FOUNDATION
DBA: WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A CALIFORNIA NON-PROFIT ORGANIZATION)
AUDITED FINANCIAL STATEMENTS
FOR THE TWELVE MONTH ENDED JUNE 30, 2012

000535

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Not-for-Profit Organization)

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Clem Payne, Jr.
CERTIFIED PUBLIC ACCOUNTANT

Board of Directors of
Merle Williamson Foundation, dba
Wisdom Academy for Young Scientists
Los Angeles, California

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of Wisdom Academy for Young Scientists (WAYS) (a California not-for-profit organization), as of June 30, 2012, and the related statements of activities and changes in net assets, and cash flows for the twelve months period then ended. These financial statements are the responsibility of Wisdom Academy for Young Scientists' management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the organization's 2011 financial statements and, in my report dated December 14, 2011, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the Education Audit Appeals Panel's Standards and Procedures for Audits of California K-12 Local Educational Agencies. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that our audit provides a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wisdom Academy for Young Scientists as of June 30, 2012, and the changes in its net assets and cash flows for the twelve months period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated December 31, 2012 on my consideration of **Wisdom Academy for Young Scientists'** internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

My audit was conducted for the purpose of forming an opinion on the financial statements of **Wisdom Academy for Young Scientists**. The accompanying schedule of federal awards required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and the additional supplementary information section is presented for the purpose 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, in my opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Clem Payne, Jr., CPA
Altadena, California
December 31, 2012

WISDOM ACADEMY FOR YOUNG SCIENTISTS
STATEMENT OF FINANCIAL POSITION

June 30,

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 49,188	\$ 513,331
Accounts receivable - Sponsoring Districts (Note 3)	27,961	
Accounts receivable - (Note 3)	1,256,875	525,547
Due from former Executive Director (Note 13)	10,120	
Security deposits	30,911	
Prepaid expenses	18,870	45,756
Total current assets	<u>1,393,925</u>	<u>1,084,634</u>
FURNITURE, EQUIPMENT AND IMPROVEMENTS:		
Furniture and equipment (Note 4)	141,990	77,221
Computers and equipment (Note 4)	37,987	
Leasehold improvements (Note 4)	275,783	197,312
Leasehold improvements - ERate (Note 4)	35,483	35,483
Less: accumulated depreciation (Note 4)	(85,093)	(53,691)
Total furniture, equipment and improvements	<u>406,150</u>	<u>256,325</u>
Total assets	<u>\$ 1,800,075</u>	<u>\$ 1,340,959</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 62,724	\$ 56,732
Settlement payable - (Note 11)	228,665	
Due to Sponsoring District		5,470
Credit card payable	4,480	5,303
Payroll liabilities	27,172	29,125
Total current liabilities	<u>323,041</u>	<u>96,630</u>
LONG - TERM LIABILITIES:		
Line of credit - Wells Fargo (Note 9)	250,000	
Total liabilities	<u>573,041</u>	<u>96,630</u>
NET ASSETS		
Unrestricted	1,284,221	1,249,799
Temporarily restricted - (deficit)	(57,187)	(5,470)
Total net assets	<u>1,227,034</u>	<u>1,244,329</u>
Total liabilities and net assets	<u>\$ 1,800,075</u>	<u>\$ 1,340,959</u>

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the twelve month ended June 30,

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT:				
General purpose block grant	\$ 1,634,727	\$	\$ 1,634,727	\$ 982,763
Categorical block grant	276,279		276,279	211,468
Class size reduction	232,407		232,407	89,182
Private contributions	2,304		2,304	8,446
Federal income		85,257	85,257	61,086
Charter school facilities grant	184,983		184,983	118,461
In-lieu property taxes	558,869		558,869	353,049
In-lieu property taxes - prior year			-	8,304
After school education and safety	112,500		112,500	112,500
Fundraising income	2,736		2,736	9,259
Special education		186,214	186,214	204,578
Child nutrition - federal		307,168	307,168	147,788
Child nutrition - state	16,815		16,815	9,695
Title II			-	4,254
Title I		19,085	19,085	49,576
Facility reimbursement			-	52,738
Other state income	141,591		141,591	89,549
Other local income	6,284		6,284	143,789
Interest income	653		653	1,488
Net assets released from restrictions	649,441	(649,441)	-	-
Total revenue and support	3,819,589	(51,717)	3,767,872	2,657,973
EXPENSES:				
Certificated salaries	1,273,808		1,273,808	833,752
Classified salaries	407,908		407,908	277,200
Fringe benefits	355,384		355,384	172,429
Settlement payment - (Note 11)	228,665		228,665	
Books and supplies	161,609		161,609	126,532
Contract services and other expenses	941,264		941,264	766,181
Occupancy, repairs, and rental	391,331		391,331	193,612
Fundraising expenses	390		390	9,600
Depreciation	31,402		31,402	19,081
Other outgo	2,520		2,520	15,314
Total expenses	3,794,281	-	3,794,281	2,413,701
Increase (decrease) in net assets	25,308	(51,717)	(26,409)	244,272
Net assets, beginning of the year	1,249,799	(5,470)	1,244,329	1,006,531
Prior year adjustments (Note 15)	9,114	-	9,114	(6,474)
Net assets, end of the year	\$ 1,284,221	\$ (57,187)	\$ 1,227,034	\$ 1,244,329

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS
STATEMENT OF CASH FLOW
For the twelve month ended June 30,

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Changes in net assets	\$ (26,409)	\$ 244,272
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	31,402	19,081
Prior period adjustments	9,114	(6,474)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable - sponsoring district	(27,961)	53,977
Accounts receivable	(731,328)	(157,346)
Due from former executive director	(10,120)	
Security deposits	(30,911)	
Prepaid expenses	26,886	(11,698)
Increase (decrease) in liabilities:		
Accounts payable	5,993	(18,400)
Due to Sponsoring District	(5,470)	5,470
Settlement payable	228,665	
Other liabilities	(823)	5,303
Payroll liability	(1,954)	18,918
Net cash provided by operating activities	<u>(532,916)</u>	<u>153,103</u>
Cash flows from investing activities:		
Purchase of computers and improvements	<u>(181,227)</u>	<u>(62,308)</u>
Net cash used by investing activities	<u>(181,227)</u>	<u>(62,308)</u>
Cash flows from financing activities:		
Proceed from line of credit - Wells Fargo	<u>250,000</u>	
Net cash provided by (used in) financing activities:	<u>250,000</u>	
Net increase (decrease) in cash	(464,143)	90,795
Cash and cash equivalents- beginning of the year	<u>513,331</u>	<u>422,536</u>
Cash and cash equivalents - end of the year	<u>\$ 49,188</u>	<u>\$ 513,331</u>
Supplemental Disclosures:		
Cash paid for interest expense	<u>\$ 1,319</u>	<u>\$ -</u>

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2012

NOTE 1 - ORGANIZATION

NATURE OF BUSINESS

Merle Williamson Foundation doing business as Wisdom Academy for Young Scientists (WAYS) is a public charter school of approximately 520 students located in South Los Angeles, serving kindergarten through fifth grade education. Opened in 2006, WAYS serve a population of students traditionally labeled as underperforming or high-risk students. As a charter school, WAYS was created under the approval of the Los Angeles Unified School District and the California State Board of Education, and receives public per-pupil funding to help support its operations. On June 30, 2011, Wisdom Academy for Young Scientists' charter expired and was not renewed with the Los Angeles Unified School District.

Effective July 1, 2011, Wisdom Academy for Young Scientists was chartered under the authority of the Los Angeles County Board of Education (LACOE).

WAYS was granted the Accreditation of Commission for Schools of the Western Association of Schools and Colleges. The term of the accreditation will run through June 30, 2013. WAYS is economically dependent on federal and state funding provided through the Los Angeles County Board of Education.

In 2011-2012, WAYS scored 716 on the Academic Performance Index (API).

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2012

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - continued

The summary of Significant Accounting Policies of WAYS is presented to assist in understanding the organization's financial statements. The financial statements and notes are representations of WAYS' management, who are responsible for their integrity and objectivity.

WAYS accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's "California School Accounting Manual". WAYS conforms to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Financial Statements Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of FASB ASC 958-205, (prior authoritative literature: SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*). Accordingly, WAYS' financial statements are present on the following three classes of net assets: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Temporarily restricted and permanently restricted net assets are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

Revenue Recognition

Amounts received from the California Department of Education are recognized as revenue by WAYS based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in unrestricted net assets, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flow, WAYS considered all liquid investments with a maturity three months or less to be cash equivalents.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2012

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Basis of Accounting

The financial statements of WAYS have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounts Receivable

WAYS accounts receivable consists of amounts due from government sources only. No allowance for doubtful accounts has been established as WAYS deems all amounts to be fully collectible.

Contributions and Contributed Services

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor as required by SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Amounts received that are designated for specific use in future periods are reported as temporarily restricted. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets for expenditure.

Use of Estimates

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

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2012

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Equipment and Improvements

Equipment and improvements are recorded at cost. All property, equipment and improvements with a value of \$1,000 or greater and a useful life of 1 year or more are capitalized. Improvements are depreciated under a straight-line method over their estimated useful lives of 20 years. Equipment is depreciated under straight-line method over the estimated useful life of five to seven years. The depreciation expense for the year ended June 30, 2012 is \$31,402.

Income Taxes

WAYS is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for income taxes.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with WAYS' financial statements for the twelve months period ended June 30, 2011, from which summarized information was derived.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2012

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2012, reported as follows:

General purpose block grant	\$ 697,820
Los Angeles Unified School District	27,961
Special Education	151,044
Categorical grant	28,790
Class size reduction	64,314
Child nutrition - federal	38,088
Child nutrition	67,185
Facility grant	184,983
After school grant	39,375
Total	<u>\$ 1,299,560</u>

NOTE 4 - EQUIPMENT AND IMPROVEMENTS

Below is the summary of the changes in fixed assets owned by Wisdom Academy for Young Scientists for the year ended June 30, 2012:

Description	Balance at 7/1/2011	Additions (deletions)	Balance at 6/30/12
Leasehold improvements	\$ 197,312	\$ 78,471	\$ 275,783
Leasehold improvements - ERate	35,483		35,483
Computer and equipment		37,987	37,987
Furniture and equipment	<u>77,221</u>	<u>64,769</u>	<u>141,990</u>
Total fixed assets	310,016	181,227	491,243
Accumulated depreciation	<u>(53,691)</u>	<u>(31,402)</u>	<u>(85,093)</u>
Net fixed assets	<u>\$ 256,325</u>	<u>\$ 149,825</u>	<u>\$ 406,150</u>

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - DONATED SERVICES

No amounts have been reflected in the accompanying financial statements for donated services inasmuch as no objective basis was available to measure the value of such services; however, some volunteers have donated their time to WAYS.

NOTE 6 - RECONCILIATION OF ANNUAL FINANCIALS

The schedule on page 17 were prepared by WAYS for the Los Angeles Unified School District.

NOTE 7 - COMMITMENTS

As such, WAYS entered into a twelve-month agreement for its main facility located on 706 East Manchester Avenue, L.A., CA with OCI Development Corporation. Monthly lease payments began at \$13,052. The agreement requires annual rent rate to increase by 3.0% each year. The lease will expire in June 2012. Payments made on this facility lease totaled \$156,627 for the year ended June 30, 2012.

At the same time, WAYS entered into a twelve-month agreement with OCI Development Corporation for the property located at 8778 Central Avenue, L.A., CA. Monthly lease payments began at \$4,367. The agreement requires annual rent rate to increase by 3.0% each year. The lease will expire in June 2012. Payments made on this facility lease totaled \$52,404 for the year ended June 30, 2012.

WAYS entered into a five-year lease agreement for a facility for additional occupancy and parking near its main facility. The lease commenced in December 2007. Monthly lease payments are \$1,450 for the duration of the lease. The lease will expire in December 2012. Payments made on the facility lease totaled \$17,400 for the twelve months ended June 30, 2012.

WAYS entered into a twelve-month agreement with The Salvation Army for the property located at 7651 South Central Avenue, L.A., CA. The lease commenced in August 2011. Monthly lease payments began at \$13,492. The lease will expire in July 2012. Payments made on this facility lease totaled \$136,413 for the year ended June 30, 2012.

The future minimum lease payments due for the next year are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 379,632

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2012

NOTE 8 - EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS). WAYS is not eligible to participate in Public Employees' Retirement System (PERS).

State Teachers' Retirement System (STRS)

Plan Description

WAYS contributes to the State Teachers' Retirement System (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. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and WAYS 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 2011-12 is 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS

WAYS' contributions to STRS and PERS for this fiscal year are as follows:

Year Ended June 30	STRS Required Contribution	STRS Percent Contributed
2012	\$96,379	100%

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – LINE OF CREDIT – WELLS FARGO

WAYS obtained a revolving line of credit with Wells Fargo Bank that allows WAYS to borrow up to a maximum of \$250,000. As of June 30, 2012, WAYS had \$250,000 outstanding on the line of credit. The line of credit matures on February 15, 2013. The interest rate on the line of credit is 5%.

Total interest charge to expense for the year ended June 30, 2012 was \$1,319.

As December 31, 2012, WAYS outstanding line of credit balance was paid in full.

NOTE 10 - RELATED PARTIES TRANSACTIONS

A related party is one which controls, exercises significant influences over, or is significantly influenced by a group or member in making financial, and operating decisions, along with any group member, is subject to common control or significant influence.

DeDe Dance Studio, a non-profit organization, provided after school program service to WAYS. WAYS' assistant principal is the executive director of the DeDe Dance Studio and is related to the WAYS' Director of Operations. During the year ended June 30, 2012, DeDe Dance Studio received payments of \$36,000 from WAYS.

As of December 31, 2012, DeDe Dance Studio corporate status is suspended with the California Secretary of State.

NOTE 11 – SETTLEMENT WITH FORMER EXECUTIVE DIRECTOR

On October 26, 2012, WAYS and the former executive director entered into a settlement agreement and mutual release of claims. WAYS paid the former executive director a sum of \$228,665.38 to settle all claims arising or any way relating to the dispute. In consideration, the former executive director release and discharge WAYS from all cause of action relating to the dispute.

Because the proposed settlement was initiated by letters dated January and May 2012 and as such was related to the June 30, 2012 year end. The amount of \$228,665.38 is recognized on the June 30, 2012 statement of financial position as a liability and the statement of activities as a payroll related transaction.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTE 12 - PENDING CLAIMS AND LITIGATION

On April 12, 2011, WAYS has been named in a wrongful employment termination by Plaintiff, who was a former teacher at WAYS. The stated cause of action for wrongful termination is violation of the Labor Code section 1102.5.

A trial was recently held and on December 4, 2012, the jury found in favor of the Plaintiff. A judgment was entered in the amount of \$566,803 against the school.

December 31, 2012, management has brought post-trial motion and is contesting the verdict on the grounds that the Plaintiff did not present sufficient evidence to overcome the substantial evidence establishing she was terminated for legitimate, non-retaliatory reasons. The motion is scheduled to be heard in Los Angeles County Superior Court on January 17, 2013. Pending the hearing on this motion, the process to satisfy the existing monetary judgment has not been initiated.

NOTE 13 - DUE FROM FORMER EXECUTIVE DIRECTOR

Prepaid rent in the amount of \$10,120 was paid in the fiscal year 2009-10 to the former executive director. The executive director was also the organization landlord. The prepaid amount was not subsequently earned through the period ending of 6/30/12 and therefore due back to WAYS.

NOTE 14 - SUBSEQUENT EVENTS

WAYS has evaluated subsequent events through December 31, 2012, the date which the financial statements were available to be issued.

WAYS entered into two one-year lease agreements for educational facility located on 706 East Manchester Avenue and 8778 Central Avenue. The lease will commence on July 2012, and ending on the 30th day of June 2013. Monthly lease payments for each property are \$13,559 and \$4,467.

In addition, WAYS entered into a one-year lease with the Salvation Army on 7651 Central Avenue. The monthly lease payments are \$12,548. The lease will commence on August 2012, and ending on July 2013.

NOTE 15 - Prior Period Adjustments

Miscellaneous adjustments to the prior period resulted primarily from correction to petty cash, payable and prepaid expenses.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

SUPPLEMENTARY INFORMATION SECTION

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

**RECONCILIATION OF ANNUAL FINANCIAL
REPORT WITH AUDITED FINANCIAL STATEMENTS**

For the year ended June 30, 2012

	<u>2012</u>
June 30, 2012 unaudited financial report fund balances (net assets)	<u>\$ 1,197,837</u>
Adjustments and Reclassifications:	
Increasing (Decreasing) the Fund Balance (Net Assets)	
Cash in bank	16,346
Accounts receivable	239,892
Other assets	
Prepaid expenses	17,089
Property and equipment	33,576
Accumulated depreciation	(31,404)
(Increase) decrease in liabilities:	
Accounts payable	(8,639)
Settlement Payable	(228,665)
Rounding	2
Current Loans	
Net adjustments and reclassifications	<u>38,197</u>
June 30, 2012 Audited Financial Statement Fund Balance	<u>\$ 1,236,034</u>

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF INSTRUCTIONAL MINUTES
Twelve Months Period ended June 30, 2012

	<u>Requirement</u>	<u>Actual</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarden	33,531	64,800	180	In compliance
Grade 1 through 3	46,944	64,800	180	In compliance
Grade 4 through 5	46,944	64,800	180	In compliance

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF AVERAGE DAILY ATTENDANCE
Twelve Months Period ended June 30, 2012

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Kindergarten	84.45	84.45	84.51	84.51
Grade 1 through 3	226.73	226.73	215.93	215.93
Grade 4 through 5	138.30	138.30	130.33	130.33
ADA Totals	449.48	449.48	430.77	430.77

WISDOM ACADEMY FOR YOUNG SCIENTISTS

NOTES TO SUPPLEMENTARY INFORMATION
Twelve Months Period ended June 30, 2012

NOTE 1 - PURPOSE OF SCHEDULES

A. Schedule of Instructional Minutes

This schedule presents information on the amount of instructional time offered by the Academy and whether the Academy complied with the provisions of Education Code Sections 46200 through 46206.

B. Schedule of Average Daily Attendance (ADA)

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2012

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA number</u>	<u>Contract period</u>	<u>Expenditures</u>
UNITED STATES DEPARTMENT OF EDUCATION/			
Pass through State Department of Education/			
Title I	84.010	7/1/11-6/30/12	\$ 127,246
Charter School Facilities Incentive Grant	84.282D	7/1/11-6/30/12	<u>37,684</u>
Total United States Department of Education			<u>164,930</u>
UNITED STATES DEPARTMENT OF AGRICULTURE			
Pass through State Department of Education Child Nutrition/			
Fiscal Services			
Child Nutrition - Federal	10.555	7/1/11-6/30/12	<u>296,287</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>461,217</u>

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Twelve Months Period ended June 30, 2012

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Wisdom Academy for Young Scientists and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

ORGANIZATION STRUCTURE

Twelve Months Period ended June 30, 2012

Wisdom Academy for Young Scientists (#839) was formed as charter pursuant to Education Code Section 47600 under an agreement with Los Angeles Unified District granted in July, 2006.

WAYS' vision is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

School Board

Name	Term on Board Expires	Board
Karen Haynes	June 30, 2013	Secretary
Dr. Dorothy Valenti	June 30, 2014	Chairperson
Norman Golden	June 30, 2014	Member
Armando Espinosa	June 30, 2014	Member
Cheryl Johnson	June 30, 2014	Member
Eleanor Jones	June 30, 2014	Member

Administration

Edward Cabil
Jason Okonkwo

Executive Director
Director of Operations

Clem Payne, Jr.
CERTIFIED PUBLIC ACCOUNTANT

**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
Merle Williamson Foundation, dba.
Wisdom Academy for Young Scientists (WAYS)
Los Angeles, California

I have audited the financial statements of Wisdom Academy for Young Scientists (WAYS) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 31, 2012. I conducted my 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.

Internal Control Over Financial Reporting

Management of Wisdom Academy for Young Scientists (WAYS) is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Wisdom Academy for Young Scientists' internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wisdom Academy for Young Scientists' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wisdom Academy for Young Scientists' internal control over financial reporting.

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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**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* - continued**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Wisdom Academy for Young Scientists'** financial statements are free of material misstatement, I 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, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, the Los Angeles County of Education, the California Department of Education, the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.



Clem Payne, Jr., CPA
Altadena, California
December 31, 2012

Clem Payne, Jr.
CERTIFIED PUBLIC ACCOUNTANT

Board of Directors
Merle Williamson Foundation, dba.
Wisdom Academy for Young Scientists
Los Angeles, California

I have audited the financial statements of the Wisdom Academy for Young Scientists (WAYS) as of and for the year ended June 30, 2012 and have issued my report thereon dated December 31, 2012. I conducted my 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. I have also audited the WAYS' compliance with the requirements specified in the State's audit guide, Standards and Procedures for Audits of California K-12 Local Education Agencies 2011-12, published by the Education Audit Appeals Panel, applicable to the WAYS' statutory requirements identified below for the year ended June 30, 2012. Compliance with the requirements referred to above is the responsibility of the WAYS' management. My responsibility is to express an opinion on the WAYS' compliance based on our audit.

The auditing standards referred to above require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the state laws and regulations applicable to the items in the schedule below occurred. An audit includes examining, on a test basis, evidence about the WAYS' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for our opinion. My audit does not provide a legal determination of the WAYS' compliance with those requirements.

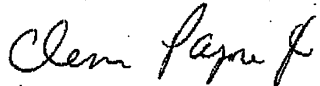
In connection with the audit referred to above, I selected and tested transactions and records to determine the WAYS' compliance with the state laws and regulations applicable to the following items:

<u>State Compliance Procedures for Charter Schools:</u>	<u>Procedures In Audit Guide</u>	<u>Procedures Performed</u>
Class Size Reduction Program		
General Requirements	7	Not Applicable
Option One Classes	3	Not Applicable
Option Two Classes	4	Not Applicable
Only One School Serving Grades L-3		
After School Education and Safety Program:		
General Requirements	4	Yes
After School	4	Yes
Before School	5	Not Applicable
Contemporaneous Records of Attendance	1	Yes
Mode of Instruction	1	Yes
Non-classroom – Based Instructions/ Independent Study	15	Not Applicable
Determination of Funding for Non-class Based Instructions	3	Not Applicable
Annual Instructional Minutes – Classroom Based	3	Yes

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

In my opinion, Wisdom Academy for Young Scientists complied, in all material respects, with the 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, 2012.

This report is intended solely for the information and use of the Wisdom Academy for Young Scientists' Board of Directors, management, the Los Angeles County Office of Education, the California Department of Education, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.


Clem Payne, Jr., CPA
Altadena, California
December 31, 2012

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Twelve Months Period ended June 30, 2011

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?

Yes No X

One or more significant deficiencies identified
are not considered to be material weaknesses?

Yes X No

Noncompliance material to financial statement
noted?

Yes No X

2. State Awards

Internal control over state programs:

Material weaknesses identified?

Yes No X

Significant deficiencies identified not considered
to be material weaknesses?

Yes No X

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

Unqualified

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2012

Significant Deficiencies

Finding 11-01/30000

Deficiency in Internal Control Condition – Bank Reconciliation Over Site

Criteria

Proper internal controls dictate that a supervisor or officer of the organization should review bank reconciliation to ensure that reconciliation is performed in a timely manner and any necessary adjustment is properly authorized.

Condition

Bank reconciliations were not properly reviewed resulting in inconsistent bank to book balances and lack of over site over the bank reconciliation process.

Questioned Costs

None

Context

All material cash transactions were properly reconciled and recorded in the general ledger.

Effect

If the cash reconciliation process does not ensure that all reconciling items are properly identified and recorded, a transaction material to the cash account might not be recorded properly, resulting in a material misstated financial statements.

Cause

The Organization has not established adequate procedures to ensure that bank reconciliations were reviewed monthly by a supervisor who should compare the reconciled cash balance to the general ledger cash account balance, review and research all reconciling items and authorize any correcting entries needed.

Recommendation

The Organization should establish procedures to ensure that an officer or a supervisor reviews the monthly bank reconciliation and authorize any correcting entries as applicable.

Organization's Response

Wisdom for Young Scientists will continue the audit recommendation. WAYS will implement policies and procedures that will require an explanation for any difference between the reconciled cash balance and the related general account balance. An employee or officer who does not have custody or access to cash and who does not record cash related transaction will review monthly bank reconciliation and authorize any correcting entries as applicable.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
June 30, 2012

Significant Deficiencies:

Finding 11-02 /30000

Deficiency in Internal Control Condition – Payroll Expense Reconciliation

Criteria

A good internal control system uses reconciliation for significant general ledger accounts as a mechanism to verify accuracy, determine validity of purpose and allowableness of recorded transactions.

Condition

Payroll expenses were not consistently reconciled to the general ledger.

Questioned Costs

None

Context

The payroll expense reconciling items were not material for the current year financial statements.

Effect

If payroll expenses are not properly reconciled and adjusted in a timely manner, unresolved discrepancies could result in materially misstated financial statements.

Cause

The Organization has not adequately established written policies and procedures to ensure the timely reconciliation of payroll expenses.

Recommendation

The Organization should establish clear policies and procedures to reconcile payroll expenses monthly and an independent person should perform the reconciliation. The reconciliation should be in writing and approved by management.

Organization's Response

Wisdom Academy For Young Scientists will develop policies and procedures to reconcile payroll expenses on a regular basis. Management will review and monitor the payroll expense reconciliation.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2011

Combined Significant Deficiencies that Resulted in a Material Weakness

Finding 11-01/30000

Deficiency in Internal Control Condition – Untimely Deposit of Cash Receipts

Criteria

Effective Internal control over cash receipts ensures that all funds are timely deposited in the bank and are properly recorded in the appropriate general account.

Condition

An examination of cash receipts disclosed an incident where a check received was not deposited or recorded timely.

Questioned Costs

None

Context

There were no effect on the current financial statement because the funds were deposited in the proper period.

Effect

Untimely deposit of cash receipts risk the mismanagement of funds (either fraud or loss), misstatement of revenue, receivable or cash, and possible noncompliance with contracts, or laws & regulations.

Cause

A customer's check that was placed in a desk draw was inadvertently over looked and not deposited timely.

Recommendation

The Organization should ensure that all funds are deposited timely. Mail should be open by an employee that restrict endorses all checks, prepares deposited slip and forward a copy of deposit slips and check received to accounting for recording. Monthly bank reconciliation should always compare deposit reported per bank to recorded deposit.

Organization's Response

Wisdom Academy For Young Scientists will establish procedures and over site that will ensure that all cash receipts are deposited and recorded timely.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS – Continued

Combined Significant Deficiencies that Resulted in a Material Weakness

Finding 11-02/30000

Deficiency in Internal Control Condition – Bank Reconciliation Over Site

Criteria

Proper internal controls dictate that a supervisor or officer of the organization should review bank reconciliation to ensure that reconciliation is performed in a timely manner and any necessary adjustment is properly authorized.

Condition

Bank reconciliations were not properly reviewed resulting in inconsistent bank to book balances and lack of over site over the bank reconciliation process.

Questioned Costs

None

Context

All material cash transactions were properly reconciled and recorded in the general ledger.

Effect

If the cash reconciliation process does not ensure that all reconciling items are properly identified and recorded, a transaction material to the cash account might not be recorded properly, resulting in a material misstated financial statements.

Cause

The Organization has not established adequate procedures to ensure that bank reconciliations were reviewed monthly by a supervisor who should compare the reconciled cash balance to the general ledger cash account balance, review and research all reconciling items and authorize any correcting entries needed.

Recommendation

The Organization should establish procedures to ensure that an officer or a supervisor reviews the monthly bank reconciliation and authorize any correcting entries as applicable.

Organization's Response

Wisdom Academy For Young Scientists will implement policies and procedures that will require an employee or officer who does not have custody or access to cash and who does not record cash related transaction to review monthly bank reconciliation and authorize any correcting entries as applicable.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS –(Continued)

June 30, 2011

Combined Significant Deficiencies that Resulted in a Material Weakness

Finding 11-03 /30000

Deficiency in Internal Control Condition – Account Receivable Reconciliation

Criteria

Effective internal control over financial reporting necessitate that accounts receivable subsidiary ledger balances should be reconciled to the general ledger account balance and reconciling items should be investigated and cleared in a timely manner.

Condition

The accounts receivable general ledger balance was not reconciled to the accounts receivable subsidiary ledger balances.

Questioned Costs

None

Context

The differences noted were not material to the current year financial statements.

Effect

Not reconciling accounts receivable general ledger account balance to the accounts receivable subsidiary ledger balances could result in materially errors or possible fraudulent activities going undetected resulting in materially misstated financial statements.

Cause

The Organization has not adequately established written policies and procedures to ensure that the general ledger accounts receivable balance is properly reconciled to subsidiary ledger balances and that difference are investigated and cleared in a timely manner.

Recommendation

The Organization should establish clear policy and procedures to ensure that general ledger control account balances are properly reconciled to subsidiary ledger balances and that any differences be investigated and cleared in a timely manner.

Organization's Response

Wisdom Academy For Young Scientists will develop policies and procedures regarding reconciling general ledger control accounts balances to subsidiary ledger balances. Such procedures will include proper review and supervision.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS - Continued

Combined Significant Deficiencies that Resulted in a Material Weakness

Finding 11-04 /30000

Deficiency in Internal Control Condition – Recording Transaction Without Complete Supporting Documentation

Criteria

Effective internal controls over cash disbursements requires that adequate supporting documentation be attached or otherwise matched to all check requests processed for payment and that such supporting documentation be the basis for recording in financial records.

Condition

During the examination it was noted that supporting documentation for several disbursements were not complete.

Questioned Costs

None

Context

Once notified about the missing documents, the Organization located the proper supporting documentations which were either misfiled or unfiled at that time. As such, there were no effect on the current year financial statements

Effect

Lack of complete supporting documentation could result in payments made for goods or services not received, duplicate payments or payments that are incorrect or fraudulent. In addition records could be lost destroyed, misused or altered to the detriment of the Organization. The results could be material misstated financial statements

Cause

The Organization has not adequately established written policies and procedures and over site to ensure that all check requests are accompanying by proper and complete supporting documentation.

Recommendation

The Organization should establish clear policies and procedures for the approval of all check request and all check requests should be supported by proper and complete documentation.

Organization's Response

Wisdom Academy For Young Scientists will develop policies and procedures requiring complete supporting documentation for all check requests.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS – Continued

Significant Deficiencies:

Finding 11-05/30000

Deficiency in Internal Control Condition – Payroll Expense Reconciliation

Criteria

A good internal control system uses reconciliation for significant general ledger accounts as a mechanism to verify accuracy, determine validity of purpose and allowableness of recorded transactions.

Condition

Payroll expenses were not consistently reconciled to the general ledger.

Questioned Costs

None

Context

The payroll expense reconciling items were not material for the current year financial statements.

Effect

If payroll expenses are not properly reconciled and adjusted in a timely manner, unresolved discrepancies could result in materially misstated financial statements.

Cause

The Organization has not adequately established written policies and procedures to ensure the timely reconciliation of payroll expenses.

Recommendation

The Organization should establish clear policies and procedures to reconcile payroll expenses monthly and an independent person should perform the reconciliation. The reconciliation should be in writing and approved by management.

Organization's Response

Wisdom Academy For Young Scientists will develop policies and procedures to reconcile payroll expenses on a regular basis. Management will review and monitor the payroll expense reconciliation.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS – Continued

Significant Deficiencies:

Finding 11-06 /30000

Deficiency in Internal Control Condition – Written Asset Capitalization Policy

Criteria

Written capitalization policies and procedures for property and equipment are essential in order to systematically and accurately record, classified and document costs incurred from acquiring property, equipment and other long lived assets

Condition

The Organization has no written asset capitalization policies or procedures. As such, costs were expensed in the in the financial records that should have been capitalized and depreciated over lives in excess on one year.

Questioned Costs

None

Context

In reviewing cost related to leasehold improvement, it was determine that leasehold improvement expenditures were classified as repairs and maintenance expense. The examination indicated that the classification was incorrect because the improvement was deemed to be of benefit to the Organization for more than one year and the amount was sufficient enough to warrant capitalization. The amount was not considered material to the current financial statements.

Effect

Lack of written policies and procedures that consistently define and set asset capitalization threshold and valuation, systematically classify and accurately recorded asset acquisition could result in unreliable financial reporting and compliance with applicable laws and regulations.

Cause

The Organization has not adequately established policies and procedures to ensure that fixed assets are properly capitalized and classified in the financial records.

Recommendation

The Organization should establish policies and procedures that ensure that fixed assets are properly capitalized and classified in the financial records.

Organization's Response

Wisdom Academy For Young Scientists will implement policies and procedures to systematically and accurately record, classify and document costs incurred for property, equipment and other long lived assets

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS - Continued

C. Federal Award Findings and Questioned Costs

NONE

D. State Award Findings and Questioned Costs

NONE

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2010

Audit findings are identified as one or more of the following six categories:

Five Digit Code

Finding Categories

10000

Attendance

20000

Inventory of Equipment

30000

Internal Control

40000

State Compliance

50000

Federal Compliance

60000

Miscellaneous

Findings: None noted.

Questioned Costs: None noted

EXHIBIT 9

MERLE WILLIAMSON FOUNDATION
DBA: WISDOM ACADEMY FOR YOUNG SCIENTISTS

Financial Statements and Supplemental Information

Year Ended June 30, 2013

000574

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Financial Statements and Supplemental Information
Year Ended June 30, 2013

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000575

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

**WILKINSON HADLEY
KING & CO. LLP**
CPAs AND ADVISORS

Aubrey W. King, CPA
Richard K. Savage, CPA

Independent Auditor's Report

To the Board of Directors
Wisdom Academy for Young Scientists
Santa Ana, California

Report on Financial Statements

We have audited the accompanying financial statements of Wisdom Academy for Young Scientists, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 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 consolidated financial statements.

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

Basis for Qualified Opinion

Wisdom Academy for Young Scientists did not maintain a detail of capital assets or depreciation. As a result we are unable to obtain sufficient appropriate audit evidence about the balances recorded in capital assets. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Wisdom Academy for Young Scientists as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying additional supplementary information, as required by the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the Education Audit Appeals Panel 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 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 January 15, 2014 on our consideration of Wisdom Academy for Young Scientists' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wisdom Academy for Young Scientists' internal control over financial reporting and compliance.

Wilkinson Hadley King & Co. LLP

El Cajon, California
January 15, 2014

FINANCIAL STATEMENTS

000578

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Statement of Financial Position

June 30, 2013

ASSETS

Current Assets

Cash and cash equivalents	\$ 185,082
Accounts receivable	1,330,545
Prepaid expenditures	32,325
Total Current Assets	1,547,952

Noncurrent Assets

Capital assets, net	436,315
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Other Assets

Deposits	30,911
Total Other Assets	30,911

TOTAL ASSETS	\$ 2,015,178
---------------------	---------------------

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 152,249
Accrued payroll liabilities	12,428
Total Current Liabilities	164,677

Total Liabilities	164,677
--------------------------	----------------

Net Assets

Unrestricted	1,850,501
Temporarily restricted	-
Total Net Assets	1,850,501

TOTAL LIABILITIES AND NET ASSETS	\$ 2,015,178
---	---------------------

The accompanying notes to the financial statements are an integral part of this statement.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Statement of Activities
Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Revenue			
State aid, charter school general purpose grant	\$ 1,236,199	\$ -	\$ 1,236,199
State aid, education protection account	515,580	-	515,580
Payments in lieu of property taxes	658,800	-	658,800
Federal revenue	-	505,490	505,490
Other state revenue	503,188	704,606	1,207,794
Interest	958	-	958
Other local revenue	60,735	-	60,735
Total Revenues	2,975,460	1,210,096	4,185,556
Net assets released from restrictions:			
Grant restrictions satisfied	1,210,096	(1,210,096)	-
TOTAL REVENUE AND SUPPORT	4,185,556	-	4,185,556
EXPENSES			
Certificated salaries	1,064,504	-	1,064,504
Classified salaries	571,532	-	571,532
Taxes and employee benefits	294,016	-	294,016
Books and supplies	179,307	-	179,307
Rentals, leases and repairs	409,226	-	409,226
Consultants	849,650	-	849,650
Other operating expenditures	147,977	-	147,977
Debt service interest	12,352	-	12,352
Depreciation expense	33,525	-	33,525
TOTAL EXPENSES	3,562,089	-	3,562,089
CHANGE IN NET ASSETS	623,467	-	623,467
NET ASSETS, BEGINNING OF YEAR	1,284,221	(57,187)	1,227,034
ADJUSTMENT TO BEGINNING NET ASSETS (Note L)	(57,187)	57,187	-
NET ASSETS, END OF YEAR	\$ 1,850,501	\$ -	\$ 1,850,501

The accompanying notes to the financial statements are an integral part of this statement.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Statement of Cash Flows
Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 623,467
Depreciation	33,525
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) Decrease resulting from changes in assets:	
Accounts receivable	(45,709)
Due from related entity	10,120
Prepaid expenses	(13,455)
Increase (Decrease) resulting from changes in liabilities:	
Accounts payable	85,045
Accrued payroll liabilities	(14,744)
Settlement payment	(228,665)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>449,584</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of capital assets	(63,690)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(63,690)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on line of credit	(250,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(250,000)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 135,894

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 49,188

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 185,082

The accompanying notes to the financial statements are an integral part of this statement.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Notes to the Financial Statements

Year Ended June 30, 2013

A. Organization and Summary of Significant Accounting Policies

Organization

Merle Williamson Foundation doing business as Wisdom Academy for Young Scientists (the Academy) was organized on September 12, 2006 as a charter school pursuant to California Education Code §47600 under a charter agreement with Los Angeles Unified School District in July, 2006. Effective July 1, 2011, the Academy was charter under the authority of the Los Angeles County Office of Education (LACOE). The Academy operates under a locally elected Board form of government and provides educational services to grades K-5 as mandated by the State and/or Federal agencies.

The Academy is a California public charter academy organized for the purpose of providing rigorous academic environment to a population of students traditionally labeled as underperforming or high-risk students. The Academy's vision is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958, Financial Statements of Not-for-Profit Organizations. Under ASC No. 958, the Academy is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor or grant restrictions.
- Temporarily restricted net assets consist of contributed funds or grants subject to donor or grant imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Academy may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

The Academy had no permanently restricted net assets during the year.

Use of Estimates

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Academy considers all highly liquid debt equity instruments purchased with an original maturity of three months or less to be cash equivalents.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Notes to the Financial Statements, Continued
Year Ended June 30, 2013

Investments

The Academy's method of accounting for investments, in accordance with generally accepted accounting principles, is the fair value method. Fair value is determined by published quotes. Changes in fair value of investments results in increases or decreases in unrealized fair values of equity investments. Adjustments to fair values are reflected as unrealized gain/loss on investments in the accompanying statement of activities.

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. No allowance was considered necessary as management believes that all amounts are collectible.

Capital Assets

Property and equipment are recorded at cost, or estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. 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 Academy's earnings. Management has elected to capitalize and depreciate all assets costing \$1,000 or greater and a useful life of 1 year or more. All other assets are charged to expense in the year incurred. The Academy's policy is to evaluate the remaining lives and recoverability in light of the current conditions. It is reasonably possible that the Academy's estimate to recover the carrying amount of the property and equipment will change. Estimated useful lives range from one to fifty years depending on the asset.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition or when resources are received by the Academy prior to the Academy meeting the requirements for legal claim to the resources.

In subsequent periods, when both revenue recognition criteria are met or when the Academy has legal claim to the resources, the liability for unearned revenue is removed from the statement of financial position and revenue is recognized.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any restrictions.

All donor or grant restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 reported in the statement of activities as net assets released from restrictions.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Notes to the Financial Statements, Continued
Year Ended June 30, 2013

Contributed Materials and Services

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. The Academy receives services donated by volunteers in carrying out the Academy's operations. The services do not meet the criteria as contributions and are, therefore, not recognized in the financial statements.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contribution of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Academy reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Academy reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Block Grant Revenues and Payments in Lieu of Property Taxes

The Academy's primary funding source is a combination of local property taxes and state revenues. The California Department of Education computes two block grants based on statewide charter school rates multiplied by the Academy's average daily attendance (ADA) as reported at the Second Principal apportionment period (P2). The result is then reduced by property tax revenues transferred from the District to the Academy, which is funding in lieu of property taxes. The balance is paid from the state General Fund, in the form of the General Purpose Block Grant and the Categorical Block Grant.

Advertising

Advertising costs are expensed when incurred.

Income Taxes

The Academy is a 509(a)(1) publicly supported non-profit organization that is exempt from income taxes under Sections 501(a) and 501(c)(3) of the Internal Revenue Code. The Academy is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The Academy may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2013, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The Academy follows provisions of uncertain tax positions as addressed in ASC 958. The Academy recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the year ended June 30, 2013.

The Academy files informational and income tax returns in the United States and in the state of California. The federal income tax and informational returns are subject to examination by the Internal Revenue Service for three years after the returns are filed. State and local jurisdictions have statutes of limitation that generally range from three to five years.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Notes to the Financial Statements, Continued
Year Ended June 30, 2013

Subsequent Events

In preparing these financial statements, the Academy has evaluated events and transactions for potential recognition or disclosure through January 15, 2014, the date the financial statements were available to be issued.

B. Cash and Cash Equivalents

Cash in Bank

The Academy's cash (\$185,082 as of June 30, 2013) is held in financial institutions which are either insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor or certain non-interest bearing accounts that are fully insured by the FDIC. As of June 30, 2013, the Academy did not have any cash that was exposed to uninsured deposit risk.

C. Accounts Receivable

As of June 30, 2013 accounts receivable consisted of:

Federal Government:

Federal Grants	\$ 118,459
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State Government:

General Purpose Block Grant	460,031
Categorical Block Grant	34,889
Education Protection Account	515,580
Lottery Revenue	40,372
Other State Grants	128,037

Local Sources:

In lieu of Property Taxes	10,875
Other Local Sources	22,302

Total	<u>\$ 1,330,545</u>
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WISDOM ACADEMY FOR YOUNG SCIENTISTS

Notes to the Financial Statements, Continued
Year Ended June 30, 2013

D. Prepaid Expenses

Prepaid expenses at June 30, 2013 consist of prepaid rent in the amount of \$32,325.

E. Deposits

Deposits at June 30, 2013 consist of security deposits for facilities in the amount of \$30,911.

F. Capital Assets

As of June 30, 2013 capital assets consisted of:

	Beginning Balance	Increases	Decreases	Ending Balance
Leasehold improvements	\$ 311,266	\$ 63,690	\$ -	\$ 374,956
Equipment	37,987	-	-	37,987
Furniture and fixtures	141,990	-	-	141,990
Total capital assets	491,243	63,690	-	554,933
Less accumulated depreciation	(85,093)	(33,525)	-	(118,618)
Capital assets, net	<u>\$ 406,150</u>	<u>\$ 30,165</u>	<u>\$ -</u>	<u>\$ 436,315</u>

G. Accounts Payable

As of June 30, 2013 accounts payable consisted of:

Vendors payable	\$ 20,647
Food services	130,639
Other liabilities	<u>963</u>
Total	<u>\$ 152,249</u>

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Notes to the Financial Statements, Continued
Year Ended June 30, 2013

J. Commitments and Contingencies

State and Federal Allowances, Awards, and Grants

The Academy has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement will not be material. As a result, no liability has been accrued.

Sick Leave

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulate sick leave. Employees, therefore, are never paid for any sick leave balance at termination of employment or any other time. Therefore, it is not appropriate to accrue the value of the accumulated sick leave.

K. Employee Retirement System

Qualified employees are covered under multiple-employer defined benefit pension plan by an agency of the State of California. Certificated employees are members of the State Teachers' Retirement System (CalSTRS). The risks of participating in this multi-employer plan are different from single-employer plan in the following aspects:

1. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of the other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If the School chooses to stop participating in some of its multi-employer plans, the School may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Academy's participation in this plan for the fiscal year ended June 30, 2013, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2013 and 2012 is for the plan's year-end at June 30, 2012 and June 30, 2011, respectively. The zone status is based on information that the School received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

Pension Fund	Plan Number	Year Ended June 30		Pending/Implemented	Year Ended June 30			Employees Participating	Surcharge Imposed
		2012	2011		2013	2012	2011		
CalSTRS	NPA	Yellow	Yellow	No	\$ 85,865	\$ 96,379	\$ 71,650	24	No

NPA - Not publicly available

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Notes to the Financial Statements, Continued
Year Ended June 30, 2013

CalSTRS:

The Academy contributes to the State Teachers' Retirement System (CalSTRS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. Required contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level of percentage of payroll using the entry age normal actuarial cost method. CalSTRS also uses the level percentage of payroll method to calculate the amortization of any unfunded liability. Copies of the STRS annual report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

For the fiscal year ended June 30, 2013 active plan members were required to contribute 8% of their salary and the employer contribution rate was 8.25% of annual payroll. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. The Academy made contributions as noted above. For the year ended June 30, 2013 the State contributed \$55,094 on behalf of the Academy.

L. Adjustment to Beginning Net Assets

Deficit in beginning temporarily restricted net assets was the result of program expenditures in excess of restricted revenue sources. These expenditures were covered by unrestricted sources and as such the beginning balance is being adjusted to reflect those expenditures from unrestricted sources rather than temporarily restricted sources.

M. Subsequent Event

In July 2013 the Academy entered into operating lease agreements for facilities with OCI Development Corporation. The lease terms provide for use of three facilities for one year in exchange for rents of \$18,657 per month.

In August 2013 the Academy entered into an operating lease for facilities with Salvation Army. The lease terms provide for use of facilities for one year in exchange for rents of \$13,388 per month through May of 2014 with an increase in rent of \$1,513 for June and July 2014.

In December 2013 the Academy sold a vehicle for \$26,000.

SUPPLEMENTAL INFORMATION

000590

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Organization Structure

Year Ended June 30, 2013

Wisdom Academy for Young Scientists (Charter #839) was formed pursuant to Education Code Section 47600 under agreement with Los Angeles Unified School District granted in July, 2006. Effective July 1, 2011, the Academy was charter under the authority of the Los Angeles County Office of Education.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Carol Tolbert	Chairperson	Three Year Term Expires June 30, 2016
Dr. Dorothy Valenti	Vice Chairperson	Three Year Term Expires June 30, 2014
Karen Haynes	Secretary	Three Year Term Expires June 30, 2013
Armando Espinosa	Treasurer	Three Year Term Expires June 30, 2014
Norman Golden	Member	Three Year Term Expires June 30, 2014
Cheryl Johnson	Member	Three Year Term Expires June 30, 2014
Eleanor Jones	Member	Three Year Term Expires June 30, 2014
Kimberly Daniels	Member	Three Year Term Expires June 30, 2016
Sandra Davis	Member	Three Year Term Expires June 30, 2016

ADMINISTRATION

Edward Cabil
Executive Director

Jason Okonkwo
Director of Operations

Karen Horowitz
Principal

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Average Daily Attendance

Year Ended June 30, 2013

	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Original</u>	<u>Revised</u>	<u>Original</u>	<u>Revised</u>
Classroom Based Attendance:				
Kindergarten	84.80	N/A	84.00	N/A
Grades 1-3	254.53	N/A	253.70	N/A
Grades 4-6	130.34	N/A	129.39	N/A
Total Classroom Based Attendance	469.67	N/A	467.09	N/A

N/A – There were no audit findings which resulted in revisions to the second period or annual reports of attendance.

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Instructional Time

Year Ended June 30, 2013

<u>Grade Level</u>	<u>Minutes Requirement</u>	<u>2012-13 Actual Minutes</u>	<u>Number of Traditional Days</u>	<u>Status</u>
Kindergarten	34,971	56,700	180	Complied
Grade 1	48,960	56,700	180	Complied
Grade 2	48,960	56,700	180	Complied
Grade 3	48,960	56,700	180	Complied
Grade 4	52,457	56,700	180	Complied
Grade 5	52,457	56,700	180	Complied

The Academy receives incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the Academy and whether they complied with the provisions of Education Code Sections 46200 through 46206. Charter schools must maintain their instructional minutes at the 1986-87 requirements as adjusted by Education Code sections later adopted.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Financial Trends and Analysis
Year Ended June 30, 2013

	Budget 2014 (Note 1)	2013	2012	2011
Revenues	\$ 4,174,783	\$ 4,185,556	\$ 3,767,872	\$ 2,657,973
Expenses	4,170,313	3,562,089	3,794,281	2,413,701
Change in Net Assets	4,470	623,467	(26,409)	244,272
Ending Net Assets	\$ 1,854,971	\$ 1,850,501	\$ 1,227,034	\$ 1,244,329
Unrestricted Net Assets	\$ 1,867,620	\$ 1,863,150	\$ 1,227,034	\$ 1,244,329
Unrestricted net assets as a percentage of total expenses	45%	52%	32%	52%
Total Long Term Debt	\$ -	\$ -	\$ 250,000	\$ -
Average Daily Attendance at P2	468.00	469.67	449.48	N/A

Note 1: The 2014 budget is presented for analysis only and is based on estimates of the 2013-14 fiscal year. The information has not been subject to audit procedures.

This schedule discloses the Academy's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the Academy's ability to continue as a going concern for a reasonable period of time.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2013**

June 30, 2013 Unaudited Actuals - Charter School Enterprise Fund	<u>\$ 1,883,889</u>
Adjustments and Reclassifications:	
Overstatement of Cash and Cash Equivalents	(31)
Overstatement of Accounts Receivable	(88,512)
Understatement of Prepaid Expenses	32,325
Overstatement of Capital Assets, Net	(35,762)
Understatement of Deposits	30,911
Overstatement of Accounts Payable	40,109
Understatement of Accrued Payroll Liabilities	<u>(12,428)</u>
Total Adjustments and Reclassifications	<u>(33,388)</u>
June 30, 2013 Audited Financial Statement Net Assets	<u><u>\$ 1,850,501</u></u>

This schedule provides the information necessary to reconcile the fund balance as reported on the Annual Financial and Budget Report Alternative Form to the net assets reported in the audited financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

<u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through State Department of Education:			
Title I	84.010	14329	191,437
IDEA - Special Education	84.027	13379	53,412
IDEA - Mental Health Services	84.027	14468	46,513
Total Special Education Cluster			<u>99,925</u>
Title II - Teacher Quality	84.367	14341	2,067
Total passed through State Department of Education			<u>293,429</u>
Total U.S. Department of Education			<u>293,429</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State Department of Education:			
National School Lunch Program	10.555	13391	212,061
Total passed through State Department of Education			<u>212,061</u>
Total U.S. Department of Agriculture			<u>212,061</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 505,490</u></u>

The accompanying notes to the schedule of expenditures of federal awards is an integral part of this schedule.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Academy and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

OTHER INDEPENDENT AUDITORS' REPORTS

000598

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

**WILKINSON HADLEY
KING & CO. LLP**
CPAS AND ADVISORS

Aubrey W. King, CPA
Richard K. Savage, CPA

**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***

To the Board of Directors
Wisdom Academy for Young Scientists
Santa Ana, 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 Wisdom Academy for Young Scientists (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, 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 January 15, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and/or significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-1, 2013-2, 2013-3, 2013-5, 2013-6 and 2013-9 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-4, 2013-7 and 2013-8 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wisdom Academy for Young Scientists' 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2013-9, 2013-10 and 2013-11.

The Academy's Response to Findings

The Academy's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co. LLP

El Cajon, California
January 15, 2014

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

**WILKINSON HADLEY
KING & CO. LLP**
CPAs AND ADVISORS

Aubrey W. King, CPA
Richard K. Savage, CPA

**Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control Over Compliance
Required by OMB Circular A-133**

To the Board of Directors
Wisdom Academy for Young Scientists
Santa Ana, California

Report on Compliance for Each Major Federal Program

We have audited Wisdom Academy for Young Scientists' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Wisdom Academy for Young Scientists' major federal programs for the year ended June 30, 2013. Wisdom Academy for Young Scientists' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Wisdom Academy for Young Scientists' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ABC Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Wisdom Academy for Young Scientists' compliance.

Opinion on Each Major Federal Program

In our opinion, Wisdom Academy for Young Scientists complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Wisdom Academy for Young Scientists are responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wisdom Academy for Young Scientists' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ABC Academy's internal control over compliance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control over compliance 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 in internal control over compliance* 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-9 to be material weaknesses.

A significant deficiency in internal control over compliance 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. We did not identify any deficiencies which we considered to be significant deficiencies in internal control over compliance.

The Academy's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Academy's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co. LLP

El Cajon, California
January 15, 2014

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

**WILKINSON HADLEY
KING & CO. LLP**
CPAs AND ADVISORS

Aubrey W. King, CPA
Richard K. Savage, CPA

Independent Auditor's Report on State Compliance

To the Board of Directors
Wisdom Academy for Young Scientists
Santa Ana, California

Report on State Compliance

We have audited the Academy's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the Academy's state programs identified below for the fiscal year ended June 30, 2013.

Management's Responsibility for State Compliance

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 applicable program as identified in the State's audit Guide *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13* published by the Education Audit Appeals Panel. 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 *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13* published by the Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the district's compliance with those requirements.

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

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools		
Attendance Accounting:		
Attendance Reporting	6	N/A
Teacher Certification and Misassignments	3	N/A
Kindergarten Continuance	3	N/A
Independent Study	23	N/A
Continuation Education	10	N/A
Instructional Time:		
School Districts	6	N/A
County Offices of Education	3	N/A
Instructional Materials, General Requirements	8	N/A
Ratios of Administrative Employees to Teachers	1	N/A
Classroom Teacher Salaries	1	N/A
Early Retirement Incentive	4	N/A
Gann Limit Calculation	1	N/A
School Accountability Report Card	3	N/A
Juvenile Court Schools	8	N/A
School Districts and Charter Schools		
Class Size Reduction:		
General Requirements	7	Yes
Option One	3	Yes
Option Two	4	N/A
Only One School Serving Grades K-3	4	N/A
After School Education and Safety Program:		
General Requirements	4	Yes
After School Component	5	Yes
Before School Component	6	N/A
Charter Schools		
Contemporaneous Records of Attendance	1	Yes
Mode of Instruction	1	Yes
Nonclassroom-Based Instruction/Independent Study	15	N/A
Determination of Funding for Nonclassroom Based Instruction	3	N/A
Annual Instructional Minutes – Classroom Based	4	Yes

The term N/A is used above to mean either the Academy did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Basis for Qualified Opinion on State Compliance

As described in items 2013-10 and 2013-11 in the accompanying schedule of findings and questioned costs, the Academy did not comply with some requirements associated with the class size reduction program and the after school education and safety program. Compliance with such requirements is necessary, in our opinion, for the Academy to comply with the requirements applicable to the programs.

Qualified Opinion on State Compliance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Wisdom Academy for Young Scientists complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2013.

The Academy's Response to Findings of State Compliance

The Academy's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Academy's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the Education Audit Appeals Panel. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co. LLP

El Cajon, California

January 15, 2014

FINDINGS AND RECOMMENDATIONS

000606

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Auditor's Results
Year Ended June 30, 2013

FINANCIAL STATEMENTS

Type of auditor's report issued:

Qualified

Internal control over financial reporting:

One or more material weakness(es) identified?

X Yes No

One or more significant deficiencies identified that are
not considered material weakness(es)?

X Yes No

Noncompliance material to financial statements noted?

 Yes X No

FEDERAL AWARDS

Internal control over major programs:

One or more material weakness(es) identified?

X Yes No

One or more significant deficiencies identified that are
not considered material weakness(es)?

 Yes X No

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

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with section 510(a) of
OMB Circular A-133?

X Yes No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027

Special Education Cluster

10.555

National School Lunch Program

Dollar threshold used to distinguish between Type A
and Type B programs

\$300,000

Auditee qualified as low-risk auditee?

 Yes X No

STATE AWARDS

Any audit findings disclosed that are required to be reported
in accordance with *Standards and Procedures for Audits*
of California K-12 Local Education Agencies?

X Yes No

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

Qualified

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

A. Financial Statement Findings

Finding 2013-1 (30000)
Bank Reconciliations

Criteria or Specific Requirement

Determine that the Academy has sufficient internal controls to ensure proper recording of transactions and safeguarding of assets.

Condition

Upon completion of bank reconciliations, each month an adjustment is made to the financial statements for any amounts that are unknown as to the nature of the transaction. These amounts are being posted into suspense accounts with the intent of subsequently posting a journal entry to record the transactions into the correct expenditure or revenue account. At year end these items were not reconciled and posted into the proper accounts. In addition, these items are not supported by any documentation that verifies the amounts are appropriate or approved.

Questioned Costs

\$13,735 recorded in suspense account

Context

Some items recorded in the bank reconciliations are not supported by invoices or approval documentation.

Effect

The Academy is at risk of recording errors and misappropriation of assets.

Cause

The Academy has not established adequate procedures to ensure that supporting documentation is provided for all transactions associated with the bank accounts. As a result, the individual charged with responsibility for reconciling bank accounts does not have sufficient information to adequately report information. Management officials from the school site are not providing information necessary to post correcting journal entries. In addition, these items are not being reviewed subsequent to completion of bank reconciliations.

Recommendation

Establish procedures to ensure supporting documentation is provided for all transactions. Ensure that the procedures include documentation of approval for expenditures and for subsequent review by management of the Academy.

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure supporting documentation is maintained for all transactions.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Finding 2013-2 (30000)

Payroll Expense Reconciliations

Criteria or Specific Requirement

Determine that amounts for payroll are accurately reported and reconcile to supporting documentation.

Condition

Payroll expenses were not consistently reconciled to the general ledger.

Questioned Costs

None

Context

Adjusting journal entries were posted to the financial statements to correct the payroll liability and payroll expense.

Effect

The financial statements were misstated by a material amount.

Cause

The Academy has not adequately established written policies and procedures to ensure the timely reconciliation of payroll expenses and liabilities.

Recommendation

Establish clear policies and procedures to reconcile payroll liabilities and expense accounts monthly. The reconciliation should be reviewed and approved by management.

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure appropriate controls over payroll reporting.

Finding 2013-3 (30000)

Year End Accruals and Closing Process

Criteria or Specific Requirement

Determine that the financial statements are accurately reported.

Condition

The Academy did not record closing transactions for accounts receivable, accounts payable, prepaid expenses, and capital assets. In addition, journal entries were posted to the financial statements resulting in recording differences between the trial balance provided for audit purposes and the amounts reported to the Los Angeles County Office of Education for inclusion in their unaudited actuals submitted to the California Department of Education.

Questioned Costs

None

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Context

Adjusting journal entries were posted to the financial statements to correct accounts receivable, accounts payable, prepaid expenses, and capital assets.

Effect

The financial statements were misstated by a material amount.

Cause

The Academy has not adequately established written policies and procedures for year-end closing and recording of accruals.

Recommendation

Establish clear written policies and procedures for year-end closing which includes reconciliation of revenue and expense items sufficient to record accruals for accounts receivable, accounts payable, prepaid expenses and capital assets. Review year-end financial statements to ensure accuracy of reporting. Establish a timeline for closing to ensure no changes are made after submission of financial statements to oversight agencies.

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure accurate reporting of financial statements.

Finding 2013-4 (30000)

Payroll Documentation

Criteria or Specific Requirement

Ensure that individuals charged to payroll are employees of the Academy and that there are adequate controls over payroll to safeguard the assets of the organization.

Condition

Personnel Action Forms which document employee's position and approved pay rates are not complete. In 100% of Personnel Action Forms reviewed there were missing approval signatures on the forms. In addition, in 9 out of 10 I-9's reviewed the forms are not being completed correctly. The I-9 forms were either missing the documentation of what items were reviewed to verify eligibility for employment, missing employer signature of verification, or both.

Questioned Costs

None

Effect

The Academy is exposed to risk of noncompliance with I-9 requirements. In addition, the Academy is exposed to risk of paying individuals who are not approved by management.

Cause

The Academy has not established adequate procedures which require hiring documentation be completed and reviewed prior to filing away in the employee file.

Recommendation

Establish policies and procedures to ensure that hiring documentation is being completed, including approval signatures, and reviewed by management.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Finding 2013-6 (30000)
Credit Card Supporting Documentation

Criteria or Specific Requirement

Ensure that the Academy has procedures in place to ensure allowable expenditures and safeguard assets.

Condition

The school is using credit cards to purchase some items and subsequently repaying the credit cards with a check. The credit card statements are being used as supporting documentation for the check written; however, the credit card statements do not include receipts for all expenditures for which they were used.

Questioned Costs

\$5,858 known credit card expenses from sample selected.

Context

Credit card statements are being used as the only supporting documentation for some expenditure items.

Effect

Expense items paid with credit cards are not adequately supported by itemized receipts and approval documentation. The Academy is exposed to risk of misappropriation of assets.

Cause

The Academy has not established adequate written procedures requiring attachment of supporting invoices or receipts for credit card transactions.

Recommendation

Establish written procedures requiring the attachment of supporting invoices or receipts for all credit card transactions.

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure supporting documentation is maintained for all transactions inclusive of credit card transactions.

Finding 2013-7 (30000)
Beginning Net Assets

Criteria or Specific Requirement

Ensure that amounts reported in the financial statements are materially correct.

Condition

Beginning net assets were not in agreement with prior year audited ending net assets. The Academy was unable to provide reconciling items that supported adjustments to beginning net assets. We attempted to contact the previous auditor to obtain a reconciliation and prior year audit adjusting journal entries but received no response.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Questioned Costs

None

Context

Amounts reported by the Academy as beginning net assets varied from the prior year audit report by \$9,727. An adjustment was posted to bring the beginning balance in agreement with prior year audit report.

Effect

Beginning net assets were not in agreement with prior year audited ending net assets.

Cause

The Academy did not have procedures to reconcile beginning net assets with prior year audit report and did not have procedures in place to track prior year adjustments.

Recommendation

Establish written procedures to reconcile beginning net assets with audited ending net assets from the previous year.

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure beginning net assets reconciles to audited ending net assets.

Finding 2013-8 (30000)
Inconsistent Reporting

Criteria or Specific Requirement

Verify that the Academy has reported accurate financial statements to oversight agencies.

Condition

The Academy is reporting to the Internal Revenue Service that they are operating on a calendar year but reporting to the Los Angeles County Office of Education and California Department of Education that they are operating on a fiscal year beginning July 1 and ending June 30. The financial reporting to the different oversight agencies is not consistent based upon different reporting of fiscal years.

Questioned Costs

None

Context

Established in California statute local education agencies report under a fiscal year beginning July 1 and ending on June 30. Internal Revenue Code requires that tax returns be prepared based upon the fiscal year of operation.

Effect

There is inconsistent reporting between the Academy and government agencies.

Cause

The Academy has not established a fiscal year with the Internal Revenue Service.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Recommendation

File necessary reports with the Internal Revenue Service to align tax reporting years with the Academy's fiscal year.

LEA's Response

The Academy will review this recommendation and subsequently take action to ensure consistent reporting between government agencies.

B. Federal Award Findings

Finding 2013-9 (50000)

Schedule of Expenditures of Federal Awards

Federal Major Program Identification

<u>Award Year</u>	<u>Program</u>	<u>CFDA #</u>	<u>Federal Grantor</u>	<u>Pass-Through Agency</u>
2012-13	National School Lunch Program	10.555	U.S. Department of Agriculture	California Department of Education
2012-13	Special Education Cluster	84.027	U.S. Department of Education	California Department of Education

Criteria or Specific Requirement

Determine that amounts reported in the Schedule of Expenditures of Federal Awards are accurately reported.

Condition

The Academy did not separately track expenditures for federal programs in their financial software.

Questioned Costs

Amounts expended under federal major programs audited were:

2012-13 National School Lunch Program (10.555) - \$212,061

2012-13 Special Education Cluster (84.027) - \$99,925

Context

OMB Circular A-133 requires the presentation of a schedule of expenditures of federal awards for any agency expending greater than \$500,000 of federal awards.

Effect

The Academy had to go through every expenditure item to identify which items were expended under federal awards. It took a significant amount of time to complete the schedule of expenditures of federal awards and delayed the timing of audit procedures associated with the Single Audit requirements under OMB Circular A-133. In addition, failure to track expenditures separately exposes the Academy to risk of understating federal expenditures or potentially using the funds in unallowable manners such as supplanting required services.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Cause

The Academy has not established policies and procedures requiring separate tracking of federal expenditures. There are not adequate internal controls in place to evaluate federal expenditures to ensure that they are accurately reported, meet program requirements, and are not used to supplant existing services.

Recommendation

Establish written policies and procedures requiring separate tracking of federal expenditures. Review expenditures to ensure they meet program requirements.

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure accurate reporting of federal expenditures.

C. State Award Findings

Finding 2013-10 (40000)

Class Size Reduction Program

Criteria or Specific Requirement

Verify that amounts reported on the form J-7CSR were accurate and were based on average daily enrollment taken from the first day of school through April 15 of the school year being reviewed.

Condition

In our review of the form J-7CSR the data was prepared using average monthly enrollment based upon the last day of the school month rather than average daily enrollment from the first day of classes through April 15.

Questioned Costs

None, See recommendation below

Context

Education Code Section 52124.5 states that school districts and charter schools should compute the average daily enrollment for each class by adding the active enrollment for each class for each instructional day starting from the first day of school through April 15, and dividing that total by the count of instructional days.

Effect

The eligible students reported for grade 1 was understated by 1 student.

Recommendation

Establish procedures to accurately calculate average daily enrollment for classes included in the class size reduction program. Revise the form J-7CSR to accurately report eligible students for grade 1. Revisions should be as follows:

Grade	Class Size	Eligible Students Original	Eligible Students Revised	Change in Funding
1 st Grade	21.45 – 22.44	18	36	\$ 19,278
1 st Grade	22.45 – 22.94	17	0	\$(18,207)
Net Change in Funding				\$ 1,071

WISDOM ACADEMY FOR YOUNG SCIENTISTS
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure accurate calculations for the form J-7CSR. The Academy will amend the form J-7CSR to accurately reflect class sizes for the 2012-13 fiscal year.

Finding 2013-11 (40000)

After School Education and Safety Program

Criteria or Specific Requirement

- A. Verify that elementary students being reported for attendance are participating in the full day of the program except as consistent with the LEA's established early release policy.
- B. Verify that Indirect Costs are not in excess of 5% or the LEA's established indirect cost rate, whichever is lower.

Condition

- A. Sign out sheets for the after school education and safety program did not include time student was released for 827 out of 896 days tested. It could not be determined if these students participated in the full day of the program or if they met early release policy of the LEA.
- B. The Academy used an indirect cost rate of 5.26% which exceeds the allowable 5% for the program.

Questioned Costs

Program revenues were \$112,500. Amounts in excess of allowable indirect costs were \$2,660.

Context

- A. Education Code 8483(a)(2) states that it is the intent of legislature that elementary school students attend the full day of the program every day in which students participate, except as consistent with the LEA's early release policy.
- B. Education Code 8483.9(a) limits indirect costs to the lesser of the LEA's approved indirect cost rate or 5%.

Effect

- A. It cannot be determined if the students participated for the entire day of the program.
- B. The Academy exceeded allowable indirect costs.

Cause

- A. The Academy has not established adequate policies and procedures to document time students were released from the program to ensure that only students who participated in the full day or met an early release exception based on the LEA's policies were counted towards attendance reported.
- B. The Academy has not established adequate policies and procedures to ensure that indirect costs are not charged at amounts greater than allowable amounts for the program.

Recommendation

Establish procedures to document time students are released from the program and ensure that they meet requirements of the program to be counted for attendance purposes. Establish procedures to ensure correct indirect cost rates are being utilized.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

LEA's Response

The Academy will review this recommendation and subsequently establish necessary procedures to ensure compliance with the after school education and safety program.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Prior Year Audit Findings

Year Ended June 30, 2013

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation if Not Implemented</u>
<p>Finding 2011-1 Internal Control - Bank Reconciliation Over Site</p> <p>Bank reconciliations were not properly reviewed resulting in inconsistent bank to book balances.</p> <p>Establish procedures to ensure that an officer or a supervisor reviews the monthly bank reconciliation and authorize any correcting entries as applicable.</p>	<p>Partially Implemented</p>	<p>See Finding 2013-1</p>
<p>Finding 2011-2 Internal Control - Payroll Expenses Reconciliation</p> <p>Payroll Expenses were not consistently reconciled to the general ledger</p> <p>Establish policies and procedures to reconciled payroll expenses monthly and an independent person should perform the reconciliation. Reconciliation should be approved by management</p>	<p>Not Implemented</p>	<p>See Finding 2013-2</p>

EXHIBIT 10

Daily Journal

Classifieds/Job/Office Space : Experts/Service

FRIDAY MONDAY TUESDAY WEDNESDAY TODAY

SEARCH/BACK to search results

Search >>

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Labor Code Violation V. \$566,808

For the plaintiff:

Jeffrey Lipow

Kevin M. Salute

For the defendant:

Christopher B. Cato

Jennifer Garner

L.A. Superior Central

Hon. Ralph W. Dan

RESULT DATE: Dec. 4, 2012

Sharlene Willard v. Marie Williams Foundation, et al. (BC458435) 13-JV_676

FURTHER DESCRIPTION: Retaliation

VERDICT: \$566,808

ATTORNEY Plaintiff - Jeffrey Lipow, Kevin M. Salute (Lipow & Harris, Encino).

Defendant - Christopher B. Cato, Jennifer Garner (Gordon & Rees, San Diego).

TECHNICAL Plaintiff - Karen Lynn Smith, M.A., economics, San Marino.

FACTS: Plaintiff Sharlene Willard was employed as a teacher at defendant's Los Angeles Unified School District charter school. The plaintiff contended that after about one year of employment, she was pressured by the defendant's executive director to travel to Nigeria to marry her sister's husband so he could immigrate to the United States. She asserted that the director financed the trip, and a ceremony in Nigeria took place. After returning the United States, over a period of months, the director pressured the plaintiff to file an immigration petition with U.S. Citizenship and Immigration Services. The plaintiff asserted she resisted, and ultimately, the director presented a completed petition for the plaintiff to sign and submit to the federal government. The plaintiff contended she resisted filing the petition because it was fraudulent, and after continued pressure from the director, she finally told her that she would not sign or file the petition.

The plaintiff alleged that a pattern of criticism of the plaintiff's work performance ensued, culminating in the director terminating her employment approximately five months after the plaintiff affirmatively told the director she would not do as requested regarding the immigration scheme.

CONTENTIONS: PLAINTIFF'S CONTENTIONS: The plaintiff proceeded to trial on a sole cause of action for violation of Labor Code Section 102.3(c), claiming that the plaintiff's termination was retaliation for her refusal to engage in illegal activity: signing and filing a petition for immigration containing material falsities.

DEFENDANT'S CONTENTIONS: The defendant claimed that the plaintiff had some good qualities as a teacher, but interacted poorly with students and their parents from her hiring through termination; that numerous students and parents complained about the plaintiff's behavior and that the plaintiff had been insubordinate, refusing express instructions to submit a class management plan. The defendant denied that the immigration scheme ever occurred. The defendant argued that the termination was a legitimate business decision. The defendant contended the plaintiff was ultimately let go because a parent complained that the plaintiff had told a student that the student would end up homeless, and in a meeting with the parent and student about the incident, the plaintiff was not apologetic and accused the student of being jealous of another student. The plaintiff was let go that day.

INJURIES: The plaintiff claimed emotional distress arising from her termination and financial distress of unemployment.

JURY TRIAL: Length, five days; POF, 11-1 (liability), 9-2 (damages); Deliberation, four hours

SETTLEMENT DISCUSSIONS: The plaintiff's last pre-trial offer was \$750,000. The defendant issued a COP 898 for \$40,000.

RESULT: Verdict for \$566,808.

OTHER INFORMATION: Motions for new trial and judgment notwithstanding the verdict were denied.

EXHIBIT 11

of our Wife
 and Friend

Rothman's
Textbook of
Pediatrics
Seventh Edition
Hardcover \$79.00

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EXHIBIT 12

Wisdom Academy For Young Scientists Fiscal Policy

November 18, 2006

000621

FISCAL POLICY

POLICY NUMBER ONE: BUDGET PREPARATION AND IMPLEMENTATION

ANNUAL BUDGET

The school shall annually adopt a budget as a planning tool to implement its strategic plan. The budget will be approved by the Board, and implemented by the management staff. The staff will also update the board on the status of the budget through the Finance Committee and make necessary adjustments as needed.

BACKGROUND:

In order to manage the resources of the school, a budget has to be prepared to reflect the priorities of the school, and also help achieve its goals and objectives.

PROCEDURES:

Executive Consultant:

- Informs the School Director of the guidelines and procedures for the year's budget process. Provide the management staff with the formats and timelines for preparing the school budget.
- Review the budget and check the calculations and the basis for the calculations.
- Make revenues estimates in coordination with the School Director, taking into consideration the state funding, fundraising, investment activities and other income sources.
- Prepare a draft budget based on the requests by the School Director taking into account other operating expenses of the school, and all other contractual obligations of the school. This budget will include both capital and operating budgets for the fiscal year.
- Meet with the School Director and review the budgets, their assumptions and computations related to both revenue projections and expenditure estimates. In reviewing the budgets for recommendation to the finance committee the priorities of the school, revenue availability and fiscal responsibility must be considered.
- Prepare the final recommended budget based on agreements reached from the meeting with the School Director for presentation to the Finance Committee and Board of for approval.

POLICY NUMBER TWO: TIME SHEET AND PAYROLL POLICIES AND PROCEDURES

PAYROLL

All employees on payroll must be hired by the School Director and must have worked for the hours being paid, those hours having been properly documented and approved by the School Director. The expense must be properly recorded in the accounting records to the correct account to facilitate availability of accurate and timely financial information for management's use in making decisions.

BACKGROUND:

The school hires employees to work on its operations, in order to achieve its objectives. The employees in turn get paid on a timely basis and the information on these costs is made available to school management for decision making.

PROCEDURES:

Responsibility of the employee:

- Punch in time card and fill in the time sheet on a daily basis when you come in for work, when you take lunch or any other absence, when you return back to on the same day and when you leave for the day. Any specific arrangements outside normal hours should be discussed and approved by the Principal prior to beginning of the assignment.
- No overtime can be worked before obtaining approval from the Principal.
- Salaried employees are required to sign a sign-in log on a daily basis.
- At the end of each pay period each hourly employee is required to finish completing their time sheet that was being completed on each working day and give them to the Administrative Assistant for approval. The employee should make sure they complete the total regular hours, overtime hours, vacation, sick, and other hours worked each day and for the pay period. If you work on more than one job on a regular basis you should complete a time sheet for each job. Just state what hours you worked for each job on the same time sheet if you work more than one job on an irregular basis.
- The properly completed and approved time sheet is put in the box of the Administrative Assistant no later than the date it is due for processing. Delay in submitting the time sheet can affect employee pay date.

- If you are a new employee, make sure that you complete a personnel information package, including a W-4 form that gives us information on your tax status. We cannot give you all the money due you without knowing your tax information. Any information related to direct deposit, tax sheltered annuity or any other voluntary deductions should be given to the Financial Consultant no later than the deadline given to you by the business office. If you are hired after the start of a pay period, you will not be paid until the pay period following the period you started working.

Responsibility of the Administrative Assistant:

- Provide all staff with time sheet, sign-in sheet, time card, due date for time sheet, due date for voluntary deductions set up, time clock and other employee package items necessary to accurately complete information for payroll and benefit accrual.
- Collect all the time sheets in your box and any others around the time clock area.
- Verify that the time recorded on the time sheet corresponds with the time clock records. Any unexplained discrepancies should be reported to the Principal for correction or explanation. Any incomplete or unapproved time sheet should be referred to the School Director for completion and approval immediately in time to promptly prepare payroll.
- Verify the time sheet to make sure the computations are accurate and that the information and approvals are made by the appropriate persons and write the account numbers where the salaries will be charged on the time sheets.
- After verifying that everything is correct and that you have every employee's time sheet, sort out using the previous period time report and input into the HRS (see HRS system procedures). Also process the E4 payroll for the pay period, ESA for the 25th and regular monthly payroll for the 10th.
- Print the input information for the School Director to approve for transmission.
- Input new hire and any other employee change information as you get the information from the employee.
- After the checks come back from BBM, verify all the checks to make sure that everything are correct and that the checks appear accurate. Additionally check the payroll reports sent to you to make sure everything balances both to the time reported and other relevant

deductions. If there is anything that appears unusual, inform the Financial Consultant or a School Director. Put the checks in envelopes ready to be distributed to employees and leave with the receptionist together with a sign-in list. Instruct the receptionist that nobody should pick-up another persons check without written authority to do so. Before the receptionist gives a check to an employee that employee must sign the list provided as evidence that they have received their check.

Responsibility of School Director:

- Make sure that the new employee package is completed and accurately filled out prior to starting work, especially the I-9, Immigration and Naturalization Form and W-4, Employee Tax Information. The employee should also be given a copy of the employee handbook so they can be aware of the school policies and procedures that affect them.
- Negotiations regarding pay and other benefits should take into consideration the budgetary constraints to make sure that we do not commit to what we cannot pay.
- A personnel action form (PAF) must be completed and given to the Financial Consultant stating how much the employee will be paid, what the effective date is, and what account will be charged for this expense. The PAF and the completed package must be given to the Financial Consultant so that payroll arrangements can be made and personnel file opened for the new employee.
- The School Director must make sure the employee follow the school policies and procedures that relate to them. Any infraction should be cured according to school policies and procedures related to employee discipline.
- Make sure that all employees complete a time sheet and give it to them for their approval on a timely basis.
- Ensure that the time sheet as completed by employees reflect their attendance, including breaks and lunch time, before approving the time sheet.
- Make sure that employees are allowed to take breaks in the mornings and in the afternoons and a lunch break for those who work full-time. Generally, rest periods (breaks) are taken every four hours of work and meal periods (lunch) when someone works six or more hours a day.

- Ensure that overtime worked by the employee is approved in advance and that there is enough funding available to cover the overtime and other related costs.

POLICY NUMBER THREE: PURCHASE AND OTHER PROCUREMENT POLICIES AND PROCEDURES

PURCHASES:

The school will purchase the materials needed to implement the plans and strategies set out by the board and the charter in order to achieve its objectives. In making these purchases the school must ensure that the materials being purchased are necessary for running the school. The school will also ensure that economy of resources is exercised in judging whether there is a need to purchase a certain item, as the school has limited resources for many competing priorities. The purchase must give the school the best deal (price, quality and other criteria considered), and also ensure that there are funds available to pay for the materials. All purchases must be approved by the School Director. The purchase must be documented and recorded in the accounting books.

PROCEDURES:

- All purchases must be initiated by completing a purchase order. Exceptions may be granted by the School Director or Executive Consultant for purchase of certain small items that are less than \$100 or in emergency situations.
- Before completing the purchase order the purchaser must assure that there are unencumbered funds budgeted for this purpose and the purchase is being charged to the correct budget category. If there is any question regarding the availability of funds, the Staff Consultant can be contacted for an answer.
- The purchaser must demonstrate, by providing copies of three bids or estimates that the vendor picked provides us with the best deal for the service or product being purchased. (The lowest price may not always be the best deal for the school.)
- For the purpose of getting bids, purchases of \$2,999 or less can be done by phone bids, purchases of between \$3,000 and \$9,999 can be done by written bids on vendor's letterhead. Purchases of \$10,000 or more need to be advertised in a more formal competitive bidding process.
- In cases where a particular vendor is known to give us the best deal, once a year research of prices and services is enough to satisfy this criterion.

In such a case copies of the result of the research should be kept on file to be referred to when needed.

- There may also be cases where a vendor is a sole source vendor, which means that the vendor is the only vendor that can supply this product or service. In such an instance it will be impossible to provide bids, but it must be demonstrated that the vendor is the sole source.
- Purchase orders will be issued by Administrative Assistant. The form must be originally filled out, including who to deliver the order to and the account number to which the expenditure is to be charged. The original is given to the Administrative Assistant to fax to the vendor with a return confirmation from the vendor after being approved by the Staff Consultant and the School Director, a copy for the School Director's file, Staff Consultant's file and a copy to the Administrative Assistant (receiving). All originals and copies of purchase orders must have the signatures of the Principal and Staff Consultant.
- All purchase orders must be approved by the Principal and Staff Consultant.
- When the purchaser gets the order they will keep the items in a safe place for use, after making sure that the order received agrees with the purchase order. In certain instances the order might be tracked as to who is using them, so we can allocate them to various programs.

Procedures for Receipt of Order (Administrative Assistant)

- When the order arrives the Administrative Assistant compares the quantity on the packing slip, the purchase order and the order received to make sure they agree. If they agree the packing slip will be initialed and sent to the Staff Consultant with a copy to the School Director.

Administrative Assistant:

- When the original purchase order is received from the Staff Consultant, it is immediately faxed to the vendor. This will be done after checking to make sure the order is charged to the correct account, and funds are available signified by the approval of the School Director and Staff Consultant, evidenced by their signatures.
- A copy of the purchase order is kept in an open purchase order file pending the time the order is filled. It is discarded when the invoice for the purchase is processed. The purchase order is encumbered in the

Accounting system to set aside the funds so it will be available to pay for the bill. The purchase order is unencumbered when we pay the bill.

- The Administrative Assistant will check incoming orders to make sure they are consistent with the packing slip and the purchase order. The orders will then be stamped or tagged as property of the Wisdom Academy depending on what kind of item it is. Books will be stamped and equipment will be tagged, while supplies will be inventoried issued as necessary.
- The Administrative Assistant will check all the documentation and make sure they are complete, accurate, and consistent with one another. The Administrative Assistant will also make sure that the correct budget category is being charged and the amount of the bill is computed accurately.
- As part of checking the documentation, the Administrative Assistant will ensure that the invoice being paid is an original invoice, not a copy, and that we are not paying from a statement of account. Please refer to commercial warrant processing for more details on bills processing.

POLICY NUMBER FOUR: CONTRACTING POLICIES AND PROCEDURES

1. All contracts must be approved by the School Director and Staff Consultant. Contracts of up to \$2,999 require at least three phone bids, between \$3,000 and \$9,999 requires three written bids on contractor's letterhead. Contracts of \$10,000 and above require formal competitive bidding process. For more information, please see purchase procedures.
2. Before approving a contract, it must be determined that funds are available for this purpose and the payment terms clearly and satisfactorily stated in the contract, considering cash flow needs of the school.
3. In the case of a construction contract, the contractor must be licensed by the state board and have the financial capability to execute the contract, except in cases where an exception is allowed by a Principal.
4. The contractor must have workers compensation and other general liability insurance that will name the school as additionally insured, except in cases where the school agrees to cover the contractor as part of terms of the contract.
5. The contractor must submit a bill based on the original approved contract for the Principal to approve for payment. In the event of change orders, they must be pre-approved by a Principal or their designee and Staff Consultant.
6. The contractor must provide the school with a completed form W-9, taxpayer identification number, at the time of signing the contract.
7. Before the payment is made for construction contracts, the contractor must provide the school with a lien release as to labor and materials to exempt the school from any legal action including mechanics lien related to non payment of labor and material.
8. Before approving payment, the School Director will be certain that the construction was executed satisfactorily (in some cases an expert opinion might be sought to determine this).
9. It is customary to withhold 10% of the contract price until final determination is made on the successful completion of the contract. This will therefore be the practice of the school.
10. A copy of the contract should be filed in the business services office as soon as the contract is signed, to ensure that all documentation is complete and accurate.

11. All independent contractors must be persons that are in business for themselves, set their hours, and are responsible for results and not persons that are normally considered as employees. All other part-time or one-time persons employed by the school should be put on the payroll system, as they are actually employees and not independent contractors. All independent contractors must have a written contract following the procedures outlined above.

POLICY NUMBER FIVE: COMMERCIAL WARRANT POLICIES AND PROCEDURES

COMMERCIAL WARRANTS:

All disbursements, except for those made through the Revolving Cash Fund, Payroll System and Petty Cash, must be made through the Commercial Warrant.

BACKGROUND:

The school has a responsibility to process all payments in accordance with generally accepted accounting principles and other government accounting standards in order to discharge its fiduciary responsibilities as delegated by the board of directors.

PROCEDURES:

Administrative Assistant:

- Picks up mails from the bills mailbox and distribute to various departments where necessary for check requests and approval of the bill.
- Checks the utilities and other general office bills for any error before giving to the School Director for check request approval.
- Double check requests and bills to make sure that all the information and documentation is correct. This information and documentation includes payee, account numbers, original invoice (payments cannot be made with a copy of the invoice or statement of account), relevant purchase order and receiving reports, amounts and appropriate approvals. If any information or documentation is inaccurate or incomplete, the check request must be returned to the responsible party so it can be corrected immediately, for timely processing of the check request. Check requests must not be left with anyone for an unreasonably long period of time as to incur the school, credit problems.
- The check requests are filed in a folder until the scheduled day for input, when they are inputted into the computer system to generate warrants the following day. All the warrant document numbers must be serially numbered, taking time to make sure the first warrant of each batch or day follows the last number as specified in the commercial warrant register. A serial number log must be kept to ensure the numbering system is being adhered to. Each time a number is used it is crossed out to prevent the reuse of the number a second time.

- After inputting each warrant it must be printed and kept on file pending the time the check or warrant comes back from the county.
- After all the check requests are entered in the system a copy of the payments pending district approval report should be printed. This report together with all the check requests and a copy of the appropriation control report should be given to the School Director for approval. A copy of the approved payments should be put on file for future reference.
- Pick up the mail from Bali Business Management the following day and verify that all the warrants were generated and everything related to the warrant is correct. Then attach a copy of the warrant to the check request together with the warrant request earlier printed from the system, staple them together and complete the payment information on the check request. Stamp the documentation as paid and file the whole package in the paid bills folder, after the checks are approved by the check signer.
- Put the checks in an envelope for mailing. If someone has to pick up a check in the office they must sign a log, and if it is an unknown person picture identification or drivers license should be reviewed to make sure that it is the right person.

The Administrative Assistant:

- Make sure that the bill being approved is a bill the school incurred and that those who incurred them are authorized to incur the bill, and that sufficient amounts are available in the budget to pay for the bill.
- Must be sure that services or goods were actually delivered as ordered and the amounts billed are agreed to and the bill was not previously paid and the invoice is not a duplicate or copy.
- Must be sure that the invoice is being charged to the right budget line item (account number and object code). This information must be provided by completing a check request form, and attaching the invoice, copy of the purchase order and a receiving advice or report noted on the purchase order. Any discrepancy between the invoice and the purchase order must be noted on the bill and reported to the Financial Consultant or School Director.
- The check request must be made in a timely manner for payment to prevent incurring collection and other credit problems.

School Director:

- **Make sure that there is enough cash flow to pay the warrants being requested before approving the bills. This can be accomplished by reviewing the cash balance on the report provided by Financial Consultant.**
- **Check to see that the checks were written to the same payee as stated on the check request and bill.**
- **Keep the budget managers or persons who incur expenditures informed about cash flow in case they have to defer incurring certain expenditures, pending improvement in cash flow.**
- **Before signing any check, make sure the documentation is attached and that the check request information is completely filled out with prior approvals attached.**
- **Checks in excess of \$2,500 require two signatures.**

POLICY NUMBER SIX: EMPLOYEE ADVANCE POLICIES AND PROCEDURES

EMPLOYEE ADVANCES:

All employee advances must be properly documented and recorded in the school accounting books for the correct amounts, to help facilitate prompt collection of the advance from the employee.

BACKGROUND:

From time to time the school may make advances to its employees for various reasons including payroll checks not received on time, vacation advance, emergency and other extenuating circumstances.

PROCEDURES:

Responsibility of requesting employee:

- Request in writing to be submitted to the School Director for approval.
- Make sure that the emergencies are limited to unusual health bills, death or serious illness in the staff member's immediate family requiring unusual financial outlay, or unusual automobile repairs.
- Substantiating documentation must be provided with the request.
- The amount being requested must not be more than one third of the employee regular or average paycheck for a pay period.
- Repayment must be made over a period not to exceed three months, through payroll deductions beginning with the pay period subsequent to the date of the advance.
- Authentication of the advance, by signing an agreement detailing the terms of the advance, to remain on file.
- Advance is immediately due and payable in full upon the separation or termination of employment.
- The employee must be a regular full time staff member who has served for at least six months.

Responsibility of the Administrative Assistant:

- To ensure that the employee is qualified for approval for the advance, appropriate required documentation is attached to the request and all other guidelines are followed.
- Determine if the circumstances surrounding the request are appropriate and recommend Principal's approval.

Responsibility of School Director:

- Determine if there is enough cash flow to accommodate this request considering all the other priorities of the school.
- Consider the circumstance and the history of this employee as it relates to requests for advance in deciding whether or not to approve the request.
- Approve or disapprove the request after considering the guidelines for approval of the request.
- Give a copy of the approval to the Financial Consultant for filing or processing and the School Director for communication to the employee.
- Give a copy of any termination or separation notice to the Financial Consultant to compute final check and complete the separation notice form.

Responsibility of the Administrative Assistant:

- Generate the check from the Revolving Cash Fund for the School Director to sign and charging the advance to an employee advance account.
- Complete an agreement between the school and the employee to be signed by the employee and the School Director.
- Set up payroll deduction for the advance, beginning the pay period following the date the check was given to the employee.
- File a copy of the check, approved request and agreement in the employee advance file, and employee personnel file.
- Reconcile the Employee Advance account, to make sure that the amount on the account reflects the agreement currently on file.
- Deduct any amount outstanding from the final check to the employee in case of separation or termination.

POLICY NUMBER SEVEN: USE OF CORPORATE CREDIT CARDS AND PROCEDURES

Credit cards secured for the school through our bankers will allow us the convenience of charging purchases on the account, therefore saving staff the trouble of using their funds to purchase needed materials.

Furthermore, it will save the school from cutting many checks for reimbursements. Instead one check will be cut to our bankers.

- The cash advance feature CANNOT be activated or used for any reason.
- The card can be used only for business purchases. NO PERSONAL USE.
- The duplicate receipt must always be turned in to Administrative Assistant, after purchase is made to allow for easy processing of the bills. The account number to be charged must be stated on the receipt.
- Before charging anything to the card, the purchaser must determine what budget line items should be charged for this expenditure and whether the budget item has enough funds in the account to accommodate the charges, considering all other charges previously made to this account. If in doubt about the availability of the funds, please consult the responsible budget manager.
- Any missing or lost credit card must be immediately reported to the Financial Consultant and the Bank, so that security measures regarding cancellation and reissue can be accomplished in time to prevent illegal charges to the account.
- The card can be used to charge things for other staff as long as verification is made as to the availability of funds for the purchase. The card can be used for small purchases that normally require payment before order, it should not be used for items that can be put on purchase orders and billed to us in the normal way. Do not use the credit card in such a way as to circumvent our normal purchase order or billing system. Examples of things that can be charged include airline tickets for training and seminars, books and instructional supplies.
- The Financial Consultant and the School Director are responsible for ensuring that the credit card holders follow these procedures. Any abuse of the credit card policies should be reported to the Financial Consultant or the School Director. The school reserves the right to

terminate any credit card due to abuses including lack of following credit card policies and procedures.

- The School Director must approve any expenditure related to any direct benefit of the credit card user. No one can approve an expenditure that is for his or her own benefit.
- The Administrative Assistant must turn in all credit card statements to the Financial Consultant. The Administrative Assistant will give each credit card holder his or her statements.
- Credit card holders will prepare a check request for each credit card statement with all attached documentation, including receipts and account numbers. This will ensure orderly and efficient processing of the bills to avoid the charging of interest.

POLICY NUMBER EIGHT: PETTY CASH POLICIES AND PROCEDURES

The school will maintain a petty cash fund to make it expedient to disburse small purchases that are needed to operate the school business. The items to be disbursed out of these funds are limited to small items of \$25 or less.

PROCEDURES:

Administrative Assistant:

- The Administrative Assistant has oversight over the implementation of the petty cash policies and procedures.
- Processes requests for issuance of petty cash after being approved by the School Director.
- Processes replenishment of petty cash on a regular basis.
- Ensures that the replenishment expenditures are supported by authentic purchase receipts approved by the School Director.
- Monitors all the petty cash given to holders to make sure they are replenishing them on a regular basis and remind the holders of the need to replenish the fund so that expenditures can be recorded. If the holder does not have expenditures for several months, this may indicate that the petty cash might not be necessary.
- When a petty cash is originally issued to a holder, it must be logged in a petty cash log; any increases to the petty cash amount must be recorded in the log.
- Petty cash is reimbursed in the same manner as any other reimbursement or bill. In urgent situations, reimbursements can be done from the revolving cash fund.

Petty Cash Holders

- Request for issuance of petty cash from the School Director based on a compelling need supported by convincing reasons.
- Makes sure that the petty cash fund in their possession is securely locked in a cabinet at all times, making sure that nobody else has access to the fund.
- The petty cash holder has a personal responsibility for the funds in their possession.
- Issuance of funds to staff who need them must be evidenced by a receipt signed by staff and petty cash issuer.

- Before issuing the funds to the staff the holder must ascertain that the staff is going to spend the money on a budgeted expenditure approved by the School Director.
- Must ensure those given petty cash bring back an authentic receipt approved by the Administrative Assistant with the appropriate account number where the expenditure will be charged.
- The School Director's signature on the purchase receipt is evidence that the expenditure is approved by the School Director and it is for an expenditure that has been budgeted by the school for this purpose and the goods or services is to be used for a specific school business purpose. The signature also means that there is available balance in the line item to accommodate the expenditure.
- When the staff gives the petty cash holder an authentic purchase receipts approved by the School Director, the issuance receipt should be endorsed by the holder as paid and copy of the paid issuance receipt given to the Administrative Assistant. If there is a cash balance returned by the staff it should be reflected on the issuance receipt. The paid issuance receipt should be attached to the purchase receipt.
- When the petty cash is low the holder should fill out the petty cash replenishment form and request for replenishment of the petty cash fund equal to the amount of the purchase receipts in their possession. The total amount of the replenishment and the petty cash on hand should always be equal to the amount originally issued to the holder.

Staff Requesting the Use of Petty Cash:

- Before requesting for petty cash fund staff must make sure that the expenditure is approved by the School Director and there is available funds for that expenditure.
- Make sure that a purchase receipt is obtained for the goods or services purchased and the receipt is approved by the School Director with the appropriate account number written on the receipt before giving it to the petty cash holder.
- Return any excess cash to the petty cash holder together with the receipt to relieve the staff of the responsibility of the cash originally received.
- Once a staff receives funds from the petty cash holder, the staff is personally responsible for the funds, until they bring back an approved receipt with account numbers plus any left over cash in exchange for a

release of liability. This is evidenced by a copy of a paid issuance receipt
by the holder of the petty cash.

POLICY NUMBER NINE: ACCOUNT RECONCILIATION POLICIES AND PROCEDURES

As part of our internal control procedures, the school will reconcile and review the result of operations to make sure the transactions are charged to the appropriate accounts and that the operations are being executed as planned.

Financial Operations Review-Procedures:

- At mid month and the final week before the close of a month the transactions posted to accounts will be reviewed to ensure that they are posted to the right accounts. Month end adjusting entries must be made at this time (final week) to make sure the financial statements reflect correctly the activities of the month. These reconciliations will be done by the Financial Consultant.
- On the 5th day following the end of the month, revenue and other balance sheet accounts will be reviewed and reconciled for the final time, by the Financial Consultant and appropriate adjustments made in the following month's financial report.
- The reports will be provided to the School Director for review and comments on the 7th day following the end of the month.
- On the 11th day following the end of the month, there will be a meeting between the School Director, and the Financial Consultant to review the budget reports for the previous month.
- On the 14th day following the end of the month complete financial reports will be given to the School Director for comments and mailing to Finance Committee to review before their meeting (if necessary). At this point any recommendations will be given by the Financial Consultant for the Principal and the Finance Committee to consider.

**POLICY NUMBER TEN: PROGRAM CASH RECEIPTS AND DEPOSIT
POLICIES AND PROCEDURES**

PROGRAM CASH RECEIPTS:

All programs and other pass through payments will be paid to the office and given to the Administrative Assistant periodically for deposit to the bank.

BACKGROUND:

The school will run various programs including meals, after school programs and pass through programs. Checks and cash are usually received at the reception desk for registration for these events.

PROCEDURES:

Responsibilities of the Office:

- Each parent is issued a receipt (original) when payment is made for any of these programs. Parents who have a history of insufficient funds checks (as provided by Financial Consultant) will be required to pay cash.
- Satellite site receipts will be brought to the main office on a daily basis for safekeeping. The Administrative Assistant will include the amounts received from the satellite site (if any) in their balancing of the total receipts for the school.
- Checks and cash are kept in a secured cabinet locked in a box until deposit is made to the bank.
- The checks must be stamped "for deposit only", using the appropriate stamp for the program bank account, to reduce any risk of loss.
- Three staff persons have access to the key so they can retrieve funds for deposit or store funds collected from parents (under no circumstances should this amount be used for any reason except as approved by the Finance Consultant or School Director). This amount is not petty cash and therefore should not be used for that purpose. Please use petty cash fund to pay for small emergency items.
- The office prepares deposit tickets on Tuesdays and Fridays, making sure the total amounts on the deposit tickets agree with the total receipts attached (duplicate). \$100 from petty cash fund will be left in the cash box for the purpose of making change when payments are received from parents.

- Any discrepancy between the deposit tickets and the attached receipts should be noted and reported to the Financial Consultant and the School Director so that further investigation can be conducted to resolve the problem.
- The income log must be compared with the incoming attendance and participation log from the program department, to make sure they agree and explain any discrepancies between them.
- The program to be credited with these funds should be noted on the deposit ticket or receipt.
- The receipts and deposit tickets will be given to the Administrative Assistant by 12 noon for deposit to the bank. A copy of the deposit ticket should be made and kept with the office, showing the signature of the Administrative Assistant as evidence that they have received the amounts listed on the ticket.

Responsibilities of the Administrative Assistant:

- The Administrative Assistant will review the whole packet to make sure that everything is completed accurately.
- A copy of the deposit ticket and duplicate receipts are filed in the program deposits file and the original deposit ticket and the funds are deposited at the bank.
- The deposit receipt from the bank must be attached to the duplicate deposit ticket in the program account file.
- Attendance log or report is compared with duplicate receipts for the respective programs to make sure everything agrees, any discrepancy must be investigated and when necessary reported to Financial Consultant or School Director.
- By the middle of the month following the end of a month, bank reconciliation is prepared and any "non sufficient funds" checks identified in a separate report. Letters will be written to the issuers of the checks so they can pay the amounts, plus service charge of \$15 per bounced check.
- Each month after the bank reconciliation or when the program is complete, depending on the program, a check will be generated from the program account to our county account or outside vendor depending on the program requirements.

**POLICY NUMBER ELEVEN: COUNTY DEPOSIT POLICIES AND
PROCEDURES**

LACOE Deposit Procedures

1. Review checks for deposit and appropriate deposit accounts.
2. Prepare deposit forms for approval, copy checks, copy deposit permit.
3. Endorse back of check by writing:

For Deposit Only

The New Design Charter School

4. Transmit PCODE 031, Print page.
5. File copied deposit permit, copied checks, printed PCODE031 transaction, in the Deposits file.
6. Prepare an envelope to send original deposit forms and checks to

**Moses Tanwanseng
School Financial services
LACOE**

ATTN: PCODE031

7. Place the envelope with the deposit into the green mail bag.
8. Verify approval of deposit on PBAS report.
9. File blue deposit slip when returned.
10. Notify Financial Consultant if the deposit was not registered on PBAS report within 2 business days of sending deposit.
11. Notify Financial Consultant if the blue deposit slip is not returned within 10 business days of sending deposit.

POLICY NUMBER 12. REVOLVING CASH FUND POLICY AND PROCEDURES

The School will maintain a Revolving Cash Fund to accommodate immediate cash needs that will normally not be met by the commercial warrant system. The school will make all efforts to make all payments through the commercial warrants system. Only check requests that are needed immediately due to circumstances beyond our control will be disbursed through this system.

PROCEDURES:

- All requests must be made by a check request, with all the supporting documents for the approval of the School Director.
- The request will follow the normal procedures for commercial warrant check requests.
- Poor planning will not qualify as a reason for approving this request.
- Receipts are required immediately after an event for requests of advance deposits.

School Director:

- Approval will be made based on the documentation provided and the compelling reasons why the request must be approved.
- No requests should be approved for convenience as these requests create additional burden and work for the school and circumvents the accounting process and may understate our expenditures.
- No approvals should be made without the request coming from budget manager, who checks the budget availability and the urgency for this request.
- The approved request will be given to the Administrative Assistant for processing.

Financial Consultant:

- All approved requests must be disbursed from the Revolving Cash Fund bank account the same day.
- Any request for an RCF check must be directed to the School Director.
- Requests should only be entertained from the School Director.

- All requests must be checked to make sure all required information is complete before issuing the check. The School Director should be alerted if all the necessary information is not complete.
- Make sure there is available balance in the RCF account before issuing any check. This will be accomplished by keeping a running balance after issue of checks and deposit of check to the RCF account.
- Reimburse the RCF no later than the 25th of every month to make certain that the expenditures are recorded in the correct month to void understanding our financial statements.
- Reimbursement of RCF including petty cash must be made to the School Director and charged to the respective account numbers already provided before the RCF checks were generated.
- Do not reimburse any RCF check or petty cash without the required receipts, account number and other required documentation.
- At any given time the bank balance, plus un-reimbursed expenditures, plus petty cash given out must be equal to the RCF amount.

Signed, this 18th November 2006.

Board President, Merle Williamson Foundations

Board Secretary, Merle Williamson Foundation

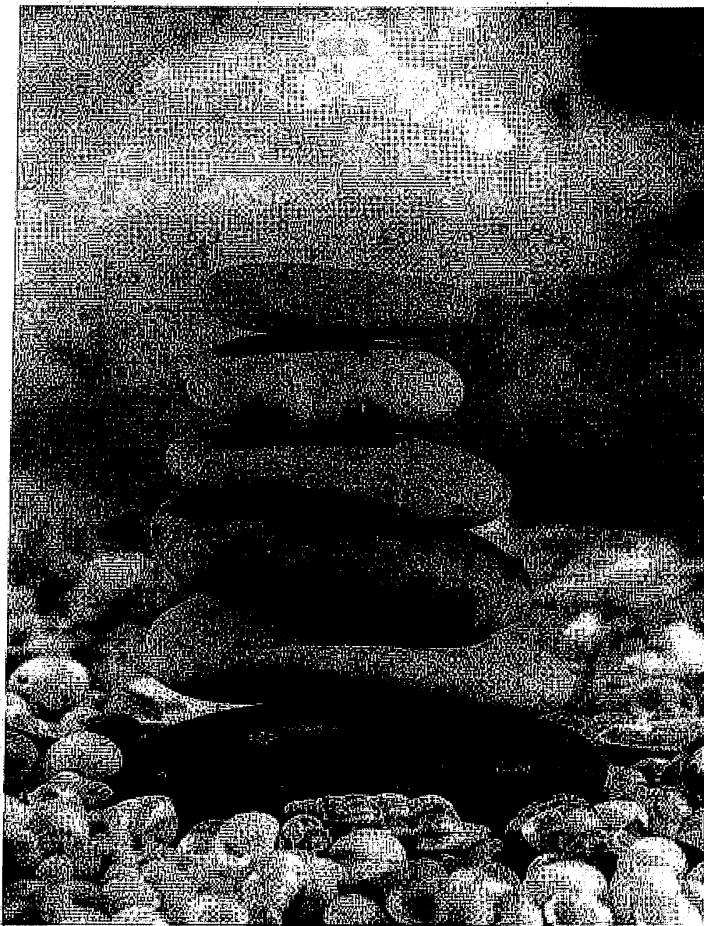
EXHIBIT 13

new 7/15/11

WAYS BOARD ROSTER FY - 2011/2012				
Board Member Name	Title	Email Address	Telephone	Address
Edward Cabill	Member	edcabill@sbcglobal.net	323-933-1993	706 E. Manchester Avenue. LA, Ca. 90001
Jonathan Fields	Member	jonathanfields55@yahoo.com	323-377-9937	706 E. Manchester Avenue. LA, Ca. 90001
Karen Haynes	Member	karen.haynes@twcable.com	323-459-5000	706 E. Manchester Avenue. LA, Ca. 90001
Kandee Lewis	Vice President	Kandeele@aol.com	323-787-9252	706 E. Manchester Avenue. LA, Ca. 90001
Alex Love	President	alexlove93@hotmail.com	310-972-9527	706 E. Manchester Avenue. LA, Ca. 90001
Loretta McDonald	Member	lmcDonald@bmb.com	310-902-5293	706 E. Manchester Avenue. LA, Ca. 90001
Oliver Ortega	Member	oliverisloco@gmail.com	323-545-8312	706 E. Manchester Avenue. LA, Ca. 90001
Cathy Roby	Treasurer	cathy_robby@yahoo.com	310-488-2489	706 E. Manchester Avenue. LA, Ca. 90001
Tamara Smith	Member	tdsmith0052@yahoo.com	310-333-1982	706 E. Manchester Avenue. LA, Ca. 90001
Adell Walker	Member	lazz4azz@aol.com	323-630-8886	706 E. Manchester Avenue. LA, Ca. 90001
Dorothy Valenti	Secretary	dvalenti747@yahoo.com	770-882-5252	706 E. Manchester Avenue. LA, Ca. 90001

Date	07/28 - 29/2011	8/19/2011	9/16/2011	10/21/2011	11/18/2011	1/20/2012	2/17/2012	3/16/2012	4/20/2012	5/18/2012	6/22/2012
Location	Board Retreat	WAYS	WAYS	WAYS	WAYS	WAYS	WAYS	WAYS	WAYS	WAYS	WAYS
Time	All Day	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.	3:00 p.m.

000649



Wisdom Academy for Young Scientists

Governing Board Retreat

Ayres Inn (Orange)
3737 West Chapman Avenue
Orange, CA 92868
(714) 973-9166



WISDOM ACADEMY FOR YOUNG SCIENTISTS
GOVERNING BOARD RETREAT



Wednesday, July 27, 2011

Arrival Hotel check-in 3:00 PM
6:00 PM Social/Get Acquainted/Ice breakers

Thursday, July 28, 2011

Purposes: Strategically Plan for 2011-2013

Build relationships between board members, Administration, Staff
Address meaningful topics and reach common ground

8:00 AM - 9:00 AM Breakfast (Buffet)
9:00 AM - 9:15 AM Welcome/Introductions/Order of the Day
President, Alex Love
9:15 AM - 9:25 AM Introduction of Authorizer - Executive Director,
Michael Cureton
9:25 AM - 10:00 AM LACOE Presentation - Introductions/Expectations
10:00 AM - 10:15 AM Break
10:15 AM - 10:30 AM Discussion - Cathy Roby (AA)
10:30 AM - 12:00 Noon Administration - Mickey Cureton/Ms Alake

- MOU
- Lease Agreement
- Roles/Responsibilities/Expectations/Assessment
- Staff Development/Training
- Capacity Building (where most needed)
- Curriculum/Instructional Materials & Supplies

12:00 noon - 1:00 PM Lunch/ Social time
1:00 PM - 4:00 PM Strategic Planning (SWOT Analysis - SMART Goals)
3:00 PM - 3:15 PM Break
3:15 PM - 5:00 PM Strategic Planning Cont'd
5:00 PM - 5:30 PM Evaluation - Next Steps
6:30 PM Dinner

000651

Friday, July 29, 2011

Purposes: Inform and educate board on significant topical issues

Review/Evaluate Board's own progress and contribution to organization

Revisit mission, vision, goals of organization and plan for success

Improve governance of WAYS through Strategic Planning

8:00 AM - 9:00 AM.....Breakfast (Buffet)

9:00 AM - 9:15 AM.....Opening/Order of the Day - Alex Love

9:15 AM - 9:30 AM.....Overview-WAYS' mission, vision, goals
Ms Loretta

9:30 AM - 9:45 AM.....Overview Board Manual - Introduction of Attorney,
Lisa Core, Middleton, Young & Minney, Adell Walker

9:45 AM - 2:00 PM.....Facilitated Education & Training - Lisa Corr

- Conflict of Interest
- Board Governance 101
- Brown Act
- Roles/Responsibilities
- Charter School Support

10:00 AM - 10:15 AM.....Break

10:15 AM - 12:00 PM.....Education/Training Cont'd

12:00 PM - 1:00 PM.....Lunch / Social Hour

1:00 PM - 2:00 PM.....Training Cont'd - Q&A - Wrap

2:00 PM - 2:15 PM.....Break

2:00 PM - 4:30 PM.....Discussion - Presentations

- Board Self Evaluation/Review, Kande Lewis (30 min)
- Setting Norms/Ground Rules/Organization Chart - Alex Love (30 min)
- SWOT Analysis -Board (30 min)
- Effective Board Meetings-Loretta McDonald (30 Min)
- Fundraising - Adell Walker (30 min)

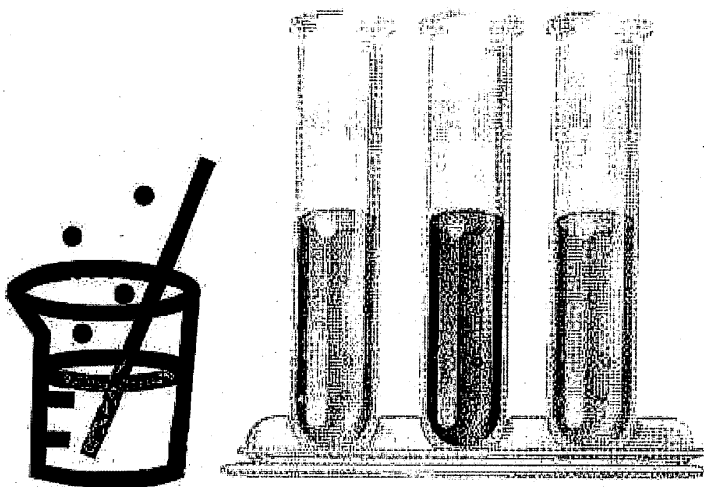
4:30 PM - 5:30 PM.....Evaluation/Wrap/Next Steps

5:30 PM.....Dismissal

000652

Mission

To create a transformational learning climate in which
students become empowered to be leaders, self-
responsible learners, change agents, and true scientists



*Thank you, each and every board member, staff,
administrators, for your commitment, dedication, and interest
in the education of our youth, our legacy. Education
Matters! YOU Matter!*

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

Notice of "Special Meeting" of
Board of Directors
Monday, August 1, 2011
3:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all community members
2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."
3. "Oral Communication" is set aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.
4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.

A. Call to Order
Meeting called to order by the Board President at _____

B. Roll Call Present/Absent

Edward Cabil	_____
Karen Haynes	_____
Loretta McDonald	_____
Tamara Smith	_____
Adell Walker	_____
Alex Love	_____
Kandee Lewis	_____
Jonathan Fields	_____
Cathy Roby	_____
Dorothy Velinti	_____
Oliver Ortega	_____

Others in Attendance

Michael Cureton	_____
Alake Watson	_____
Jason Okonkwo	_____
Ball Business Management	_____

II. Additions to the Agenda (Provisions of emergency/Urgency)

III. Approval of Minutes

Approval of the June 30, 2011, board minutes. Board Secretary to provide one copy to each Board Member for review

- IV. Oral Communications: Non-Agenda Items—Individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

V. Information Item (All Reports)

- Board
- Parent/Teacher
- Executive Director
- Principal
- Director of Operations
- Business & Finance

VI. Closed Session

1. Ball Business Management Contract
2. Public Employment
 - a. Principal
 - b. School Administrative Secretary

VII. Action Items

1. Release of Current Board Secretary
2. Reinstatement of Previous Board Secretary
3. Approval of School Administrative Secretary Position
4. Approval of Principal Position and Hiring Process
5. Approval of Board Sergeant at Arms Position
6. Approval of Contract with Charter School Management Corporation
7. Approval of New Property Lease Agreement with The Salvation Army Siemon Family Youth and Community Center

VIII. Future Agenda Items

The Board will consider Items for future Board Meeting Agendas

IX. Meeting Adjourned at _____

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

**Notice of "Special Meeting" of
Board of Directors**
Tuesday, August 10, 2011
3:00 PM

I. Instructions for Presentations to the Board by Members of the Community

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A. Call to Order

Meeting called to order by the Board President at _____

B. Roll Call

Present/Absent

Edward Cabil
Karen Haynes
Loretta McDonald
Tamara Smith
Adell Walker
Alex Love
Kandee Lewis
Jonathan Fields
Cathy Roby
Dorothy Velintj
Oliver Ortega

Others In Attendance

Michael Cureton
Alake Watson
Jason Okonkwo
Bali Business Management

II. Additions to the Agenda (Provisions of emergency/Urgency)

000656

III. Approval of Minutes

Approval of the August 1, 2011, board minutes. Board Secretary to provide one copy to each Board Member to review

- IV. Oral Communications:** Non-Agenda Items—Individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

V. Information Item (All Reports)

- Board
- Parent/Teacher
- Executive Director
- Principal
- Director of Operations
- Business & Finance

VI. Closed Session

- Approval of RPM Construction Contract
- Approve of Properties Lease Agreements with OCI for 706 E. Manchester Ave., Los Angeles, CA 90001 and 8778 S. Central Ave., Los Angeles, CA 90001
- Discuss Possible Move to New School Locations

Action Items

1. Approval of New Property Lease Agreement with Salvation Army Siemon Family Youth Center
2. Discussion of New Food Service Vendor and a New Auditor
3. Interview Top Four (4) Principal Candidates
4. Approval of Tamara Smith's Resignation
5. Evaluations of the Staff/Staff Credentials, Resumes and Job Descriptions
6. Board Notification Letter
7. Clarity Board Attendance Procedures

VII. Future Agenda Items

The Board will consider Items for future Board Meeting Agendas

VIII. Meeting Adjourned at _____

Board Agenda-August 19, 2011
Wisdom Academy for Young Scientists

706 E. Manchester Avenue
Los Angeles, CA 90001

Notice of "Special Meeting" of
Board of Directors

Friday, August 19, 2011

3:00 PM

I. Instructions for Presentations to the Board by Members of the Community
Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.

A. Call to Order
Meeting called to order by the Board President at _____

B. Roll Call Present/Absent
Edward Cabil _____/_____
Karen Haynes _____/_____
Loretta McDonald _____/_____
Adell Walker _____/_____
Alex Love _____/_____
Kandee Lewis _____/_____
Jonathan Fields _____/_____
Cathy Roby _____/_____
Dorothy Velinti _____/_____
Oliver Ortega _____/_____

BoardAgenda-August192011

Others in Attendance

Michael Cureton _____/_____
Alake Watson _____/_____
Lawrence Wynder _____/_____
Jason Okonkwo _____/_____
Bali Business Management _____/_____

Page 1

II. Approval of Minutes

Approval of the August 10, 2011 board minutes. Board Secretary to provide one copy to each Board Member for Review

III.

Oral Communications: Non-Agenda items--individuals who have submitted a request to speak form will be allowed up to three (3) minutes presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

IV. Reports (All Reports submitted to Board in writing)

1. Board 2 min
2. Parent/Teacher 2 min
3. Executive Director 2 min
4. Principal 3 min
5. Director of Operations 3 min
6. Business & Finance 3 min

V. The Board will consider the appointment of Michael Cureton as real property negotiator

VI. The meeting will now convene to closed session to discuss the following matters described in Section VII.

VII. Closed Session

1. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property:

• 706 Manchester Avenue
• 8778 S Central Avenue
Agency Negotiator: Michael Cureton

Negotiating Parties: Wisdom Academy for Young Scientists (WAYS)

Under Negotiation: price, terms of the agreement

2. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9:1:
1 CASE

VIII. PUBLIC SESSION

RECONVENE TO OPEN SESSION: The meeting was reconvened to open session at _____.

PUBLIC REPORT ON ACTION TAKEN IN CLOSED SESSION (includes the vote or abstention of every member present)

Page 2

000659

Board Agenda-August 19, 2011

IX. Action Items

1. Approval of Lease Agreement for Salvation Army
2. Approval of New Curriculum (Language Arts-Science K-2)
3. Approval of Teacher Work Assignment Payment at Salvation Army
4. Approval of Volunteers Stipend for Salvation Army
5. Approval of RPM Contraction Contract
6. Approval of Board Policy & Procedures Manual
7. Approval of Board Committees--Fundraising & Board Development
8. Letter from Board member

VII. Future Agenda Items

The Board will consider items for future Board Meeting Agendas

VIII. Meeting Adjourned at _____
Page 2

8

RECEIVED

NOV 01 2011

LAOEE
CHARTER SCHOOLS OFFICE



WISDOM ACADEMY FOR YOUNG SCIENTISTS

706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Friday, August 18, 2011
3:00 PM

The Special Meeting of the WAYS Governing Board was held on Wednesday, August 10, 2011 at the school of Wisdom Academy for Young Scientists. This meeting was called to order by the President, Ms Alex Love, at 3:15 pm. In her seat was the President, Love and also seated was the Secretary, Walker.

Board members present : Ed Cabil, Adell Walker, Loretta McDonald, Alex Love, Cathy Roby, Oscar Ortega. **Board members absent**: Karen Haynes, Tamara Smith, Jonathan Fields, Kandee Lewis (excused absence) Dorothy Valenti

Approval of minutes: Minutes were read silently and pushed back for a quorum to approval. A quorum was reached at 3:35 PM. Minutes were moved with addition, seconded and motion carried.

Interview Process: moved up on agenda

Board interviewed Top four (4) Candidates (as ranked by administration) for Principal of new site—location - Salvation Army -- prior to going into closed session. All four candidates were given equal time to address the board, and answer open-ended questions of the evaluation process. A multi comprehensive performance evaluation process— consisting of, "evaluation of written exercise, oral delivery, open-ended questions, and answers session took place. After each candidate interview a discussion relative to criteria and performance indicators were reviewed. A democratic process of voting on each candidate was conducted and the candidate receiving the highest number of votes in ranking order was submitted to administration as first, second, third, and fourth choice. Interviewing process ended.

Closed Session was called to order by the President, Love, at 4:14 PM. At 5:20 PM closed session ended.

Returned to Open Session at 5:30 PM

Oral Communication

Toyer McBride, guest, commented on one of the Candidates for Principal of the new school and why she should be elected. Victoria Hankins, Brenda Peaches, and Brian Sawyers, guests commented on the school being kept in the area. Armando Espinoza, guest, addressed the board relative to becoming a member.

000661

Information Items (Reports)

Board: None

Parent/Teacher: Parent Orientation scheduled for August 22, 2011 at the new site on Central. Information to all parents will be posted on several mediums (website, flyers, etc)

Executive Director: IACOE approved Material Revision Request to expand to Salvation Army 2011-2012 school year. ED recommended approval of RPM Construction Management, Inc proposal made April 2011, at cost \$57,900. Building and Improvement funds available \$76,730. Additionally, recommended the board approve the final lease agreement with Salvation Army and consider approving the draft Property Lease Agreement for Manchester and Central Avenues with OCI. ED introduced top four Candidates for the Principal's position at the new site. A rating of the candidates was based on multi-screening criteria (written, oral performance, open-ended questioning, and interview).

Principal: Recruitment is top priority to achieve numbers at both sites. WAYS has an enrollment (based upon applications accepted) of 325 and at new site enrollment stands at 157. Currently seeking strong, credentialed teachers experienced working with children in an urban setting. Presently, offered two teachers positions for Kinder and expect to offer a third teacher position. Interview process will commence until all teachers are hired. Curriculum & Instruction materials—appointments made with two reps from textbook companies for review. The board was thanked for being willing to recommend new instructional materials for the school.

Director of Operations: Copy of the RPM construction Management Contract Proposal was submitted total cost \$53,100. Requesting the board make a decision to commence project (ADA Upgrades) to be completed prior to school opening. We must comply with the orders to provide adequate disabled persons access to the facility to remain ADA compliant. A written report was submitted and further information can be viewed upon request.

Business & Finance: Budget status report given by Bali Business Management. A pupil estimate for new or significantly expanding charters (PENSEC) for 2011-2012 fiscal year was submitted. A statement of financial position of WAYS was presented by Bali Business Management giving a total assets accounting of \$1,196,664. A statement of revenue and expenditures was submitted along with 2011-2012 budget. Applied for state facility grant to solve cash flow concerns. School can receive approx \$500,000 in Oct. A Cash Flow Forecast was submitted showing income for 2011-2012 at \$4,085,907. All written reports are available upon request.

Report Out

RPM Construction Contract – not approved at this meeting - moved to next board meeting pending further review
Property Lease Agreement with OCI for 706 E. Manchester and 8778 S. Central moved to next board meeting pending review

New school location moved to future agenda item pending research and evaluation and adoption of fundraising proposal

Action Items

New Property Lease Agreement with Salvation Army---Approved

Interview Top Four Principal Candidates -- Approved

Resignation of Tamara Smith -- Approved

Board Notification Letter -- Approved Pending Bylaws amendments

Clarify Board Attendance -- Approved Pending Bylaws amendments

Food Vendor -- Approved

New Auditor --

The board meeting of WAYS was adjourned at 6:30 PM.

Secretary of Board

Date

President of Board

Date

000662

Wisdom Academy for Young Scientists
7651 S. Central Avenue
Los Angeles, CA 90001
General Meeting
Board of Directors
Friday, September 16, 2011
3:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all community members
2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."
3. "Oral Communication" is set aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.
4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.

A. Call to Order

Meeting called to order by the Board President at _____

B. Roll Call

Present/Absent

Edward Cabill	____/____
Karen Haynes	____/____
Loretta McDonald	____/____
Tamara Smith	____/____
Adell Walker	____/____
Alex Love	____/____
Kandee Lewis	____/____
Jonathan Fields	____/____
Cathy Roby	____/____
Dorothy Velinti	____/____
Oliver Ortega	____/____

Others in Attendance

Michael Cureton	____/____
Alake Watson	____/____
Lawrence Wynder	____/____
Jason Okonkwo	____/____
Bali Business Management	____/____

II. Additions to the Agenda (Provisions of emergency/Urgency)

III. Approval of Minutes

Approval of the August 19, 2011 board minutes. Board Secretary to provide one copy to each Board Member for Review

IV. Information Item (All Reports)

1. Board
 - a. Fundraising
 - b. Letter from Board Member
 - c. Annual CA Charter School Conference (February 27 – March 2, 2012)
 - d. Facilities Grant Status – updates applications available on-line
 - e. Annual Information Survey – due to CDE
 - f. Class Size Reduction Application – Due September 28, 2012
2. Parent/Teacher
3. Executive Director
 - a. LACOE Updates
 - b. School Openings
 - c. Curriculum and Instruction
4. Principal
 - a. Professional Development
 - b. Start of New School Year
5. Director of Operations
 - a. Los Angeles Department of Building and Safety (LADBS) – Orders to Comply (OTC)
 - b. Facilities Grant
 - c. National School Lunch Program
 - d. After-School Program
6. Business & Finance
 - a. LACOE Monthly Report
 - b. Status of WAYS Finance

- V. Oral Communications:** Non-Agenda Items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

VI. Closed Session

No items

VII. Discussion Items/Action Items

1. Approval of Corporate Name Change
2. By-Laws – Term Limits/Amendments
3. Appointment of Two Board Committees (Fundraising and Board Development)
4. WAYS Board Policy and Procedures Manual
5. (Revised) Lease for 706 Manchester
6. STEM (How are these fields addressed in the curriculum moving forward)?

VII. Future Agenda Items

The Board will consider items for future Board Meeting Agendas

VIII. Meeting Adjourned at _____

From: Isenberg, Jan
To: Patel, Neha
Subject: FW: WAYS Governing Board Agenda-September 16, 2011
Date: Wednesday, September 14, 2011 4:44:41 PM
Attachments: Board Agenda - September 19, 2011.doc

From: Jazz4azz@aol.com [Jazz4azz@aol.com]
Sent: Wednesday, September 14, 2011 4:14 PM
To: cathy_roby@yahoo.com; lmcDonald@lbmb.com; edcabill@sbcglobal.net; dvalenti747@yahoo.com; jonathanfields55@yahoo.com; kandeele@aol.com; karen.haynes@twcable.com
Cc: yetundeedd@gmail.com; michael_cureton@att.net; alexlove93@hotmail.com; mrjason7@gmail.com; wisdomacademy4ys@yahoo.com; Isenberg, Jan
Subject: WAYS Governing Board Agenda-September 16, 2011

Hello,

The following attachment is the Agenda for the September General Meeting of WAYS Governing Board.

Thank you,

Adell
Secretary, WAYS GB
Los Angeles, CA 90008
(323) 630-8886

000665

Wisdom Academy for Young Scientists

Notice of Board of Directors Special Board Meeting

Thursday, January 30, 2014

5:30 P.M. – 7:00 P.M.

706 East Manchester Avenue – L.A. CA 90001

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."
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4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

**Wisdom Academy for Young Scientists Public Charter School
Special Board Meeting
Thursday, January 30, 2014
5:30 PM to 7:00 PM
706 East Manchester Avenue – L.A. CA 90001**

(Posted January 29, 2014)

Mission: Our mission is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Board Member Roll Call - Present/Absent**

- 1. Cheryl Johnson
- 2. Norman Golden
- 3. Dorothy Valenti
- 4. Armando Espinoza
- 5. Hon. Saundra Davis
- 6. Hon. Carol Lee Tolbert
- 7. Kimberly Daniels, Esq.

IV. Approval of the Board Meeting Minutes - None

V. Additions to the Agenda (*Provisions of Emergency/Urgency*)

VI. Staff and Consultants Reports / Public Communication on Non-Agenda Items

Individuals of the public who have submitted a Request to Speak form will be allowed 2 minutes to address the Governing Board. This segment shall not exceed 15 minutes.

VII. Closed Session

- a. ANTICIPATED LITIGATION—One potential Item (pursuant to Gov. Code § 54956.9(d)(2).)

VIII. Open Session

- a. Consideration of and potential action concerning the WAYS School Site Council resolution regarding the Board Membership of Carol Lee Tolbert and Saundra Davis (the School Site Council has requested resignation or removal of Board Members Tolbert and Davis)
– Action Item

a. VIII. Recommendations

- b. Approval of the WAYS School Site Council resolution regarding the Board Membership of Carol Lee Tolbert and Saundra Davis

IX. Recommendations For Future Agenda Items

X. Meeting Adjourned



WISDOM ACADEMY FOR YOUNG SCIENTISTS

706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Thursday, January 30, 2014 5:30 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Thursday, January 30, 2014 at the school of Wisdom Academy for Young Scientists. Board Member, Eleanor Jones, called this meeting to order at 6:28pm.
- II. All members and guests stood and saluted the flag.
- III. **Board Members Present:** Cheryl Johnson, Dorothy Valenti, Kimberly Daniels, Armando Espinoza
Board Members Absent: Carol Lee Tolbert, Saundra Davis
Others In Attendance: Jason Okonkwo, Edward Cabil
- IV. **Additions to the Agenda**
- V. **Approval of Minutes**
 - a. None
- VI. **Reports**
 - a. None
- VII. **Closed Session**
 - a. ANTICIPATED LITIGATION -- One potential item (pursuant to Gov. Code § 54956.9(d)(2).) --
 - i. A representative from the school's legal representation firm to advise the Board of Directors regarding one potential item of anticipated litigation.
- VIII. **Open Session**
 - a. Consideration of and potential action concerning the WAYS School Site Council resolution regarding the Board Membership of Carol Lee Tolbert and Saundra Davis (the School Site Council has requested resignation or removal of Board Members Tolbert and Davis)
 - i. Removal of Carol Lee Tolbert as Board Member
 1. In favor -- Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Kimberly Daniels
 2. Oppose -- None
 - ii. Removal of Saundra Davis as Board Member
 1. In favor -- Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 2. Oppose -- Kimberly Daniels
- IX. **Oral Communication**
 - a. Adrienne Cooks -- Oral Report
 - b. Flora Gomez -- Oral Report
- X. **Future Agenda Items**
- XI. The board meeting of WAYS was officially adjourned at 7:41 PM.

Secretary of Board

Date

2-3-14

President of Board

Date

2-3-14 Vice-Chair

000668

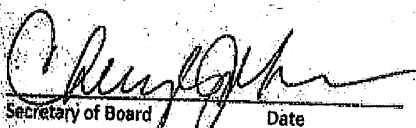

- e. 2013-14 Fiscal Year Executive Director Contract 2013-14 - A motion to table until next meeting by Carol Tolbert, second by Sandra Davis, a vote was taken. Approved 7/0
- f. Updates Regarding LACOE initiated FCIMAT Audit - A motion to table until next meeting by Carol Tolbert, second by Sandra Davis, a vote was taken. Approved 7/0
- g. Election of Officers - Carol Tolbert was nominated for Board Chair by Eleanor Jones, a vote was taken. Approved 7/0
- h. Formation of the Board's Finance & Development Committee - A motion to table until next meeting by Carol Tolbert, second by Sandra Davis, a vote was taken. Approved 7/0

VIII. Public Communication

- a. None

IX. Future Agenda Items

- X. The board meeting of WAYS was officially adjourned at 9:00pm.


Secretary of Board
Date

President of Board
Date
2-3-14 Vice-Chair

000669

Wisdom Academy for Young Scientists

Notice of Board of Directors Special Board Meeting

Monday, February 3, 2014

5:30 P.M. – 7:00 P.M.

706 East Manchester Avenue – L.A. CA 90001

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

**Wisdom Academy for Young Scientists Public Charter School
Special Board Meeting
Monday, February 3, 2014
5:30 PM to 7:00 PM
706 East Manchester Avenue – L.A. CA 90001**

(Posted January 31, 2014)

Mission: Our mission is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Board Member Roll Call - Present/Absent**

1. Cheryl Johnson	_____ / _____
2. Norman Golden	_____ / _____
3. Dorothy Valenti	_____ / _____
4. Armando Espinoza	_____ / _____
5. Hon. Sandra Davis	_____ / _____
6. Kimberly Daniels, Esq.	_____ / _____

IV. Approval of the Board Meeting Minutes – August 29, 2013 and January 30, 2014

V. Additions to the Agenda (*Provisions of Emergency/Urgency*)

VI. Staff and Consultants Reports / Public Communication on Non-Agenda items

Individuals of the public who have submitted a Request to Speak form will be allowed 2 minutes to address the Governing Board. This segment shall not exceed 15 minutes.

VII. Open Session

- a. Board Member Resignation Letter – Action
- b. Newly Required Student Fee's Policy – Action
- c. 2013-14 Fiscal Year Executive Director Contract 2013-14 – Action Item
- d. Commercial Property Lease 2013-14 Fiscal Year – 706 East Manchester Ave & 8778 South Central Ave Los Angeles, Ca. Negotiator – Mr. Edward Cabil – Action Item
- e. Commercial Property Lease 2013-14 Fiscal Year – 7651 South Central Ave Los Angeles, Ca. Negotiator – Mr. Edward Cabil – Action Item
- f. Resolution to sell school vehicle – Action Item
- g. Selection of auditor WILKINSON HADLEY KING & COMPANY, LLP – Action
- h. Wisdom Academy for Young Scientists Annual Financial Audit – Action
- i. Single Plan for Student Achievement – Action
- j. Unaudited Actuals Financial Report – Action
- k. Title I Budget 2013-14 – Action
- l. Special Education Budget 2013-14 – Action
- m. After School Education and Safety Program 2013-14 Budget
- n. First Interim Financial Report – Action
- o. Updates Regarding FCMAT Audit – Discussion Item

Recommendations

- a. Approval of Board Member Resignation Letter
- b. Adoption of Student Fee's Policy
- c. Approval of 2013-14 Fiscal Year Executive Director Contract 2013-14 – Action Item
- d. Approval of Commercial Property Lease 2013-14 Fiscal Year – 706 East Manchester Ave & 8778 South Central Ave Los Angeles, Ca. Negotiator – Mr. Edward Cabil – Action Item
- e. Approval of Commercial Property Lease 2013-14 Fiscal Year – 7651 South Central Ave Los Angeles, Ca. Negotiator – Mr. Edward Cabil – Action Item
- f. Approval of Resolution to sell school vehicle – Action Item

- g. Approval of Selection of auditor WILKINSON HADLEY KING & COMPANY, LLP – Action
- h. Approval of Wisdom Academy for Young Scientists Annual Financial Audit – Action
- i. Approval of Single Plan for Student Achievement – Action
- j. Approval of Unaudited Actuals Financial Report – Action
- k. Approval of Title I Budget 2013-14 – Action
- l. Approval of Special Education Budget 2013-14 – Action
- m. Approval of After School Education and Safety Program 2013-14 Budget
- n. Approval of First Interim Financial Report – Action
- o. Approval of Updates Regarding FCMAT Audit – Discussion Item

VIII. Closed Session

- a. CONFERENCE WITH LEGAL COUNSEL/ANTICIPATED LITIGATION—one item (Gov. Code s. 54956.9(d)(2))

IX. Closed Session report

X. Recommendations For Future Agenda Items

XI. Meeting Adjourned

From: Espinoza, Armando
To: OneRoyalNubian,; Johnson, Cheryl; saundavis@aol.com; normansk@gmail.com
Cc: Edward Cabil; Patel, Neha; Higelin, Judy
Subject: Board Meeting tomorrow February 3rd at 5:45 PM
Date: Sunday, February 02, 2014 5:41:50 PM
Attachments: Board Meeting Agenda - February 3, 2014.doc

Good Afternoon,

Please find attached the board meeting agenda for February 3rd at 5:45 PM.

Armando Espinoza
California State University, Northridge

Tel: (323) 253-0775
armando.espinoza.10@my.csun.edu

000673

Note: WAYS February 3, 2014 Board Minutes were approved on February 27, 2014.
But needs to be signed by Board Members.

000674



WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Monday, February 3, 2014 5:30 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Monday, February 3, 2014 at the school of Wisdom Academy for Young Scientists. Board Member, Armando Espinoza, called this meeting to order at 6:14pm.
- II. All members and guests stood and saluted the flag.
- III. **Board Members Present** : Cheryl Johnson, Dorothy Valenti, Armando Espinoza
Board Members Absent: Norman Golden, Sandra Davis, Kimberly Daniels
Others In Attendance: Jason Okonkwo, Edward Cabll
- IV. **Additions to the Agenda**
- V. **Approval of Minutes**
 - a. None
- VI. **Reports**
 - a. None
- VII. **Closed Session**
 - a. ANTICIPATED LITIGATION – One potential item (pursuant to Gov. Code § 54956.9(d)(2).) –
 - I. A representative from the schools legal representation firm to advise the Board of Directors regarding one potential item of anticipated litigation. – **No action was taken.**
- VIII. **Open Session**
 - a. Board Member Resignation Letter – Kimberly Daniels – **Approved 3/0**
 - I. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - II. Oppose – None
 - b. Adoption of Student Fee's Policy – **Approved 3/0**
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - ii. Oppose – None
 - c. 2013-14 Fiscal Year Executive Director Contract 2013-14 – **Approved 3/0**
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - II. Oppose – None
 - d. Commercial Property Lease 2013-14 Fiscal Year – 706 East Manchester Ave & 8778 South Central Ave Los Angeles, Ca. Negotiator – Mr. Edward Cabll – **Approved 3/0**
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - ii. Oppose – None
 - e. Commercial Property Lease 2013-14 Fiscal Year – 7651 South Central Ave Los Angeles, Ca. Negotiator – Mr. Edward Cabll – **Approved 3/0**
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - ii. Oppose – None

Secretary of Board

Date

President of Board

Date

000675

- f. Resolution to sell school vehicle – **Approved 3/0**
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - ii. Oppose – None
- g. Selection of auditor WILKINSON HADLEY KING & COMPANY, LLP – **Approved 3/0**
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - ii. Oppose – None
- h. Wisdom Academy for Young Scientists Annual Financial Audit – **Approved 3/0**
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - ii. Oppose – None
- i. Single Plan for Student Achievement – **Moved to future meeting.**
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - ii. Oppose – None
- j. Unaudited Actuals Financial Report – **Moved to future meeting.**
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - ii. Oppose – None
- k. First Interim Financial Report – **Moved to future meeting.**
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - ii. Oppose – None
- l. Updates Regarding FCMAT Audit – Discussion Item

IX. Oral Communication

- a. None

X. Future Agenda Items

- a. Single Plan for Student Achievement – **Moved to future meeting.**
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - ii. Oppose – None
- b. Unaudited Actuals Financial Report – **Moved to future meeting.**
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - ii. Oppose – None
- c. First Interim Financial Report – **Moved to future meeting.**
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - ii. Oppose – None
- d. Updates Regarding FCMAT Audit – Discussion Item

- XI. The board meeting of WAYS was officially adjourned at 7:19 PM.**

Secretary of Board

Date

President of Board

Date

000676

Wisdom Academy for Young Scientists

Notice of Board of Directors Special Board Meeting

Thursday, February 27, 2014

5:30 P.M. – 7:00 P.M.

706 East Manchester Avenue – L.A. CA 90001

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

**Wisdom Academy for Young Scientists Public Charter School
Special Board Meeting**

Thursday, February 27, 2014

5:30 PM to 7:00 PM

706 East Manchester Avenue – L.A. CA 90001

(Posted February 24, 2014)

Mission: Our mission is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Board Member Roll Call - Present/Absent**

- 1. Cheryl Johnson
- 2. Norman Golden
- 3. Dorothy Valenti
- 4. Armando Espinoza
- 5. Hon. Sandra Davis

IV. Approval of the Board Meeting Minutes – February 3, 2014

V. Additions to the Agenda (*Provisions of Emergency/Urgency*)

VI. Staff and Consultants Reports / Public Communication on Non-Agenda items

Individuals of the public who have submitted a Request to Speak form will be allowed 3 minutes to address the Governing Board. This segment shall not exceed 15 minutes.

VII. Closed Session

- a. Conference with Legal Counsel/Anticipated Litigation—one item (Gov. Code s. 54956.9(d)(2))

VIII. Closed Session Report

IX. Open Session

- a. Election of Officer: Interim Board Chair - Action
- b. Performance Based 2013-14 School Year Stipends Round One – Action
- c. 2013-14 School Year Employment Agreements – Action Item
- d. Commercial Property Lease 2013-17– 714 East Manchester Ave. Los Angeles, Ca. Negotiator – Mr. Edward Cabil – Action Item
- e. Parking Lot Lease 2013-14 Fiscal Year – 720 East Manchester Ave Los Angeles, Ca. Negotiator – Mr. Edward Cabil – Action Item
- f. Gateway Business Properties - Buyer Representation Agreement - Action
- g. Payment to McGraw Hill for New Curriculum Textbooks (\$163,030.61) – Action Item
- h. Adoption of LACOE implemented SIRAS Special Education Information System - Action
- i. Federal IRS 990 Filing 2012 – Action
- j. Unaudited Actuals Financial Report – Action
- k. First Interim Financial Report – Action
- l. Updates Regarding FCMAT Audit including Auditor Communication regarding OSE Business Services vendor – Discussion/Action Item
- m. Response to Annual Audit findings – Discussion
- n. Wells Fargo Payroll Systems Agreement - Action
- o. WAYS Board of Directors Training and Retreat – Discussion

- p. Board Member Installations – Action
- q. Board Member Resignation Letter– Action
- r. Board Member Recruitment – Discussion
- s. Consideration of the WAYS School Site Council resolution regarding the Board Membership of Carol Lee Tolbert and Sandra Davis (the School Site Council has requested resignation or removal of Board Members Tolbert and Davis) – Action Item
- t. Fundraising: Student Store – Discussion

IX. Recommendations For Future Agenda Items

- a. Single Plan for Student Achievement – Action

X. Meeting Adjourned

WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Thursday, February 27, 2014 5:30 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Monday, February 27, 2014 at the school of Wisdom Academy for Young Scientists. Board Member, Armando Espinoza, called this meeting to order at 6:14pm.
- II. All members and guests stood and saluted the flag.
- III. **Board Members Present**: Cheryl Johnson, Dorothy Valenti, Armando Espinoza, Maria Garcia, Adralne Cook
Board Members Absent: Norman Golden, Sandra Davis,
Others in Attendance: Jason Okonkwo, Edward Cabil, Deara Okonkwo, and other Parents and Staff members of Wisdom Academy.
- IV. **Additions to the Agenda**
- V. **Approval of Minutes**
 - a. None
- VI. **Reports**
 - a. Principals Report – See Handouts
 - b. Finance Report – Ball Business Management
- VII. **Closed Session**
 - a. ANTICIPATED LITIGATION – One potential item (pursuant to Gov. Code § 54956.9(d)(2).) –
 - i. A representative from the schools legal representation firm to advise the Board of Directors regarding one potential item of anticipated litigation. – No action was taken.
- VIII. **Open Session**
 - a. Board Member Recruitment – Discussion and Introductions from Prospective Board Members Maria Garcia and Adralne Cook
 - b. Board Member Installations – Maria Garcia and Adralne Cook – Approved 3/0
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti
 - ii. Oppose – None
 - c. Consideration of the WAYS School Site Council resolution regarding the Board Membership of Sandra Davis (the School Site Council has requested resignation or removal of Board Member Sandra Davis) – Approved 5/0
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adralne Cook, Maria Garcia
 - ii. Oppose – None
 - d. Board Member Resignation – Norman Golden – Approved 5/0
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adralne Cook, Maria Garcia
 - ii. Oppose – None

Secretary of Board

Date

4/25/14

President of Board

Date

4/25/14

000680

- e. Election of Officer: Armando Espinoza, Interim Board Chair – Approved 5/0
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook, Maria Garcia
 - ii. Oppose – None
- f. Performance Based Stipends 2013-14 Round One – Approved 4/0
 - i. In favor – Armando Espinoza, Dorothy Valenti, Adraine Cook, Maria Garcia
 - ii. Oppose – Cheryl Johnson
- g. 2013-14 School Year Employment Agreements – Table to future Board Meeting
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook, Maria Garcia
 - ii. Oppose – None
- h. Commercial Property Lease 2013-17– 714 East Manchester Ave. Los Angeles, Ca. Negotiator – Mr. Edward Cabil – Approved 5/0
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook, Maria Garcia
 - ii. Oppose – None
- i. Parking Lot Lease 2013-14 Fiscal Year – 720 East Manchester Ave Los Angeles, Ca. Negotiator – Mr. Edward Cabil – Approved 5/0
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook, Maria Garcia
 - ii. Oppose – None
- j. Gateway Business Properties - Buyer Representation Agreement – Tabled to future meeting.
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook, Maria Garcia
 - ii. Oppose – None
- k. Payment to McGraw Hill for New Curriculum Textbooks (\$163,030.61) – Approved 5/0
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook, Maria Garcia
 - ii. Oppose – None
- l. Adoption of LACOE implemented SIRAS Special Education Information System – Approved 5/0
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook, Maria Garcia
 - ii. Oppose – None
- m. Federal IRS 990 Filing 2012 – Approved 5/0
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook, Maria Garcia
 - ii. Oppose – None
- n. Unaudited Actuals Financial Report – Approved 5/0
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook, Maria Garcia
 - ii. Oppose – None
- o. First Interim Financial Report – Approved 5/0
 - i. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook, Maria Garcia
 - ii. Oppose – None
- p. Wells Fargo Payroll Systems Agreement - Approved 4/0
 - i. In favor – Armando Espinoza, Dorothy Valenti, Adraine Cook, Maria Garcia
 - ii. Oppose – Cheryl Johnson
- q. Response to Annual Audit findings – Discussion
 - i. Discussion by Jason Okonkwo and Halilu of Bali Business Management regarding changes to WAYS Financial Policies in the future Board Meetings.
- r. Fundraising: Student Store – Discussion
 - i. Discussion by Mr. Cabil

Secretary of Board

Date

4/25/14

President of Board

Date

4/25/14

000681

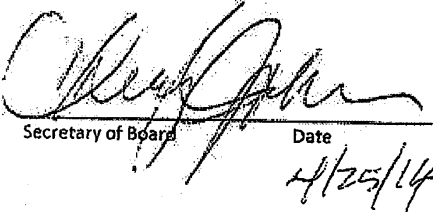
- s. Updates Regarding FCMAT Audit Including Auditor Communication regarding OSE Business Services vendor -- Discussion/Action Item
 - i. Moved to future meeting.
- t. WAYS Board of Directors Training and Retreat -- Discussion
 - i. Moved to Future Meeting

IX. Oral Communication

- a. None

X. Future Agenda Items

- a. Single Plan for Student Achievement -- Moved to future meeting.
 - b. Updates Regarding FCMAT Audit Including Auditor Communication regarding OSE Business Services vendor -- Discussion/Action Item
 - c. WAYS Board of Directors Training and Retreat - Discussion
- XI. The board meeting of WAYS was officially adjourned at 8: PM.


Secretary of Board

Date

4/25/14


President of Board

Date

4/25/14

000682

Wisdom Academy for Young Scientists

Notice of Board of Directors Special Board Meeting

Thursday, March 13, 2014

6:00 P.M. – 7:00 P.M.

706 East Manchester Avenue – L.A. CA 90001

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

**Wisdom Academy for Young Scientists Public Charter School
Special Board Meeting**

Thursday, March 13, 2014

6:00 PM to 7:00 PM

706 East Manchester Avenue – L.A. CA 90001

(Posted March 12, 2014)

Mission: Our mission is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Board Member Roll Call - Present/Absent**

- 1. Cheryl Johnson
- 2. Adriane Cook
- 3. Dorothy Valenti
- 4. Armando Espinoza
- 5. Maria Garcia

- IV. Approval of the Board Meeting Minutes – February 27, 2014**

- V. Additions to the Agenda (*Provisions of Emergency/Urgency*)**

- VI. Staff and Consultants Reports / Public Communication on Non-Agenda Items**

Individuals of the public who have submitted a Request to Speak form will be allowed 3 minutes to address the Governing Board. This segment shall not exceed 15 minutes.

- VII. Closed Session**

- a. Conference with Real Property Negotiator (pursuant to Gov. Code § 54956.8)
Negotiator: Cushman & Wakefield; Negotiating parties: Merle Williamson Foundation and 706 East Manchester Ave LA Ca 90001; Real Property: (706 East Manchester Buildings A-E) Under Negotiation: Property negotiation, purchase price.
- b. Conference with Legal Counsel: One Item: Formation of the 706 East Manchester Ave, LLC under the Merle Williamson Foundation (to hold the title of the Manchester Property) – Action

- VIII. Closed Session Report**

- IX. Open Session**

- a. Updates Regarding FCMAT Audit including Auditor Communication regarding OSE Business Services vendor – Discussion/Action Item

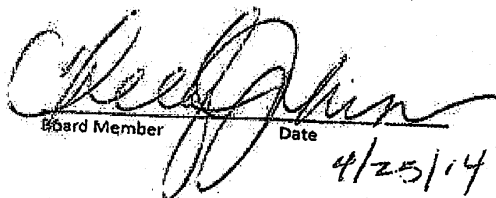
- X. Meeting Adjourned**

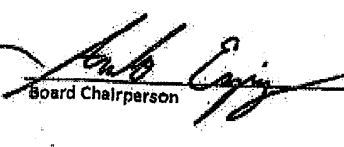
WISDOM ACADEMY FOR YOUNG SCIENTISTS

BOARD OF DIRECTORS Special Board Meeting

Thursday, March 13, 2014 6:00 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Thursday, March 13, 2014 at the school of Wisdom Academy for Young Scientists. Board Member, Armando Espinoza, called this meeting to order at 7:00pm.
Location: 706 East Manchester Ave Los Angeles, Ca 90001
Teleconference: 5641 Locust Ave, Long Beach, California 90806.
- II. All members and guests stood and saluted the flag.
- III. Board Members Present: Cheryl Johnson, Dr. Dorothy Valenti, Armando Espinoza, Adraine Cook
Board Members Absent: Maria Garcia
Others in Attendance: Jason Okonkwo, Edward Cabil, Jimmy Chal of Cushman & Wakefield.
- IV. Additions to the Agenda
- V. Approval of Minutes
 - a. February 27, 2014
- VI. Reports
 - a. None
- VII. Closed Session
 - a. Conference with Real Property Negotiator (pursuant to Gov. Code § 54956.8) Negotiator: Cushman & Wakefield; Negotiating parties: Merle Williamson Foundation and 706 East Manchester Ave LA Ca 90001; Real Property: 706 East Manchester, Buildings A-E) Under Negotiation: Property negotiation, purchase price.
 - I. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook
 - II. Oppose – None
 - b. Conference with Legal Counsel (one item: Formation of the 706 East Manchester Avenue under the Merle Williamson Foundation (706 East Manchester Property) –
 - I. In favor – Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook
 - II. Oppose – None
- VIII. Open Session
 - a. Updates Regarding FCMAT Audit and communication regarding business Services vendor. Resolution to... because OSB...
 - I. In favor – Armando Espinoza, Dorothy Valenti
 - II. Oppose – Cheryl Johnson
- IX. Oral Communication
 - a. None
- X. Future Agenda Items
- XI. The board meeting of WAYS was officially adjourned at 7:48 PM.


Board Member
Date 4/25/14


Board Chairperson
Date 4/25/14

000685

Wisdom Academy for Young Scientists

Notice of Board of Directors Special Board Meeting

Thursday, March 27, 2014

6:00 P.M. – 7:00 P.M.

706 East Manchester Avenue – L.A. CA 90001

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

Wisdom Academy for Young Scientists Public Charter School

Special Board Meeting

Thursday, March 27, 2014

6:00 PM to 7:00 PM

706 East Manchester Avenue – L.A. CA 90001

(Posted March 24, 2014)

Mission: Our mission is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

I. Call to Order

II. Pledge of Allegiance

III. Board Member Roll Call - Present/Absent

1. Cheryl Johnson
2. Adraine Cook
3. Dorothy Valenti
4. Armando Espinoza
5. Maria Garcia

IV. Approval of the Board Meeting Minutes – March 13, 2014

V. Additions to the Agenda (*Provisions of Emergency/Urgency*)

VI. Closed Session

- a. CONFERENCE WITH LEGAL COUNSEL/ANTICIPATED LITIGATION—one item (Gov. Code s. 54956.9(d)(2))

VIII. Closed Session Report

VIII. Staff and Consultants Reports / Public Communication on Non-Agenda items

Individuals of the public who have submitted a Request to Speak form will be allowed 3 minutes to address the Governing Board. This segment shall not exceed 15 minutes.

IX. Open Session

- a. LACOE notice to the WAYS Board regarding FCMAT Audit Findings – Discussion

X. Meeting Adjourned

From: Edward Cabil
To: Patel, Neha
Subject: Re: WAYS March 27th Board Meeting Status
Date: Monday, March 31, 2014 11:51:04 AM

Wow! With such a disappointment that our board members did not show up to meet the required quorum (after I personally called and email them days before) I completely forgot to send an email about the lack of quorum, notwithstanding the fact that two members of LACOE's staff were present.

Blessings,
Ed Cabil

From: Patel, Neha <Patel_Neha@laoe.edu>
To: "Ed Cabil (WAYS) (edcabil@sbcglobal.net)" <edcabil@sbcglobal.net>
Cc: Jason Okonkwo (WAYS) <mrjason7@gmail.com>; Higelin, Judy <Higelin_Judy@laoe.edu>; Wilson, Dina <Wilson_Dina@laoe.edu>
Sent: Monday, March 31, 2014 9:36 AM
Subject: WAYS March 27th Board Meeting Status

Mr. Cabil,

Was the Board meeting held as scheduled for last Thursday, March 27th? Please let us know the status. Thank you!

Neha Patel

Assistant Administrative Analyst
Charter School Office
Los Angeles County Office of Education
P: (562) 922-8806
F: (562) 922-8805
Serving Students • Supporting Communities • Leading Educators

000688

Wisdom Academy for Young Scientists

Notice of Board of Directors Special Board Meeting

Thursday, April 3, 2014

6:00 P.M. – 7:30 P.M.

706 East Manchester Avenue – L.A. CA 90001

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

Wisdom Academy for Young Scientists Public Charter School

Special Board Meeting

Thursday, April 3, 2014

6:00 PM to 7:00 PM

706 East Manchester Avenue – L.A. CA 90001

(Posted April 2, 2014)

Mission: Our mission is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Board Member Roll Call - Present/Absent**

- 1. Cheryl Johnson _____
- 2. Adraine Cook _____
- 3. Dorothy Valenti _____
- 4. Armando Espinoza _____
- 5. Maria Garcia _____

IV. Approval of the Board Meeting Minutes – March 13, 2014

V. Additions to the Agenda (*Provisions of Emergency/Urgency*)

VI. Staff and Consultants Reports / Public Communication on Non-Agenda items

Individuals of the public who have submitted a Request to Speak form will be allowed 3 minutes to address the Governing Board. This segment shall not exceed 15 minutes.

VII. Closed Session

- a. Conference with Real Property Negotiator (pursuant to Gov. Code § 54956.8)
Negotiator: Cushman & Wakefield; Negotiating parties: Merle Williamson Foundation and 706 East Manchester Ave LA Ca 90001; Real Property: (706 East Manchester Buildings A-E) Under Negotiation: Extension of Escrow period from 45 to 120 days.
- b. Conference with Legal Counsel/ Potential Litigation: One Item

VIII. Closed Session Report

IX. Open Session

- a. Wells Fargo Commercial Property Finance Application - Action Item
- b. Wilkinson Hadley King & Company, LLP tore-audit the financial statements year-end June 30, 2013
- c. Fiscal Crisis Management Team (FCMAT), to provide fiscal management assistance and professional development training.
- d. Selection of Independent Audit Firm for year-end June 30, 2014

X. Meeting Adjourned

WISDOM ACADEMY FOR YOUNG SCIENTISTS

BOARD OF DIRECTORS Special Board Meeting

Thursday, April 3, 2014 6:00 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Thursday, April 3, 2014 at the school of Wisdom Academy for Young Scientists. Board Member, Armando Espinoza, called this meeting to order at 6:24pm.

Location: 706 East Manchester Ave Los Angeles, Ca 90001

- II. All members and guests stood and saluted the flag.

- III. Board Members Present : Cheryl Johnson, Dr. Dorothy Valenti, Armando Espinoza, Adraine Cook

Board Members Absent: Maria Garcia

Others in Attendance: Jason Okonkwo, Edward Cabli,

IV. Additions to the Agenda

V. Approval of Minutes

- a. March 13, 2014

VI. Reports/ Oral Communication

- a. Ball Business Management - Monthly Financial Report (Hand-outs)
b. Vice-Principal's Report (Hand-out)

VII. Closed Session


- a. Conference with Real Property Negotiator (pursuant to Gov. Code § 54956.8) Negotiator: Cushman & Wakefield; Negotiating parties: Meade Williamson Foundation and 706 East Manchester Ave LA Ca 90001; Real Property: 706 East Manchester Buildings A-E Under Negotiation: Extension of Escrow period from 45 to 120 days. - Approved 4/0
i. In favor - Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook
ii. Oppose - None
b. Conference with Legal Counsel: One Item - Discussion


VIII. Open Session

- a. Wells Fargo Commercial Property Finance Application - Approved 4/0
i. In favor - Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook
ii. Oppose - None
b. Wilkinson Hadley King & Company LLP - Financial statements year ending June 30, 2013 - Approved 4/0
i. In favor - Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Adraine Cook
ii. Oppose - None
c. Fiscal Crisis Management Team (FCMAT), to provide fiscal management assistance and professional development training, Pending On-site Fiscal Services Proposal - Discussion
d. Selection of Independent Audit Firm for year-end June 30, 2014 - Discussion

IX. Future Agenda Items

- X. The board meeting of WAYS was officially adjourned at 7:52 PM.


Board Member _____
Date 4/25/14


Board Chairperson _____
Date 4/23/14

000691

Wisdom Academy for Young Scientists

Notice of Board of Directors Board Meeting

Friday, April 25, 2014

6:00 P.M.

706 East Manchester Avenue – L.A. CA 90001

I. Instructions for Presentations to the Board by Members of the Community

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Wisdom Academy for Young Scientists Public Charter School
Board Meeting
Friday, April 25, 2014
6:00 PM
706 East Manchester Avenue – L.A. CA 90001

(Posted April 22, 2014)

Mission: Our mission is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Board Member Roll Call - Present/Absent**

- 1. Cheryl Johnson
- 2. Adraine Cook
- 3. Dorothy Valenti
- 4. Armando Espinoza
- 5. Maria Garcia

____/____
____/____
____/____
____/____
____/____

IV. Approval of the Board Meeting Minutes – April 3, 2014

V. Additions to the Agenda (Provisions of Emergency/Urgency)

VI. Staff and Consultants Reports / Public Communication on Non-Agenda Items

Individuals of the public who have submitted a Request to Speak form will be allowed 3 minutes to address the Governing Board. This segment shall not exceed 15 minutes.

VII. Open Session

- a. LACOE Superintendent's report to WAYS Board regarding FCMAT Audit– LACOE staff Ed. Code section 1241.5 requires that the LACOE superintendent report its findings and recommendations to the governing board of the charter school
- b. Selection of Independent Audit Firm for year-end June 30, 2014 - Action

VIII. Closed Session

- a. Conference with Real Property Negotiator (pursuant to Gov. Code § 54956.8)
Negotiator: Cushman & Wakefield; Negotiating parties: Merle Williamson Foundation and 706 East Manchester Ave LA Ca 90001; Real Property: (706 East Manchester Buildings A-E) Under Negotiation: Updates regarding due diligence.
- b. Conference with Legal Counsel/ Potential Litigation: One Item

IX. Closed Session Report

X. Meeting Adjourned

Wisdom Academy for Young Scientists

Notice of Board of Directors Board Meeting

Wednesday, April 30, 2014

6:00 P.M.

706 East Manchester Avenue – L.A. CA 90001

I. Instructions for Presentations to the Board by Members of the Community

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Wisdom Academy for Young Scientists Public Charter School

Board Meeting

Wednesday, April 30, 2014

6:00 PM

706 East Manchester Avenue – L.A. CA 90001

(Posted April 29, 2014)

Mission: Our mission is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

I. Call to Order

II. Pledge of Allegiance

III. Board Member Roll Call - Present/Absent

1. Cheryl Johnson
2. Adraine Cook
3. Dorothy Valenti
4. Armando Espinoza
5. Maria Garcia

____/____
____/____
____/____
____/____
____/____

IV. Approval of the Board Meeting Minutes – April 25, 2014

V. Additions to the Agenda (Provisions of Emergency/Urgency)

VI. Staff and Consultants Reports / Public Communication on Non-Agenda items

Individuals of the public who have submitted a Request to Speak form will be allowed 3 minutes to address the Governing Board. This segment shall not exceed 15 minutes.

VII. Open Session

- a. WAYS Financial Policies and Revisions (4/25/14) – Action
- b. WAYS Response to LACOE Superintendent's notice of the FCMAT AB139 recommendation pursuant Ed. Code 1241.5 – Discussion and Potential Action
- c. WAYS 2014-15 School Year Operating Budget – Discussion and Potential Action
- d. WAYS 2014-15 School Year Special Education Budget – Discussion and Potential Action
- e. WAYS 2014-15 Title I Budget – Discussion and Potential Action
- f. 2013-14 School Year Employment Agreements – Discussion and Potential Action
- g. Recruitment of Additional Board Members – Discussion

VIII. Closed Session

- a. Public Employee Performance Evaluation (Employment Title: Executive Director)
 - i. Public Employee Discipline/Dismissal/Release (Gov. Code § 54957(b))
- b. Public Employee Appointment (Executive Director)
- c. Public Employee Discipline/Dismissal/Release (Gov. Code § 54957(b) (Director of Operations))
- d. Conference with Legal Counsel – Anticipated Litigation (one matter, Gov. Code § 54956.9(d)(2))

IX. Closed Session Report

X. Meeting Adjourned

From: Jason Okonkwo
To: Patel, Neha
Subject: WAYS Board audio and docs
Date: Monday, May 12, 2014 6:43:55 PM

Hi Neha,

Today we recieved the returned package containing the WAYS board meeting docs and audio for April 30, 2014. The package was originally mailed last week wednesday, but it was returned due to a lack of postage stamps. We remailed the package today. You should receive it by tomorrow. Kindly confirm receipt of the package tomorrow.

Sincerely,

Jason

--
Jason Okonkwo
Direct: 323.253.8907
Email: mrjason7@gmail.com

- CONFIDENTIALITY NOTICE -

The information contained in this transmission is intended only for the person or entity to which it is addressed and contains confidential and/or privileged material. If you are not the intended recipient of this information, do not review, retransmit, disclose, disseminate, use, or take any action in reliance upon, this information. If you received this transmission in error, please contact the sender and destroy all printed copies and delete the material from all computers.

000696

Wisdom Academy for Young Scientists

706 E. Manchester Avenue
Los Angeles, CA 90001

**Notice of "Special Meeting" of
Board of Directors**

Thursday, September 22, 2011
6:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all community members
2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."
3. "Oral Communication" is set aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.
4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.

A. Call to Order

Meeting called to order by the Board President at _____

B. Roll Call

Present/Absent

Edward Cabil
Karen Haynes
Adell Walker
Alex Love
Kandee Lewis
Jonathan Fields
Cathy Roby
Dorothy Velinti
Oliver Ortega

____/____
____/____
____/____
____/____
____/____
____/____
____/____
____/____
____/____

Others in Attendance

Michael Cureton
Alake Watson
Lawrence Wynder
Jason Okonkwo
Bali Business Management

____/____
____/____
____/____
____/____
____/____

II. Additions to the Agenda (Provisions of emergency/Urgency)

III. Approval of Minutes

Approval of the August 16, 2011, board minutes. Board Secretary to provide one copy to each Board Member for review.

- IV. Oral Communications:** Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

V. Information Item (All Reports)

- Board
- Executive Director
- Parent/Teacher
- Principals
- Director of Operations
- Business & Finance

VI. Closed Session

1. Investigation of possible corruption/fraud amongst certain board members
2. Investigation of possible misuse of public funds amongst certain board members
3. Excessive exposure to litigation
4. Accusation of Discrimination against employee of WAYS
5. Settlement of previous Executive Director

VII. Discussion/Action Items

1. Release of Current Board Secretary
2. Restructuring of the board
3. Approval of Innovative Ways Academy
4. Approval of Change of the Legal Counsel Services as Retainer
5. Approval of Audit Account Charges by our previous legal counsel
6. Approval of ED resignation
7. Review of Daily Schedule

VIII. Future Agenda Items

The Board will consider items for future Board Meeting Agendas

IX. Meeting Adjourned at _____

file:///Z:/Authorized Charters/WAYS_2011-2016/2011-12/Governanc...

From: Isenberg_Jan
Sent: Friday, September 23, 2011 7:14 AM
To: Patel_Neha
Subject: FW: [DELIVERY] Board Meeting

Importance: Low

Save

Jan Isenberg
Project Director III
Charter School Office
Los Angeles County Office of Education
(562) 922-8806
(562) 922-8805 (fax)

From: Lawrence Wynder [mailto:lw Wynderii@gmail.com]
Sent: Thursday, September 22, 2011 1:50 PM
To: Kendra Okonkwo; kandeele@aol.com; edcabil@sbcglobal.net; jazz4azz@aol.com; cathy_roby@yahoo.com; dvalenti747@yahoo.com; jonathanfields55@yahoo.com; yetundeedd@gmail.com; michael_cureton@att.net; jason okonkwo; Katoant@aol.com; Clyde McDaniel; alexlove93@hotmail.com; Isenberg_Jan; Haruna Bali; Halilu Haruna
Subject: [DELIVERY] Board Meeting
Importance: Low

Hello All,

Unfortunately, I will not be able to attend the board meeting this evening. On Thursdays I pick up my children from school.

Also, my email was not included when the notice was sent out. My email address is lw Wynderii@gmail.com. Kindly add me to your contact lists so I am aware of any future special meetings. Thanks and I look forward to seeing you all at the next board meeting.

Take care,

Lawrence C. Wynder
Ed. D Candidate, USC
Principal (Central-North Campus)
Wisdom Academy for Young Scientists
lw Wynderii@gmail.com

Isenberg_Jan

From: kandeale@aol.com
Sent: Wednesday, October 05, 2011 2:26 PM
To: edcabil@sbcglobal.net; wisdomacademy4ys@yahoo.com; jazz4azz@aol.com;
cathy_robby@yahoo.com; dvalenti747@yahoo.com; jonathanfields55@yahoo.com;
yetundeedd@gmail.com; michael_cureton@att.net; mrjason7@gmail.com; Katoant@aol.com;
oliverisloco@gmail.com; alexlove93@hotmail.com; Isenberg_Jan;
balibusinessmanagement@yahoo.com; hharuna@aol.com; lwynderii@gmail.com
Cc: Patel_Neha; Higelin_Judy
Subject: Re: - CANCELLATION OF October 5, 2011 "Special" Board Meeting

Mr. Cabil,

The weather had nothing to do with the cancellation of the meeting.

The reason the meeting was canceled was because of the inappropriate items placed on the agenda. The items that are deemed inappropriate are because of the following reasons:

1. The full board does not have advance nor adequate knowledge of the items.
2. The language is incorrect and not complete.
3. The items listed for closed session do not belong in closed session
4. The items listed as concerns have not followed the appropriate chain of command, which mean the Principals have not been made aware of the problem or allowed an opportunity to address the concerns.

These are just a few of the concerns that I, as Vice President of Wisdom Academy have. As such, I must safeguard the school and the board from further potentially larger problems or litigation.

As Vice President, I serve as the primary person responsible for this board, since we do not have a current President. I am not acting as a sole board but in the best interest of the board and school. This meeting was not a legitimate sanctioned meeting, as most of the issues on the agenda did not come from me, you, other board members or the Principals of WAYS.

Please be advised LACOE, nor any employee or representative from LACOE, **did not have any consideration, input, approval or play any part in the cancellation of this meeting** and they were informed and advised of the cancellation at the same time everyone else was.

It is not my intention to upset, infuriate or anger anyone, especially our valued and appreciated parents. If you recall, I was the only voice of reason in the "town hall" meeting which was held on September 16th. I was the only member of the board that stood up to the other board members and said on more than one occasion that we would have and hold that meeting, which we did. Not you, nor any other board member made any effort to make sure the meeting was held. I conducted the meeting, allowed each parent and community member to have their say, for as long as they wished. I believe you also complemented me on the meeting, along with other parents. I am disappointed that you would try to say that MY actions were anything other than collaborative, and working to appease and satisfy the students, parents, teachers, community members and guest who were in attendance, in an effort for full disclosure and working to ensure the best for WAYS, the children and community of WAYS.

Lastly, you are absolutely correct. I am a new board member, but I have VAST experience in board management and development. I am not acting on the words of anyone, nor gossip, innuendo, he said, she said. I always act based on facts! The facts in this case are serious and extreme. I am acting to safeguard the school.

I want to have a meeting as much if not more than anyone else. That is why I (not anyone else) have been trying to schedule a meeting, and asked for the board and the schools input to make sure we act accordingly, professionally and in a manner that is legitimate and sanctioned and would pass The Brown Act and that would NOT leave us open to lawsuits or additional litigation. I should be able to submit a new meeting date and revised, corrected agenda by Friday, October 7, 2011, if not sooner. I am sure it would not be problem for you, as a board member to contact our legal counsel.

10/10/2011

000701

Please note, my intention to always act in an ethical, moral manner, with the highest and best integrity and interest of Wisdom Academy. I am not a party to any actions otherwise.

Sincerely and Respectfully,

Kandee Lewis
Vice President, WAYS

-----Original Message-----

From: Edward Cabil <edcabil@sbcglobal.net>
To: kandeele <kandeele@aol.com>; wisdomacademy4ys <wisdomacademy4ys@yahoo.com>; jazz4azz <jazz4azz@aol.com>; cathy_robby <cathy_robby@yahoo.com>; dvalenti747 <dvalenti747@yahoo.com>; jonathanfields55 <jonathanfields55@yahoo.com>; yetundeedd <yetundeedd@gmail.com>; michael_cureton <michael_cureton@att.net>; mrjason7 <mrjason7@gmail.com>; Katoant <Katoant@aol.com>; oliverisloco <oliverisloco@gmail.com>; alexlove93 <alexlove93@hotmail.com>; Isenberg_Jan <Isenberg_Jan@laoe.edu>; balibusinessmanagement <balibusinessmanagement@yahoo.com>; hharuna <hharuna@aol.com>; lwynderii <lwynderii@gmail.com>
Cc: Patel_Neha <Patel_Neha@laoe.edu>; higelin_judy <higelin_judy@laoe.edu>
Sent: Wed, Oct 5, 2011 1:09 pm
Subject: Re: - CANCELLATION OF October 5, 2011 "Special" Board Meeting

Hi,

First, I want to know why it is necessary that the meeting must be canceled? Is it because of the weather? Except for what you claim as advice from the school's legal counsel, you failed to mention a reason for the cancellation of the meeting. I would like to know why was it necessary for you to contact legal counsel for advice relating to a legitimate sanctioned scheduled board meeting?

Second, what right do you have as a single board member to cancel a meeting? If you remember correctly, this is exactly what happened at our last full meeting, whereas, the chair stated that she was canceling the meeting, and by saying so, drew sharp criticism from parents who came for answers relating to the problems that they personally observed at the school! Also, you have not forgotten that when the parents pressed for an answer who instructed the chair to canceled the meeting, that the answer came back, "LACOE!" And when the parents said that LACOE was an organization, therefore, that the chair had to talk to a person at LACOE, and who was that person? The answer came back Jan Isenberg! Again, this is the same situation, and undoubtedly, this act will further infuriate the parents!

Third, the school is facing some serious administrative and other internal problems, mostly created from a group identified as WAYS' Executive Board, who as reported by a few, has engaged in micro-managing the school! In one of your recent emails, you stated that you were the only member of the Executive Board left! This Executive Board mentality is causing havoc on the school, as a group of individuals have met and planned school operations without full knowledge of the entire board membership! There were NO announced meeting, not agenda items that empowered this small group of individuals to act as they have done! I hear that there is sufficient evidence for calling a meeting to investigate the acts of this group! Is this the real reason why the meeting is being canceled, or is there another legitimate reason for doing so?

Lastly, you are practically a new member of the board; consequently, much of the knowledge surrounding WAYS is undoubtedly coming from others! Please be advised that we as members of the board have a right to know what valid reason you have for attempting to cancel tonight's meeting! Perhaps, the remaining board members need advice from counsel as to how do we get a meeting called

10/10/2011

000702

to answer the concerns of parents, staff, and community members relating to the education of the children!

Blessings,
Ed Cabil

From: "kandeele@aol.com" <kandeele@aol.com>
To: wisdomacademy4ys@yahoo.com; edcabil@sbcglobal.net; jazz4azz@aol.com; cathy_robby@yahoo.com; dvalenti747@yahoo.com; jonathanfields55@yahoo.com; yetundeedd@gmail.com; michael_cureton@att.net; mrjason7@gmail.com; Katoant@aol.com; oliverisloco@gmail.com; alexlove93@hotmail.com; lsenberg_Jan@laoe.edu; balibusinessmanagement@yahoo.com; hharuna@aol.com; lwynderil@gmail.com
Cc: Patel_Neha@laoe.edu; higelin_judy@laoe.edu
Sent: Wednesday, October 5, 2011 11:41 AM
Subject: Re: - CANCELLATION OF October 5, 2011 "Special" Board Meeting

Please be advised I am cancelling this board meeting effective immediately. Please post on our website and EVERYWHERE this agenda has been posted of the cancellation.

I have been advised by our legal counsel that it would be in the best interest of the school to cancel the meeting at this time. I will call another meeting to correctly address items that are important and relevant to the school. Thank you very much for your continued support and consideration.

Sincerely,

Kandee Lewis
Vice President,
WAYS

-----Original Message-----

From: Wisdom Academy for Young Sci. <wisdomacademy4ys@yahoo.com>
To: kandeele <kandeele@aol.com>; edcabil <edcabil@sbcglobal.net>; jazz4azz <jazz4azz@aol.com>; cathy_robby <cathy_robby@yahoo.com>; dvalenti747 <dvalenti747@yahoo.com>; jonathanfields55 <jonathanfields55@yahoo.com>; yetundeedd <yetundeedd@gmail.com>; michael_cureton <michael_cureton@att.net>; jason okonkwo <mrjason7@gmail.com>; Katoant <Katoant@aol.com>; Clyde McDaniel <oliverisloco@gmail.com>; alexlove93 <alexlove93@hotmail.com>; Jan Isenberg <lsenberg_Jan@laoe.edu>; Haruna Bali <balibusinessmanagement@yahoo.com>; Halilu Haruna <hharuna@aol.com>
Sent: Tue, Oct 4, 2011 5:06 pm
Subject: October 5, 2011 "Special" Board Meeting

Agenda for October 5, 2011, Special Board meeting posted.

----- Forwarded Message -----

From: "kandeele@aol.com" <kandeele@aol.com>
To: wisdomacademy4ys@yahoo.com; edcabil@sbcglobal.net; jazz4azz@aol.com; cathy_robby@yahoo.com; dvalenti747@yahoo.com; jonathanfields55@yahoo.com; yetundeedd@gmail.com; michael_cureton@att.net; mrjason7@gmail.com; Katoant@aol.com; oliverisloco@gmail.com; alexlove93@hotmail.com; lsenberg_Jan@laoe.edu; balibusinessmanagement@yahoo.com; hharuna@aol.com; lwynderil@gmail.com
Sent: Friday, September 23, 2011 10:48 AM
Subject: Re: September 22, 2011 "Special" Board Meeting

Greeting Ladies and Gentlemen,

Please be advised the Special Meeting scheduled for Thursday, September 22, 2011, was not held, due to a lack of a quorum being met. In attendance for this meeting was Mr. Cabil, Dr. Valenti and myself. I thank all our guest, teachers, parents, family and friends that also attended.

10/10/2011

000703

Page 4 of 5

We will re-schedule this meeting at a later date and hope all can attend. I truly hope we remember what is important, what our goals and focus should be and come together for the empowerment, growth and positive future progress of Wisdom Academy of Young Scientist, the children, families and teachers.

I hope you all have a positive and prosperous day, an excellent weekend and continue to be greatly blessed!

Your Truly,

Kandee Lewis
Vice President
WAYS

-----Original Message-----

From: Wisdom Academy for Young Sci. <wisdomacademy4ys@yahoo.com>
To: Wisdom Academy for Young Sci. <wisdomacademy4ys@yahoo.com>
Cc: kandeele <kandeele@aol.com>; edcabil <edcabil@sbcglobal.net>; jazz4azz <jazz4azz@aol.com>;
cathy_robby <cathy_robby@yahoo.com>; dvalenti747 <dvalenti747@yahoo.com>; jonathanfields55
<jonathanfields55@yahoo.com>; yetundeedd <yetundeedd@gmail.com>; michael_cureton
<michael_cureton@att.net>; jason okonkwo <mrjason7@gmail.com>; Katoant <Katoant@aol.com>; Clyde
McDaniel <oliverisloco@gmail.com>; alexlove93 <alexlove93@hotmail.com>; Jan Isenberg
<Isenberg_Jan@laco.edu>; Haruna Bali <balibusinessmanagement@yahoo.com>; Halilu Haruna
<hharuna@aol.com>
Sent: Tue, Sep 20, 2011 4:55 pm
Subject: Re: September 22, 2011 "Special" Board Meeting (Revised)

This is the revised version. Please review.

From: Wisdom Academy for Young Sci. <wisdomacademy4ys@yahoo.com>
To: Kendra Okonkwo <wisdomacademy4ys@yahoo.com>
Cc: "kandeele@aol.com" <kandeele@aol.com>; "edcabil@sbcglobal.net" <edcabil@sbcglobal.net>;
"jazz4azz@aol.com" <jazz4azz@aol.com>; "cathy_robby@yahoo.com" <cathy_robby@yahoo.com>;
"dvalenti747@yahoo.com" <dvalenti747@yahoo.com>; "jonathanfields55@yahoo.com"
<jonathanfields55@yahoo.com>; "yetundeedd@gmail.com" <yetundeedd@gmail.com>;
"michael_cureton@att.net" <michael_cureton@att.net>; jason okonkwo <mrjason7@gmail.com>;
"Katoant@aol.com" <Katoant@aol.com>; Clyde McDaniel <oliverisloco@gmail.com>; "alexlove93@hotmail.com"
<alexlove93@hotmail.com>; Jan Isenberg <Isenberg_Jan@laco.edu>
Sent: Tuesday, September 20, 2011 9:00 AM
Subject: September 22, 2011 "Special" Board Meeting

Greetings to all,

I just want to express my sentiments in regards to what my eyes and ears witness this past Friday on September 16, 2011. The critical issues that were raised, allegations against board members, the horrible hostile way things were conducted at the turn of events, demands to call a special meeting to address these issues that were raised. There is no such thing whereby any "entity" can silence "We the people", therefore the parents have a right to speak on issues and actions taken that concern and effect their children's education. We can call what happened many things according to our opinions and concerns of others. What I saw was a movement striking out at what has always been the ruin of our people. It reminded me of a scene in the book "Animal Farm". There is no one on earth

10/10/2011

000704

above the law of God, science, or physics. Disobedience of laws leads disconnection, confusion and chaos. The laws were made to discourage lawlessness and give order into society so that people have an orderly way to resolve problems. When these channels of resolutions are blocked and corrupted, problems will arise. The problems presented Friday at the meeting cannot be ignored and more important as events unfolded other pertinent issues were presented and must be addressed. Therefore, I am calling a special meeting for Thursday, September 22, 2011 to address those issues. Please find the agenda attached.

Summoning all administrators to the board.

This is one way communication. Please do not reply.

One love,

Dr. Valenti
Board Member
WAYS

10/10/2011

000705

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

**Notice of "Special Meeting" of
Board of Directors**
Wednesday, October 5, 2011
5:30 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."
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4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.

A. Call to Order

Meeting called to order by the Board President at _____

B. Roll Call

Present/Absent

Edward Cabil
Karen Haynes
Adell Walker
Alex Love
Kandee Lewis
Jonathan Fields
Cathy Roby
Dorothy Velinti
Oliver Ortega

____/____
____/____
____/____
____/____
____/____
____/____
____/____
____/____

Others in Attendance

Alake Watson
Lawrence Wynder
Jason Okonkwo
Bali Business Management

____/____
____/____
____/____
____/____

II. Additions to the Agenda (Provisions of emergency/Urgency)

III. Approval of Minutes

Approval of the August 16, 2011, board minutes. Board Secretary to provide one copy to each Board Member for review.

IV. Oral Communications: Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

V. Information Item (All Reports)

- Board
- Executive Director
- Parent/Teacher
- Principals
- Director of Operations
- Business & Finance

VI. Closed Session

1. Investigation of possible corruption/fraud amongst certain board members
2. Investigation of possible misuse of public funds amongst certain board members
3. Excessive exposure to litigation
4. Accusation of Discrimination against employee of WAYS
5. Settlement of previous Executive Director

VII. Discussion/Action Items

1. Restructuring of the board
2. Approval of Board Members' Resignations
3. Approval of Innovative Ways Academy
4. Approval of Change of the Legal Counsel Services as Retainer
5. Approval of Audit Account Charges by our previous legal counsel
6. Approval of ED resignation

VIII. Future Agenda Items

The Board will consider items for future Board Meeting Agendas

IX. Meeting Adjourned at _____

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

**Notice of "Special Meeting" of
Board of Directors**
Saturday, October 8, 2011
4:30 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.

A. Call to Order

Meeting called to order by Board Member at _____

B. Roll Call

Present/Absent

Edward Cabil

____/____

Karen Haynes

____/____

Adell Walker

____/____

Alex Love

____/____

Kandee Lewis

____/____

Jonathan Fields

____/____

Cathy Roby

____/____

Dorothy Velinti

____/____

Oliver Ortega

____/____

Others in Attendance

Alake Watson

____/____

Lawrence Wynder

____/____

Jason Okonkwo

____/____

Bali Business Management

____/____

II. Discussion/Action Items

1. Approval of Board Members' Resignations
2. Restructuring of the board
3. Approval of ED resignation

III. Meeting Adjourned at _____

RECEIVED

NOV 0 1 2011

WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001

LAGOE
CHAPTER SCHOOLS OFFICE

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Saturday, October 8, 2011 3:00 PM

- I. The Special Meeting of the WAYS Governing Board was held on Saturday, October 8, 2011 at the school of Wisdom Academy for Young Scientists. Board Member, Mr. Edward Cabil, seated in the place of Board Chair in the absence of the Board President and Vice President, called this meeting to order at 5:05pm.
- II. All members and guest stood and saluted the flag.
- III. **Board Members Present** : Edward Cabil, Karen Haynes, Dorothy Valenti.
Board Members Absent: Jonathan Fields and Kandee Lewis
Others in Attendance: Jason Okonkwo/Director of Operations, Halilu Haruna/Bali Business Management, and twelve (12) members of the community including parents of WAYS.
- IV. There were no additions to the agenda.
- V. **Information Items (Reports)**
Board:
 - a. Board Members' Resignations – Several Board Members - including Cathy Roby, Adell Walker, Alex Love, and Oliver Ortega – submitted letters of resignation prior to the Board Meeting held on October 8, 2011 for various reasons. Therefore, there are now five (5) remaining active board members, and three (3) of the (5) active board members present constituted a quorum. Edward Cabil moved to accept the Board Members' resignation letters, Dorothy Valenti second the motion; 3/0 unanimous vote in favor accepting Board Members Resignations.
 - b. Restructuring of the Board – Upon the resignation of the Board President, Treasurer, and Secretary, these offices become vacant and open for nominations. Edward Cabil moved to nominate Dorothy Valenti for Board President, Karen Haynes second the motion; 3/0 unanimous vote in favor electing Dorothy Valenti as Board President. Chairmanship then turned to Dorothy Valenti. Dorothy Valenti motioned to Nominate Karen Haynes for Board Secretary, Edward Cabil second the motion; 3/0 vote in favor of electing Karen Haynes as Board Secretary.
 - c. Executive Director – Executive Director resignation as of September 30, 2011. Dorothy Valenti moved to accept the Executive Director's resignation, Karen Haynes second the motion; 3/0 unanimous vote in favor to accept the Executive Directors resignation.
 - d. Dorothy Valenti made a recommendation that Edward Cabil resign as Board Member and serve as Interim Executive Director. Edward Cabil accepted the recommendation and vote of confidence for the position and proposed further discussion in a later Board Meeting.
- VI. **Action Items**
 - a. Acceptance of Board Members' Resignations – Approved
 - b. Office Nomination and Election – Unanimous 3/0 favorable vote for Dorothy Valenti as Board President.
 - c. Office Nomination and Election – Unanimous 3/0 favorable vote for Karen Haynes as Board Secretary.
 - d. Executive Director Resignation - Approved

000711

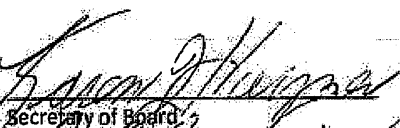
VII. Installation of New Board Officers/Members

- a. Board Officers were given the Oath of Office, in addition each Officer, President – Dorothy Valenti, Karen Haynes – Secretary, Cheryl Johnson – Board Member, Armando Espinoza – Board Member, and Norman Golden – Board Member, each accepted duties and responsibilities of the office held by raising right hand and swearing to abide.
Transition of leadership took place immediately.

VIII. Oral Communication

- a. Prospective Board Members, Norman Golden, Cheryl Johnson, and Armando Espinoza addressed the Board stating their objectives and background.
b. Parent of WAYS and community member stated that she as well as other parents are pleased with the actions and discussions that took place at the Board Meeting.

IX. The board meeting of WAYS was officially adjourned at 5:25 PM.


Secretary of Board


President of Board

10-10-11

Date

10-14-11

Date

Wisdom Academy for Young Scientists

706 E. Manchester Avenue
Los Angeles, CA 90001

**Notice of "Special Meeting" of
Board of Directors**

Friday, October 14, 2011
6:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all community members, and are posted in accordance with the Ralph M. Brown Act and ADA compliance.
2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."
3. "Oral Communication" is set aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.
4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.

A. Call to Order

Meeting called to order by the Board President at _____

B. Roll Call

Present/Absent

Edward Cabil
Karen Haynes
Cheryl Johnson
Norman Golden
Kandee Lewis
Jonathan Fields
Armando Espinoza
Dorothy Velinti

____/____
____/____
____/____
____/____
____/____
____/____
____/____
____/____

Others in Attendance

Alake Watson
Lawrence Wynder
Jason Okonkwo
Bali Business Management

____/____
____/____
____/____
____/____

II. Additions to the Agenda (Provisions of emergency/Urgency)

III. Approval of Minutes

Approval of the October 8, 2011, board minutes. Board Secretary to provide one copy to each Board Member for review.

- IV. Oral Communications:** Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

V. Discussion/Action Items

1. Elect Board Treasurer
2. Procopio, Cory, Hargreaves & Savitch LLP – Assign Procopio to review and resolve conflicts of interest issues
3. Approval of Change of the Legal Counsel Services as Retainer
4. Approval of Legal Services Contact Persons
5. Board Training Schedule

6. Approval of Check Request Policy and Procedures
7. Approval of Board Member Resignation

VI. Closed Session

8. Approval of Interim Executive Director
9. Middleton, Young & Minney LLP (MYM) - Review legal charges and ethical violations.

VII. Future Agenda Items

The Board will consider items for future Board Meeting Agendas

VIII. Meeting Adjourned at _____

RECEIVED

NOV 04 2011

LAUSD
CHAPTER SCHOOL N 000004

WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Friday, October 14, 2011 6:00 PM

- I. The Special Meeting of the WAYS Governing Board was held on Friday, October 14, 2011 at the school of Wisdom Academy for Young Scientists. Board President, Dorothy Valenti, called this meeting to order at 6:23pm.
- II. All members and guest stood and saluted the flag.
- III. Board Members Present : Dorothy Valenti, Armando Espinoza, Norman Golden, Cheryl Johnson
Board Members Absent: Jonathan Fields, Karen Haynes, Kandee Lewis, Edward Cabil
Others in Attendance: Jason Okonkwo, Hallu Haruna/Bali Business Management. There were no additions to the agenda.
- IV. Discussion/Action Items
Board:
 - a. The Meeting Minutes for the October 8, 2011 Board Meeting, approved with no corrections.
 - b. Elect Board Treasurer – Upon the resignation of the Board Treasurer this office became vacant and open for nomination. Dorothy Valenti moved to nominate Armando Espinoza for Board Treasurer, Cheryl Johnson second the motion; 4/0 unanimous Approval
 - c. Procopio LLP to review and resolve the conflicts of interest issues. Moved to Closed Session.
 - d. Cheryl Johnson moved to approve the change in legal services counsel as retainer. Norman Golden second the motion; 4/0 unanimous Approval.
 - e. Approved Legal Services Contacts – Board President, Executive Director, and School Administrator upon authorization from ED. Norman Golden moved to approve the legal services contacts, Cheryl Johnson second the motion; 4/0 unanimous vote in favor of authorized legal services contact persons.
 - f. Board Training Schedule moved to closed session
 - g. Director of Operations informed the Board of a temporary solution to the check request procedure concern. Dorothy Valenti moved to approve the temporary check request procedure, Norman Golden second the motion; 4/0 unanimous Approval
 - h. Board Member resignation – Board Member Edward Cabil submitted his resignation to the Board President, Dorothy Valenti moved to accept his resignation, Norman Golden second the motion; 4/0 unanimous Approval
- V. Closed Session
 - a. Called to Order at 6:45pm; Adjourned at 6:56pm
 - b. Edward Cabil as Interim Executive Director – Unanimous 4/0 Approval.
 - c. Review of MYM LLP charges and ethical violations. - Unanimous 4/0 Approval
 - d. Procopio LLP to review and resolve the conflicts of interest issues. Unanimous 4/0 Approval
- VI. Installation of New Board Officers/Members
- VII. Oral Communication
- VIII. Future Agenda Items
 - a. No items presented at this time.
- IX. The board meeting of WAYS was officially adjourned at 6:57 PM.

Armando Espinoza
(Acting) Secretary of Board

Date

10/29/11

Dorothy Valenti
President of Board

Date

10-28-11

000716

From: Jason Okonkwo
To: edcabill@shcglobal.net; dvalenti747@yahoo.com; Alake Watson; Lawrence Wynder; Katoant@aol.com;
Jonathanfields55@yahoo.com; kandeale@aol.com; Norman g; armando.espinosa.10@ny.cuny.edu;
johnsoncenter@msa.net
Cc: Wisdom Academy for Young Sci.; Patel Neha
Subject: Board Meeting for October 21, 2011
Date: Thursday, October 20, 2011 5:06:33 PM

Good afternoon,

This email serves to notify you that the Board Meeting Scheduled for Friday, October 21, 2011 has been postponed and will be rescheduled for a later date.

Respectfully,

Jason Okonkwo
Director of Operations
Wisdom Academy for Young Scientists
706 E. Manchester Ave.
Los Angeles, Ca 90001
Direct: 323.253.8907
Office: 323.752.6655
Fax: 323.752.6644
Email: mrjason7@gmail.com

"Learn as if you were to live forever, live as if you were to die tomorrow" -John Wooden

000717

Wisdom Academy for Young Scientists

706 E. Manchester Avenue
Los Angeles, CA 90001

**Notice of "Special Meeting" of
Board of Directors**

Saturday, October 29, 2011
4:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."
3. "Oral Communication" is set aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.
4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.

A. Call to Order

Meeting called to order by the Board President at _____

B. Roll Call

Present/Absent

Karen Haynes
Cheryl Johnson
Norman Golden
Jonathan Fields
Armando Espinoza
Dorothy Valenti

Others in Attendance

Edward Cabil
Alake Watson
Lawrence Wynder
Jason Okonkwo
Bali Business Management

II. Additions to the Agenda (Provisions of emergency/Urgency)

III. Approval of Minutes

Approval of the October 14, 2011, board minutes. Board Secretary to provide one copy to each Board Member for review.

IV. Oral Communications: Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

V. Discussion/Action Items

1. Approval of October 14, 2011 Board Meeting Minutes
2. Removal of previous Executive Director from all accounts associated with Wisdom Academy for Young Scientists
3. Approve new authorized bank account signatories.
4. Approval persons authorized to retrieve checks from LACOE
5. Approval of Board Member Resignation

VI. Closed Session

VII. Future agenda Items

The Board will consider items for future Board Meeting Agendas

VIII. Meeting Adjourned at _____

NOV 09 2011

WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Saturday, October 29, 2011 4:00 PM

- I. The Special Meeting of the WAYS Governing Board was held on Friday, October 14, 2011 at the school of Wisdom Academy for Young Scientists. Board President, Dorothy Valenti, called this meeting to order at 4:52pm.
- II. All members and guest stood and saluted the flag.
- III. Board Members Present : Dorothy Valenti, Armando Espinoza, Norman Golden, Karen Haynes
Board Members Absent: Jonathan Fields, Cheryl Johnson
Others in Attendance: Jason Okonkwo, Edward Cabil
- IV. Discussion/Action Items
Board:
 - a. The Meeting Minutes for the October 14, 2011 Board Meeting, approved with no corrections.
 - b. Removal of the previous Executive Director, from all accounts associated with Wisdom Academy for Young Scientists. Karen Haynes moved to take a vote, Armando Espinoza second the motion 4/0 unanimous approval.
 - c. New authorized bank account signatories – Jason Okonkwo, Edward Cabil, Karen Haynes. Karen Haynes moved to take a vote, Armando Espinoza second the motion 4/0 unanimous approval.
 - d. Persons authorized to retrieve checks from LACOE – Jason Okonkwo and Edward Cabil. Karen Haynes moved to take a vote, Armando Espinoza second the motion 4/0 unanimous approval.
 - e. Acceptance of Board Member, Kande Lewis, resignation. Karen Haynes moved to take a vote, Armando Espinoza second the motion 4/0 unanimous approval.
- V. Closed Session
- VI. Installation of New Board Officers/Members
- VII. Oral Communication
- VIII. Future Agenda Items
 - a. No items presented at this time.
- IX. The board meeting of WAYS was officially adjourned at 4:58 PM.

Secretary of Board

Date

President of Board

Date

000720

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001
Board of Directors Meeting
Thursday, November 3, 2011
5:00 PM

J. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.

A. Call to Order

Meeting called to order by the Board President at _____

B. Roll Call

Karen Haynes
Cheryl Johnson
Norman Golden
Jonathan Fields
Armando Espinoza
Dorothy Valenti

Present/Absent

____/____
____/____
____/____
____/____
____/____
____/____

Others in Attendance

Edward Cabil
Alake Watson
Lawrence Wynder
Jason Okonkwo
Bali Business Management

____/____
____/____
____/____
____/____
____/____

II. Additions to the Agenda (Provisions of emergency/Urgency)

III. Approval of Minutes

Approval of the October 29, 2011, board minutes. Board Secretary to provide one copy to each Board Member for review.

IV. Reports/Discussion

- Executive Director
- Parent/Teacher
- Principal
- Director of Operations
- Bali Business Management - Finance

V. Oral Communications: Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

VI. Discussion/Action Items

1. Approval of Interim Executive Director's status to permanent.
2. Approval of 2010-11 SY Fiscal Audit

VII. Closed Session

1. Settlement of previous Executive Director.
2. Revisit Of Staff Contracts

VII. Future agenda Items

The Board will consider items for future Board Meeting Agendas

VIII. Meeting Adjourned at _____

WISDOM ACADEMY FOR YOUNG SCIENTISTS

706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Thursday, November 3, 2011 5:00 PM

- I. The WAYS Governing Board Meeting was held on Thursday, November 3, 2011 at the school of Wisdom Academy for Young Scientists. Board President, Dorothy Valenti, called this meeting to order at 5:30pm.
- II. All members and guest stood and saluted the flag.
- III. Board Members Present : Dorothy Valenti, Armando Espinoza, Norman Golden, Karen Haynes, Cheryl Johnson
Board Members Absent: Jonathan Fields
Others in Attendance: Jason Okonkwo, Edward Cabil, Alake Watson, Lawrence Wynder
- IV. Oral Communication/Reports
 - a. Executive Director
 - i. Pleased with the student potential and teachers skills.
 - ii. Goal – to the school back to a 800+ API
 - iii. Achievement Plan – Innovative WAYS program Introduced to help boost student achievement, Focus on grammar, reading, and writing.
Emphasis on integrating technology into the curriculum, and high levels of intellectual exposure.
 - b. Parent/Teacher
 - i. Request to be informed about Board Meetings.
 - ii. LACOE/MOU Compliance
 - iii. Supplies Requisition
 - iv. Request for "status" of Pay Structure/Scale
 - c. Principals Report
 - i. (Attached)
 - d. Director of Operations
 - i. (Attached)
 - e. Ball Business Management – Finance
 - i. (Attached)
- V. Discussion/Action Items
Board:
 - a. Approval of the October 29, 2011, board minutes. - 5/0 unanimous approval.
 - b. Approval of Interim Executive Director to become permanent. - 5/0 unanimous approval.
 - c. Approval to embark on the 2010-11 SY Fiscal Audit. - 5/0 unanimous approval.
- VI. Closed Session
 - a. Investigation of the settlement of the previous Executive Director - 5/0 unanimous approval.
- VII. Future Agenda Items
 - a. Fundraising.
 - b. Facility Upgrade – HVAC System.
 - c. Possible Salary Schedule for Employees.
 - d. Hiring additional staff.
- VIII. The board meeting of WAYS was officially adjourned at 7:30PM.

Secretary of Board

President of Board

Date

Date

000723

From: Jason Okonkwo
To: Patel, Neha
Cc: edcabl@ehcglobal.net
Subject: Re: WAYS Agenda Due for Nov 18 Board Meeting
Date: Wednesday, November 16, 2011 7:07:17 PM

Ms. Patel,

The Board Meeting that was originally scheduled for November 18, 2011, will be rescheduled for a later date.

Thanks,

On Wed, Nov 16, 2011 at 8:40 AM, Patel_Neha <Patel_Neha@lacoe.edu> wrote:

Mr. Okonkwo,

The agenda for November 18th Board Meeting was due on November 15, 2011.
Can you please send us an agenda as soon as possible?

NOTE: For future meetings, please send me the posted Board agenda 72 hours prior to a regular meeting and 24 hours prior to a special meeting. Audio recording is due within 10 working days of the board meeting and Board approved minutes are due within five calendar days of approval.

Thanks,

Neha Patel

Assistant Administrative Analyst

Charter School Office

Los Angeles County Office of Education

(562) 922-8806 Phone

(562) 922-8805 Fax

Jason Okonkwo
Director of Operations
Wisdom Academy for Young Scientists

000724

706 E. Manchester Ave.
Los Angeles, Ca 90001
Direct: 323.253.8907
Office: 323.752.6655
Fax: 323.752.6644
Email: mrjason7@gmail.com

"Learn as if you were to live forever, live as if you were to die tomorrow" -John Wooden

000725

Wisdom Academy for Young Scientists

706 E. Manchester Avenue
Los Angeles, CA 90001

Board of Directors Meeting

Cheesecake Factory

4142 Via Marina - Marina Del Rey, CA 90292

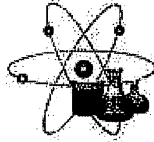
Wednesday, November 30, 2011

6:00 PM

I. Instructions for Presentations to the Board by Members of the Community

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5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.



WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001
BOARD OF DIRECTORS MEETING

Thursday, November 30, 2011 6:00 PM

RECEIVED

DEC 27 2011

LACOE
CHARTER SCHOOLS OFFICE

- I. The WAYS Governing Board Meeting was held on Wednesday, November 30, 2011 at the Cheesecake Factory in Marina Del Rey, California. Board President, Dorothy Valenti, called this meeting to order at 7:05pm.
- II. All members and guest stood and saluted the flag.
- III. Board Members Present: Dorothy Valenti, Norman Golden, Karen Haynes, Cheryl Johnson
Board Members Absent: Jonathan Fields, Armando Espinoza
Others in Attendance: Hallilu Haruna, Jason Okonkwo, Edward Cabil, Eleanor Jones, Alake Watson, and Lawrence Wynder, WAYS Teachers
- IV. Oral Communication/Reports
 - a. Executive Director
 - i. Academics: Pleased to announce that after thorough observations, the innovative WAYS Program will guarantee that WAYS will be one of the leading schools in the nation.
 - ii. Finance: Talks with investors regarding loans to fund expansion and strengthening of our educational program.
 - iii. Fundraising: ESPN Fundraiser will help fund the purchase and implementation of the Reader Rabbit Program
 - iv. Achievement Plan: Innovative WAYS program introduced to help boost student achievement. Focus on grammar, reading, and writing. Emphasis on integrating technology into the curriculum, and high levels of intellectual exposure.
 - b. Parent/Teacher
 - i. Academics: Introduction and description of strategies and techniques to boost student achievement.
 - ii. Requests: Salary Scale, Technology – Elmo Cameras, Computers, Updated Libraries.
 - iii. Fundraising: Willing to assist in any way.
 - c. Principals Report
 - i. Academics: Evidence of learning amongst the students.
 - ii. Concerns: Technology – Acquisition of computers, and equipment to strengthen our technology component.
 - iii. Request: Response to the request made in the November 3, 2011 Board Meeting.
 - d. Director of Operations
 - i. NSLP: Reimbursements – September – \$28,658.07, October – \$35,313.83
 - e. Ball Business Management – Finance
 - i. The school is in superb financial condition.
 - ii. Audit: The audit is proceeding flawlessly. It is due on December 15, 2011. I will present it to the Board for review and approval in the next Board Meeting.
- V. Installation of New Board Officers/Members
- VI. Discussion/Action Items

Board:

 - a. Fundraising – moved to future Board Meeting
 - b. Recruitment and approval of additional Board Members Submission and approval of Wells Fargo Loan Application – Eleanor Jones and Kweli Umojo, New Board Members – Approved 4/0 Decision
- VII. Closed Session
 - a. Updates Regarding Settlement of Previous Executive Director – moved to future Board Meeting
 - b. LACOE's request for Capacity Hearing – moved to future Board Meeting
- VIII. Future Agenda Items
 - a. Response to teacher and principals report/request
 - b. Submission and Approval of WF Loan Application
- IX. The board meeting of WAYS was officially adjourned at 7:30PM.

Lando Espinoza 12/15/11
Secretary of Board Date

Dorothy Valenti 12-15-11
President of Board Date

000727

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

Notice of Board of Directors Meeting
Thursday, December 15, 2011
4:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.

WISDOM ACADEMY FOR YOUNG SCIENTISTS


706 E. Manchester Avenue

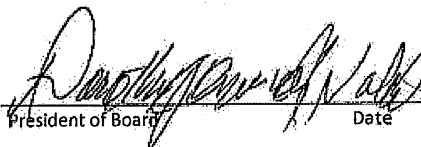
Los Angeles, CA 90001

BOARD OF DIRECTORS MEETING

Thursday, December 15, 2011 4:00 PM

- I. The WAYS Governing Board Meeting was held on Thursday, December 15, 2011 at the school of Wisdom Academy for Young Scientists. Board President, Dorothy Valenti, called this meeting to order at 4:41pm.
- II. All members and guest stood and saluted the flag.
- III. Board Members Present: Dorothy Valenti, Armando Espinoza, Norman Golden, Cheryl Johnson, Eleanor Jones
Board Members Absent: Jonathan Fields, Kweli Umojo, Karen Haynes
Others In Attendance: Halilu Haruna, Jason Okonkwo, Edward Cabil, Alake Watson.
- IV. Additions to the Agenda
 - a. Discussion Response to Letter Date 11/28/11 from LACOE – Closed Session
 - b. Discussion Regarding Employee Retro Salary– Closed Session.
- V. Approval of 11/30/11 Minutes – Approved 5/0
- VI. Oral Communication/Reports
 - a. Executive Director
 - i. Discussion regarding ESPN Fundraising.
 - ii. Discussion regarding future land acquisition and development.
 - b. Principals
 - i. WAYS received a donation consisting of instructional materials from Crescendo Charter Schools. – WAYS Board will officially accept the donation from Crescendo in a future Board Meeting.
 - ii. WAYS Board will officially add the approval of the LEA Plan to the agenda in a future Board Meeting.
 - c. Director of Operations
 - d. Bali Business Management – Finance
 - i. Discussion regarding monthly fiscal reports submitted to LACOE
 - ii. WAYS is superb fiscal health despite the series of State Funding deferrals.
 - iii. Discussion regarding Wells Fargo Line of Credit
 1. WAYS Board considers the official approval of the Line of Credit from Wells Fargo in Future Board Meeting.
 - e. Community Representative
 - i. Thankful and supportive to the WAYS Board of Directors and staff for their commitment and service in the community.
- VII. Installation of New Board Officers/Members
- VIII. Discussion/Action Items
Board:
 - a. Fundraising – moved to future Board Meeting
 - b. Submission and Approval of 2010 – 2011 School Year Fiscal Audit – moved to future Board Meeting
- IX. Closed Session
 - a. Updates Regarding Settlement of Previous Executive Director – moved to future Board Meeting
 - b. Discussion and Denial of LACOE's request for Capacity Hearing – Denied 5/0
 - c. Discussion and Approval of Executive Director Contract – Approved 5/0
 - d. Discussion and Approval of Custodian Contract – Approved 5/0
 - e. Discussion about the response to teachers and principals requests made in the 11/3/11 Board Meeting. – Approved 5/0
- X. Future Agenda Items
- XI. The board meeting of WAYS was officially adjourned at 6:32PM.


Secretary of Board 12/20/12
Date


President of Board 12/20/12
Date

000729

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

Notice of Board of Directors Meeting
Friday, January 20, 2012
4:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

- 1. Agendas are available to all community members, and are posted in accordance with the Ralph M. Brown Act and ADA compliance.**
- 2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."**
- 3. "Oral Communication" is set aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.**
- 4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.**
- 5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.**

A. Call to Order

Meeting called to order by the Board President at _____

B. Roll Call

			Present/Absent
Karen Haynes	____/____	Cheryl Johnson	____/____
Norman Golden	____/____	Jonathan Fields	____/____
Armando Espinoza	____/____	Dorothy Valenti	____/____
Eleanor Jones	____/____	Kweli Umoja	____/____

Others in Attendance

Edward Cabil	____/____		
Alake Watson	____/____	Lawrence Wynder	____/____
Jason Okonkwo	____/____	Bali Business Mgmt.	____/____

II. Additions to the Agenda (Provisions of Emergency/Urgency)

III. Approval of Minutes

Approval of the December 15, 2011, board minutes. Board Secretary to provide one copy to each Board Member for review.

IV. Reports/Discussion

- Executive Director
- Parent/Teacher
- Principal
- Director of Operations
- Bali Business Management - Finance

V. Oral Communications: Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

VI. Discussion/Action Items

VII. Closed Session

1. Real Estate – 100 E 49th Street, Los Angeles, Ca
2. Updates Regarding Settlement of Previous Executive Director
3. Updates Regarding Employee Compensation
4. Release of Employee Contract

VI. Future agenda Items

The Board will consider items for future Board Meeting Agendas

VII. Meeting Adjourned at _____

WISDOM ACADEMY FOR YOUNG SCIENTISTS

706 E. Manchester Avenue
Los Angeles, CA 90001

BOARD OF DIRECTORS MEETING
Friday, January 20, 2012 4:00 PM

- I. The WAYS Governing Board Meeting was held on Thursday, December 15, 2011 at the school of Wisdom Academy for Young Scientists. Board President, Dorothy Valenti, called this meeting to order at 4:55pm.
- II. All members and guest stood and saluted the flag.
- III. Board Members Present: Dorothy Valenti, Armando Espinoza, Norman Golden, Cheryl Johnson, Eleanor Jones
Board Members Absent: Jonathan Fields, Kwell Umojo, Karen Haynes
Others In Attendance: Jason Okonkwo, Edward Cabil, Lawrence Wynder.
- IV. Additions to the Agenda
- V. Approval of 12/15/11 Minutes – Approved 5/0
- VI. Oral Communication/Reports
 - a. Executive Director
 - b. Instructional Coach
 - c. Principals
 - d. Director of Operations
- VII. Installation of New Board Officers/Members
- VIII. Discussion/Action Items
Board:
- IX. Closed Session
 - a. Updates Regarding Settlement of Previous Executive Director – Updates in future Board Meeting
 - b. Updates Regarding Employee Compensation – Updates future Board Meeting
 - c. Real Estate – 100 E 49th Street, Los Angeles Ca – Updates in future Board Meetings
 - d. Release of Employee Contract – Approved 5/0
- X. Future Agenda Items
 - a. Updates Regarding Settlement of Previous Executive Director – Updates in future Board Meeting
 - b. Updates Regarding Employee Compensation – Updates future Board Meeting
 - c. Updates Regarding Real Estate – 100 E 49th Street, Los Angeles Ca – Updates in future Board Meetings
- XI. The board meeting of WAYS was officially adjourned at 6:20PM.

RECEIVED

MAR 07 2012

**LACOE
ARTER SCHOOLS OFFICE**

Secretary of Board

Date

President of Board

Date

000732

From: Edward Cabil
To: Patel, Neha
Subject: Re: SECOND REQUEST: Past Due: Agenda (2/17 mtg - WAYS)
Date: Thursday, February 16, 2012 10:54:24 AM

Apparently, you took the schedule from our site some time ago, for the board meeting schedule was taken down until we could finalize a common date for our new board members. If you visit our site, you will see that the board schedule was taken down a long time ago.

We now have to determine our monthly board meeting according to the availability of our new board members, for this diverse group of board members is comprised of an actor, who can't say what date he is available weeks in advance, private business owners, and those in school whose class schedules changes from quarter to quarter.

Until further notice, we will set our board meetings according to the announced monthly available days common for all of our members.

Blessings,
Ed Cabil

From: Patel, Neha <Patel_Neha@laoe.edu>
To: Ed Cabil <edcabil@sbcglobal.net>
Cc: Isenberg_Jan <Isenberg_Jan@laoe.edu>; Sanchez_Lila <Sanchez_Lila@laoe.edu>
Sent: Thursday, February 16, 2012 8:34 AM
Subject: SECOND REQUEST: Past Due: Agenda (2/17 mtg - WAYS)

Mr. Cabil,

Please see my e-mail below and respond as soon as possible as it is PAST DUE.

Thank you,
Neha

From: Patel, Neha
Sent: Wednesday, February 15, 2012 8:21 AM
To: Ed Cabil (WAYS)
Cc: Isenberg_Jan; Sanchez_Lila
Subject: Past Due: Agenda (2/17 mtg - WAYS)

Mr. Cabil,

According to the schedule we had received back in September, there is a Board meeting scheduled on 2/17/12.

The agenda is due 72 hours prior to the meeting so it was due yesterday. Please let me know the status. Thank you.

Neha Patel
Assistant Administrative Analyst

000733

*Charter School Office
Los Angeles County Office of Education
(562) 922-8806 Phone
(562) 922-8805 Fax*

000734

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

Notice of Board of Directors Meeting
Wednesday, February 29, 2012
4:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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3. "Oral Communication" is set-aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.
4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.

A. Call to Order

Meeting called to order by the Board President at _____

B. Roll Call

		Present/Absent	
Karen Haynes	____/____	Cheryl Johnson	____/____
Norman Golden	____/____	Jonathan Fields	____/____
Armando Espinoza	____/____	Dorothy Valenti	____/____
Eleanor Jones	____/____	Kweli Umojo	____/____

Others in Attendance

Edward Cabil	____/____		
Alake Watson	____/____	Lawrence Wynder	____/____
Jason Okonkwo	____/____	Bali Business Mgmt.	____/____

II. Additions to the Agenda (Provisions of Emergency/Urgency)

III. Approval of Minutes

Approval of the January 20, 2012, board minutes. Board Secretary to provide one copy to each Board Member for review.

IV. Reports/Discussion

- Executive Director
- Parent/Teacher
- Principal
- Director of Operations
- Bali Business Management - Finance

V. Oral Communications: Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

VI. Discussion/Action Items

- a. Termination of Board Members: Jonathan Fields and Kweli Umojo.
- b. Approval of Revised Employee Handbook
- c. Approval of 2010-11SY Financial Audit

VII. Closed Session

- a. Communication from LACOE
- b. Real Estate – 100 E 49th Street, Los Angeles, Ca
- c. Updates Regarding Settlement of Previous Executive Director
- d. Updates Regarding Employee Compensation
- e. Release of Employee Contract

VI. Future agenda Items

The Board will consider items for future Board Meeting Agendas

VII. Meeting Adjourned at _____

RECEIVED

MAY X 4 2012

**LACOE
CHARTER SCHOOLS OFFICE**

WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Wednesday, February 29, 2012 4:00 PM

- I. The Special Meeting of the WAYS Governing Board was held on Wednesday, February 29, 2012 at the school of Wisdom Academy for Young Scientists. Board President, Dorothy Valenti, called this meeting to order at 6:31pm.
- II. All members and guest stood and saluted the flag.
- III. **Board Members Present:** Dorothy Valenti, Armando Espinoza, Eleanor Jones, Cheryl Johnson
Board Members Absent: Jonathan Fields, Karen Haynes, Kweli Umojo, Norman Golden,
Others in Attendance: Jason Okonkwo, Halilu Haruna/Bali Business Management, Edward Cabil
- IV. **Additions to the Agenda**
 - a. Approval of the Revised 2011-12 School Year Budget
- V. **Discussion/Action Items**
 - a. Revised 2011-12 School Year Budget – Approved
 - b. Principal – Written Report Attached, narrated by Jason Okonkwo
 - c. Halilu/Bali Business Management – Financial health and concerns. Request to add Revised Budget to Agenda, urgent.
 - d. Revised 2011-12 School Year Budget – Approved 4/0 Unanimous.
 - e. Termination of Board Members: Jonathan Fields and Kweli Umojo
 - f. Approval of Revised Employee Handbook
 - g. Approval of 2010-11SY Financial Audits.
- VI. **Closed Session**
 - a. Communication from LACOE – discussion only.
 - b. Real Estate – 100 E 49th Street, Los Angeles, Ca – discussion only.
 - c. Updates Regarding Settlement of Previous Executive Director – will be addressed as an action item in future board meeting.
 - d. Updates Regarding Employee Compensation – will be addressed as an action item in future board meeting.
 - e. Release of Employee Contract – Approved 4/0 Unanimous.
- VII. **Oral Communication**
- VIII. **Future Agenda Items**
 - a. Bali Business Management Proposed Contract
- IX. The board meeting of WAYS was officially adjourned at 8:57 PM.

Karen Haynes 4-25-12
Secretary of Board Date

Dorothy Valenti 4/25/12
President of Board Date

000737

RECEIVED

MAY 04 2012

**LACOE
CHARTER SCHOOLS OFFICE**

A. Call to Order

Meeting called to order by the Board President at _____

B. Roll Call

		Present/Absent	
Karen Haynes	____/____	Cheryl Johnson	____/____
Norman Golden	____/____	Armando Espinoza	____/____
Dorothy Valenti	____/____	Eleanor Jones	____/____

Others in Attendance

Edward Cabil	____/____		
Alake Watson	____/____	Lawrence Wynder	____/____
Jason Okonkwo	____/____	Bali Business Mgmt.	____/____

II. Additions to the Agenda (Provisions of Emergency/Urgency)

III. Approval of Minutes

Approval of the February 29, 2012, board minutes. Board Secretary to provide one copy to each Board Member for review.

IV. Reports/Discussion

- Executive Director
- Principal
- Director of Operations
- Bali Business Management - Finance

V. Oral Communications: Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

VI. Discussion/Action Items

- Resolution to Issue Funds to and from WAYS to LACOE
- Development of protocol for communications flow from parents – Board and Vice Versa
- Bali Business Management Contract
- Propose purchase of real estate and expansion
- 2012-13 School Year Staffing and Growth
- Resolution to submit material revision of WAYS Charter - to add 6th Grade - to LACOE Board for approval.

VII. Closed Session

- Conference with Legal Counsel: Anticipated Litigation
(significant exposure to litigation pursuant to Government Code § 54956.9, subd. (b)): (one potential case)

VI. Future agenda Items

The Board will consider items for future Board Meeting Agendas

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

Notice of Board of Directors Meeting
Wednesday, April 25, 2012
4:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all community members, and are posted in accordance with the Ralph M. Brown Act and American Disabilities Act compliance.
2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."
3. "Oral Communication" is set-aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.
4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Wednesday, April 25, 2012 4:00 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Wednesday, April 25, 2012 at the school of Wisdom Academy for Young Scientists. Board President, Dorothy Valenti, called this meeting to order at 4:35pm.
- II. All members and guest stood and saluted the flag.
- III. **Board Members Present** : Dorothy Valenti, Armando Espinoza, Eleanor Jones, Cheryl Johnson, Karen Haynes, Norman Golden
Board Members Absent:
Others in Attendance: Jason Okonkwo, Hallu Haruna/Bali Business Management, Edward Cabil, Alake Watson
- IV. **Additions to the Agenda**
 - a. Approval of the Revised 2011-12 School Year Budget
- V. **Approval of Minutes**
 - a. February, 29, 2012 – Approved 6/0 Unanimous
- VI. **Reports**
 - a. Executive Director – Oral Report, See Attachment
 - b. Principal – Oral Report, See Attachment
 - c. Director of Operations – Oral Report
 - d. Bali Business Management – Oral Report, See Attachment
- VII. **Discussion/Action Items**
 - a. Resolution to Issue Funds to and from WAYS and LACOE, discussion by Jason Okonkwo – Approved 6/0 Unanimous
 - b. Development of protocol for communication flow from parents and board and vice versa, discussion by WAYS Board of Directors
 - c. Bali Business Management Contract - will be addressed as an action item in future board meeting.
 - d. Propose purchase of real estate and expansion, discussion by Edward Cabil
 - e. 2012-13 School Year Staffing and Growth, discussion by Edward Cabil and Board of Directors
 - f. Resolution to submit material revision of WAYS Charter - to add 6th Grade - to LACOE Board for approval – Approved 6/0 Unanimous
- VIII. **Closed Session**
 - a. Conference with Legal Counsel: Anticipated Litigation
(significant exposure to litigation pursuant to Government Code § 54956.9, subd. (b)): (one potential case)
- IX. **Oral Communication**
- X. **Future Agenda Items**
 - a. Bali Business Management Proposed Contract
- XI. The board meeting of WAYS was officially adjourned at 7:43 PM.

Secretary of Board

Date

President of Board

Date

000740

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

Notice of Board of Directors Meeting
Thursday, May 24, 2012
4:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

I. Preliminary Activities
a. Call to Order

WAYS

05/24/2012

1

000741

b. Pledge of Allegiance

c. Roll Call - Present/Absent

i. Board Members

Karen Haynes	_____	Cheryl Johnson	_____
Norman Golden	_____	Armando Espinoza	_____
Dorothy Valenti	_____	Eleanor Jones	_____

ii. Others in Attendance

Edward Cabil	_____	Lawrence Wynder	_____
Alake Watson	_____	Bali Business Mgmt.	_____
Jason Okonkwo	_____		

d. Approval of the Minutes

i. April 25, 2012

e. Additions to the Agenda (Provisions of Emergency/Urgency)

II. Communications:

- a. Board Members
- b. Executive Director
- c. Principal
- d. Director of Operations
- e. Bali Business Management

III. Public Communication: Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

IV. Presentations

- a. Mock Trial Club Demonstration
- b. Doctors Club Demonstration
- c. Science Club Demonstration
- d. Entrepreneurs' Clubs Product Display

V. Discussion/Action Items

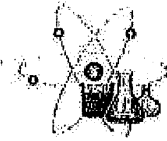
- a. Discussion on the 2012-13 School Year Budget
- b. Discussion on the LACOE Board action regarding WAYS taken on May 1, 2012.
- c. Bali Business Management Contract

VI. Closed Session

- a. Conference with Legal Counsel: Anticipated Litigation
(significant exposure to litigation pursuant to Government Code § 54956.9, subd. (b)): (one potential case)

VI. Recommendations of future agenda items

The Board will consider items for future Board Meeting Agendas



WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Thursday, May 24, 2012 4:00 PM

RECEIVED

JUL 16 2012

**LACOE
CHARTER SCHOOLS OFFICE**

- I. The Regular Meeting of the WAYS Governing Board was held on Thursday, May 24, 2012 at the school of Wisdom Academy for Young Scientists. Board President, Dorothy Valenti, called this meeting to order at 4:00pm.
- II. All members and guest stood and saluted the flag.
- III. Board Members Present: Dorothy Valenti, Armando Espinoza, Eleanor Jones, Cheryl Johnson, Karen Haynes, Norman Golden
Board Members Absent:
Others In Attendance: Jason Okonkwo, Hallu Haruna/Bali Business Management, Edward Cabil, Lawrence Wynder, Parents and Teachers of WAYS.
- IV. Additions to the Agenda
 - a. Approval of the MOU between Heal the Bay and WAYS
 - b. Approval of WAYS 2012-13 Calendar
- V. Approval of Minutes
 - a. April 25, 2012 – Approved 6/0 Unanimous
- VI. Reports
 - a. Executive Director – Oral Report
 - b. Principal – Oral Report, See Attachment
 - c. Director of Operations – Oral Report
 - d. Bali Business Management – Oral Report, See Attachment
- VII. Discussion/Action Items
 - a. Discussion on the 2012-13 School Year Budget
 - b. Discussion on the LACOE Board action regarding WAYS taken on May 1, 2012.
 - c. Business Management Contract – Denied 6/0. Hallu to revise. Revision to be addressed as an action item in future board meeting. Directive given for WAYS Staff to solicit bids for Business Management Services. Directive given to staff to solicit RFP for next school year.
 - d. Approval of 2012-13 School Year Calendar – Approved 6/0
 - e. Approval of MOU between Heal the Bay and WAYS – Denied 6/0, to be addressed as an action item in future board meeting.
- VIII. Closed Session
 - a. Conference with Legal Counsel: Anticipated Litigation
(significant exposure to litigation pursuant to Government Code § 54956.9, subd. (b)); (one potential case)
- IX. Oral Communication
- X. Future Agenda Items
 - a. Bali Business Management Proposed Contract
 - b. MOU between Heal the Bay and WAYS
- XI. The board meeting of WAYS was officially adjourned at 6:55 PM.

Secretary of Board

Date

President of Board

Date

000743

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

Notice of Board of Directors Meeting
Thursday, June 28, 2012
4:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

WAYS BOARD ROSTER

FY – 2012/2013

Board Member Name	Title	Email Address	Telephone	Mailing Address
Dr. Dorothy Valenti	President	dvalenti747@yahoo.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Karen Haynes	Treasurer	katoant@aol.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Armando Espinosa	Secretary	armando.espinoza.10@my.csun.edu	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Eleanor Jones	Member	eleanor@c-pass.biz	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Cherly Johnson	Member	johnsoncenter@msn.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Norman Golden	Member	normanskx@gmail.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001

WAYS BOARD CALENDAR OF MEETINGS

Date	07/26/12	08/30/12	09/27/12	10/25/12	11/29/12	1/31/13	02/28/13	03/28/13	04/25/13	03/30/13	06/27/13
Time	4:00pm	4:00pm	4:00pm	4:00pm	4:00pm	4:00pm	4:00pm	4:00pm	4:00pm	4:00pm	4:00pm

*Subject to change.

000745

Wisdom Academy for Young Scientists

706 E. Manchester Avenue
Los Angeles, CA 90001

Notice of Special Board of Directors Meeting

Tuesday, July 31, 2012

4:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

RECEIVED

DEC 14 2012

**LACOE
CHARTER SCHOOLS OFFICE**

WISDOM ACADEMY FOR YOUNG SCIENTISTS

706 E. Manchester Avenue

Los Angeles, CA 90001

SPECIAL MEETING OF

BOARD OF DIRECTORS

Tuesday, July 31, 2012 4:00 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Thursday, September 27, 2012 at the school of Wisdom Academy for Young Scientists. Board Member, Dorothy Valenti, called this meeting to order at 5:32pm.
- II. All members and guest stood and saluted the flag.
- III. Board Members Present: Eleanor Jones, Cheryl Johnson, Karen Hanyes, Dorothy Valenti, Armando Espinoza
Board Members Absent: Norman Golden,
Others in Attendance: Jason Okonkwo, Halliu Haruna/Bali Business Management, Edward Cabil, Karen Horowitz
- IV. Additions to the Agenda
 - a. Discussion: Travel Reimbursement for Board Members
- V. Approval of Minutes
 - a. June 28, 2012 - Amended contract period for Bali Business Management Contract to include period "2011-12 - Approved 5/0"
- VI. Reports
 - a. Board Members - Discussion on changes in staff and new staff
 - b. Executive Director - Oral Report
 - c. Vice Principal(s) - Oral Report
 - d. Director of Operations - Oral Report
 - e. Bali Business Management - Oral Report, See Attachment
- VII. Discussion/Action Items
 - a. Approval of Early Entrance Evaluation for Kindergarten Policy - Approved 5/0
 - b. Approval of Royal Dining Contract - Approved 5/0
 - c. Approval of Medina's Proposal for Central Air and Heat System - Approved 5/0
 - d. Approval of OCI Development 2012-13 FY Property Lease - Approved 5/0
 - e. Approval of Salvation Army 2012-13 FY Property Lease - Approved 5/0
 - f. Approval of Amended Executive Director Contract - Approved 5/0
 - g. Approval of Revised Fiscal Policy - Approved 5/0
 - h. Approval of Resolution to Purchase/Lease a Vehicle for School Business - Approved 5/0
 - i. Discussion: Travel Reimbursement for Board Members
- VIII. Closed Session
 - a. Conference with Legal Counsel: Anticipated Litigation (Significant exposure to litigation pursuant to Government Code § 54956.9, subd. (b)): (one potential case) - No Action Taken
- IX. Future Agenda Items
 - a. Amended Fiscal Policy
 - b. Travel Reimbursement for Board Members

X. The board meeting of WAYS was officially adjourned at 7:12 PM

Secretary of Board

Date

10-26-12

President of Board

Date

10-26-12

000747

From: Edward Cabil
To: dorothy.onwuegbusi; Karen Haynes; armando.esplaza.10@my.csu.edu; Cheryl Johnson;
normansk@gmail.com; Eleanor Jones
Cc: Jason Okonkwo; Dearsa Okonkwo; Karen Horowitz; Ball Business Management; Patel, Neha;
larry.wisdomacademy@gmail.com
Subject: Cancellation Of Today's Board Meeting
Date: Wednesday, September 05, 2012 1:40:01 PM

Please be advised that due to a sudden family death, an illness, and an auto incident, we will not have a quorum for today's board meeting; therefore, we will have our next board meeting as regularly scheduled for September 27, 2012.

Thanks for your kind understanding and cooperation.

Blessings,
Ed Cabil

000748

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

Notice of Board of Directors Meeting
Wednesday, September 5, 2012
4:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

I. Preliminary Activities

a. Call to Order

b. Pledge of Allegiance

c. Roll Call - Present/Absent

i. Board Members

Karen Haynes	_____	Cheryl Johnson	_____
Norman Golden	_____	Armando Espinoza	_____
Dorothy Valenti	_____	Eleanor Jones	_____

ii. Others in Attendance

Edward Cabil	_____		
Jason Okonkwo	_____	Deara Okonkwo	_____
Bali Business Mgmt.	_____	Karen Horowitz	_____

d. Approval of the Minutes

i. July 31, 2012

e. Additions to the Agenda (Provisions of Emergency/Urgency)

II. Communications:

- a. Board Members**
- b. Executive Director**
- c. Vice Principals**
- d. Director of Operations**
- e. Bali Business Management**

III. Public Communication: Non-Agenda Items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

IV. Presentations

V. Discussion/Action Items

- a. Action: Amended Executive Director Contract**
- b. Discussion: Board Retreat**
- c. Discussion: Travel Reimbursement/Stipend for Board Members**

VI. Closed Session

- a. Conference with Legal Counsel: Anticipated Litigation**
(significant exposure to litigation pursuant to Government Code § 54956.9, subd. (b)): (one potential case)

VI. Recommendations of future agenda items

The Board will consider items for future Board Meeting Agendas

Wisdom Academy for Young Scientists

Notice of Board of Directors Meeting

Thursday, September 27, 2012

4:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

Meeting Location:

Manchester Campus, 706 East Manchester Ave. Los Angeles, Ca 90001

Teleconference Location, 44045 15th Street West Lancaster, Ca 93534

RECEIVED

DEC 14 2012

**LACOE
CHARTER SCHOOLS OFFICE**

WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Thursday, September 27, 2012 4:00 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Thursday, September 27, 2012 at the school of Wisdom Academy for Young Scientists. Board Member, Eleanor Jones, called this meeting to order at 4:34pm.
- II. All members and guest stood and saluted the flag.
- III. Board Members Present: Eleanor Jones, Cheryl Johnson
Board Members Present at Teleconference Location: Karen Hanyes, Dorothy Valenti
Board Members Absent: Armando Espinoza, Norman Golden,
Others in Attendance: Jason Okonkwo, Hamir Haruna, Bill Business Management, Edward Cabil, Deara Okonkwo, Karen Horowitz
- IV. Additions to the Agenda
- V. Approval of Minutes
 - a. July 31, 2012 – Moved to next board meeting.
- VI. Reports
 - a. Executive Director – Oral Report
 - b. Vice Principal(s) – Oral Report
 - c. Director of Operations – Oral Report
 - d. ~~Bill Business Management – Oral Report, See Attachment~~
- VII. Discussion/Action Items
 - a. Action: Amended Executive Director Contract – Approved 4/0
 - b. Discussion: Board Retreat – Mrs. Jones will coordinate the Board Retreat and provide updates at next Board Meeting.
 - c. Discussion: Travel Reimbursement/Stipend for Board Members – Board Members may submit travel reimbursement for Board activities including Board Meetings.
- VIII. Closed Session
 - a. Conference with Legal Counsel: Anticipated Litigation (Significant exposure to litigation pursuant to Government Code § 54956.9, subd. (b)): (one potential case) – **No Action Taken**
 - b. Real Property Negotiation: CONFERENCE WITH REAL PROPERTY NEGOTIATOR (pursuant to Gov. Code § 54956.8) – **No Action Taken**
- IX. Oral Communication
 - a. **None**
- X. Future Agenda Items
 - a. Amended Fiscal Policy
- XI. The board meeting of WAYS was officially adjourned at 5:48 PM.

Secretary of Board

Date

President of Board

Date

000752

Wisdom Academy for Young Scientists

Notice of Board of Directors Meeting

Friday, October 26, 2012

3:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

Meeting Location:

Manchester Campus, 706 East Manchester Ave. Los Angeles, Ca 90001

Teleconference Location, 44045 15th Street West Lancaster, Ca 93534



WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Friday, October 26, 2012 3:00 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Friday, October 26, 2012 at the school of Wisdom Academy for Young Scientists. Board Member, Eleanor Jones, called this meeting to order at 3:55pm.
- II. All members and guests stood and saluted the flag.
- III. **Board Members Present** : Eleanor Jones, Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Norman Golden
Board Members Absent: Karen Haynes
Others in Attendance: Jason Okonkwo, Edward Cabil, Deara Okonkwo, Karen Horowitz, Larry Moore, Hallu Haruna
- IV. **Additions to the Agenda**
- V. **Approval of Minutes**
 - a. July 31, 2012 – Approved 5/0
 - b. September 27, 2012 – Approved 5/0
- VI. **Reports**
 - a. Executive Director – Oral Report
 - b. Vice Principal(s) – Oral Report
 - c. Director of Operations – Oral Report
- VII. **Discussion/Action Items**
 - a. Action: Amended Fiscal Policy – Moved to Next Board Meeting
 - b. Discussion: Board Retreat – Mrs. Jones will coordinate the Board Retreat and provide updates at next Board Meeting.
 - c. Discussion: Prospective Board Members – Prospective Board Members will be recruited and invited to join the Board.
- VIII. **Closed Session**
 - a. Conference with Legal Counsel: Anticipated Litigation (Significant exposure to litigation pursuant to Government Code § 54956.9, subd. (b)); (one potential case) – In close session the Board considered a claim made against WAYS that presented significant exposure to litigation. With consultation with our legal counsel, the Board authorized the Executive Director to make a settlement offer to the claimant. Action Taken, See Board Resolution attached. – Approved 5/0
- IX. **Oral Communication**
 - a. None
- X. **Future Agenda Items**
 - a. Amended Fiscal Policy

XI. The board meeting of WAYS was officially adjourned at 5:32 PM

Secretary of Board

Date

President of Board

Date

000754

From: Jason
To: eleonor@c-pass.biz
Cc: Norman g; Johnson, Cheryl; ktoant@aol.com; dvalenti747@yahoo.com; Espinoza, Armando; eleonor@c-pass.biz; edcabill@sbcglobal.net; Deara Okonkwo; Karen Horowitz; Patel, Neha
Subject: Re: : Board Meeting
Date: Friday, November 30, 2012 11:52:43 AM

Hello All,

Hi Jeannie! I hope that all is well. Due to weather and illness, the board meeting scheduled for today will be postponed until further notice. Thank you -Jason

Jason Okonkwo
Director of Operations
Wisdom Academy for Young Scientists
706 E. Manchester Ave.
Los Angeles, Ca 90001
Direct: 323.253.8907
Office: 323.752.6655
Fax: 323.752.6644
Email: mrjason7@gmail.com

-----Original Message-----

From: Jason Okonkwo [<mailto:mrjason7@gmail.com>]

Sent: Wednesday, November 28, 2012 03:03 AM

To: 'Norman g', 'Johnson, Cheryl', ktoant@aol.com,
dvalenti747@yahoo.com,

'Espinoza, Armando', eleonor@c-pass.biz,
edcabill@sbcglobal.net, 'Deara Okonkwo',

'Karen Horowitz'

Cc: 'Patel, Neha'

Subject: Fwd: Board Meeting

Ladies and Gents

Please see the Board Meeting Agenda for the upcoming meeting on Friday,

November 30, 2012 attached. Please confirm your attendance by responding to

000755

Wisdom Academy for Young Scientists

Notice of Board of Directors Meeting

Friday, November 30, 2012

3:00 PM

I. Instructions for Presentations to the Board by Members of the Community

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- 5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.**
- 6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.**

Meeting Location:

Manchester Campus, 706 East Manchester Ave. Los Angeles, Ca 90001

I. Preliminary Activities

a. Call to Order

b. Pledge of Allegiance

c. Roll Call - Present/Absent

i. Board Members

Karen Haynes	_____	Cheryl Johnson	_____
Norman Golden	_____	Armando Espinoza	_____
Dorothy Valenti	_____	Eleanor Jones	_____

ii. Others in Attendance

Edward Cabil	_____		
Jason Okonkwo	_____	Deara Okonkwo	_____
Bali Business Mgmt.	_____	Karen Horowitz	_____

d. Approval of the Minutes

i. October 26, 2012

e. Additions to the Agenda (Provisions of Emergency/Urgency)

II. Communications:

- a. Board Members**
- b. Executive Director**
- c. Vice Principals**
- d. Director of Operations**
- e. Bali Business Management**

III. Public Communication: Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

IV. Discussion/Action Items

- a. Action: Amended Fiscal Policy**
- b. Action: 2011-12 Unaudited Actual Report – Fiscal Audit**
- c. Discussion: Board Activities**

V. Closed Session

VI. Recommendations of future agenda items

The Board will consider items for future Board Meeting Agendas

From: Edward Cabil
To: dorothy.onwuegbusi; Karen Haynes; armando.espinosa.10@my.csun.edu; Cheryl Johnson;
normanskx@gmail.com; Eleanor Jones
Cc: Patel, Neha; Ball Business Management; Jason Okonkwo; Deara Okonkwo; Karen Horowitz
Subject: WAYS" 12-11-12 Special Board Meeting Cancelled Due To Lack Of Quorum
Date: Tuesday, December 11, 2012 11:25:12 PM

Due to a lack of members to meet the required quorum, the special called board meeting scheduled for today had to be cancelled.

Blessings,
Ed Cabil

000758

Wisdom Academy for Young Scientists

Notice of Special Board of Directors Meeting

Tuesday, December 11, 2012

3:00 PM

I. Instructions for Presentations to the Board by Members of the Community

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Meeting Location:

Manchester Campus, 706 East Manchester Ave. Los Angeles, Ca 90001

I. Preliminary Activities

a. Call to Order

b. Pledge of Allegiance

c. Roll Call - Present/Absent

i. Board Members

Karen Haynes	____/____	Cheryl Johnson	____/____
Norman Golden	____/____	Armando Espinoza	____/____
Dorothy Valenti	____/____	Eleanor Jones	____/____

ii. Others in Attendance

Edward Cabil	____/____	Deara Okonkwo	____/____
Jason Okonkwo	____/____	Karen Horowitz	____/____
Bali Business Mgmt.	____/____		

d. Approval of the Minutes

i. October 26, 2012

e. Additions to the Agenda (Provisions of Emergency/Urgency)

- II. Public Communication:** Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

III. Discussion/Action Items

- a. Action: Amended Fiscal Policy
- b. Action: 2011-12 Unaudited Actual Report – Financial Audit
- c. Discussion: Board Activities

IV. Closed Session

- a. Conference with Legal Counsel: Anticipated Litigation
(Significant exposure to litigation pursuant to Government Code § 54956.9, subd. (b)): (one potential case)

VI. Recommendations of future agenda items

The Board will consider items for future Board Meeting Agendas

Wisdom Academy for Young Scientists

Notice of Board of Directors Meeting

Thursday, January 31, 2013

3:30 PM

I. Instructions for Presentations to the Board by Members of the Community

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6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

Meeting Location:

Manchester Campus, 706 East Manchester Ave. Los Angeles, Ca 90001

Teleconference Location, 44045 15th Street West Lancaster, Ca 93534

I. Preliminary Activities

a. Call to Order

b. Pledge of Allegiance

c. Roll Call - Present/Absent

i. Board Members

Karen Haynes	____/____	Cheryl Johnson	____/____
Norman Golden	____/____	Armando Espinoza	____/____
Dorothy Valenti	____/____	Eleanor Jones	____/____

ii. Others in Attendance

Edward Cabil	____/____	Deara Okonkwo	____/____
Jason Okonkwo	____/____	Karen Horowitz	____/____
Bali Business Mgmt.	____/____		

d. Approval of the Minutes

i. October 26, 2012

e. Additions to the Agenda (Provisions of Emergency/Urgency)

- II. Public Communication:** Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

III. Discussion/Action Items

- a. Action: Amended Fiscal Policy
- b. Action: 2011-12 Financial Audit Report
- c. Discussion: Board Activities
- d. Action: Donations Ella Fitzgerald Foundation – Field Trip Expenses; Heal the Bay - \$350; Rotary Club of Korea Town - \$250, Palos Verdes Peninsula - \$500, and Malibu - \$1600.
- e. Action: LACOE Contract #C-13029

IV. Closed Session

- a. Public Employee Release (pursuant to Gov. Code § 54957, subd. (b))(no additional information is required)
- b. Conference with real property negotiator.(pursuant to Gov. Code § 54956.8) Negotiator: (OCI Development) Negotiating parties: (Edward Cabil, Merle Williamson Foundation)Real Property: (706 East Manchester Buildings A-E, 8778 South Central Ave Los Angeles, Ca 90001) Under Negotiation: Property negotiation, purchase price.

VI. Recommendations of future agenda items

The Board will consider items for future Board Meeting Agendas



WISDOM ACADEMY FOR YOUNG SCIENTISTS

706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Thursday, January 31, 2013 3:30 PM

RECEIVED

MAR 27 2013

**LACOE
CHARTER SCHOOLS OFFICE**

- I. The Regular Meeting of the WAYS Governing Board was held on Thursday, January 31, 2013 at the school of Wisdom Academy for Young Scientists. Board Member, Eleanor Jones, called this meeting to order at 4:17pm.
- II. All members and guests stood and saluted the flag.
- III. **Board Members Present:** Eleanor Jones, Cheryl Johnson, Armando Espinoza, Dorothy Valenti, Norman Golden
Board Members Absent: Karen Haynes
Others in Attendance: Jason Okonkwo, Edward Cabil, Deara Okonkwo, Karen Horowitz, Larry Moore, Halilu Haruna
- IV. **Additions to the Agenda**
- V. **Approval of Minutes**
 - a. October 26, 2012 – Approved 5/0
- VI. **Reports**
 - a. Executive Director – Oral Report
 - b. Vice Principal(s) – Oral Report (see handout attached)
 - c. Director of Operations – Oral Report
 - d. Ball Business Management – Oral Report (see handout attached)
- VII. **Discussion/Action Items**
 - a. Action: Amended Fiscal Policy – Approved 5/0
 - b. 2011-12 Financial Audit Report – Approved 5/0
 - c. Discussion: Board Activities – The Board will postpone retreat for now and pursue other avenues to attain training.
 - d. Donations Ella Fitzgerald Foundation – Field Trip Expenses; Heal the Bay - \$350; Rotary Club of Korea Town - \$250, Palos Verdes Peninsula - \$500, and Malibu - \$1600. – Approved 5/0
 - e. LACOE Contract #C-13029 – Approved 5/0
- VIII. **Closed Session**
 - a. Public Employee Release (pursuant to Gov. Code § 54957, subd. (b))(no additional information is required) – Approved 5/0
 - b. Conference with real property negotiator.(pursuant to Gov. Code § 54956.8) Negotiator: (OCI Development) Negotiating parties: (Edward Cabil, Merle Williamson Foundation)Real Property: (706 East Manchester Buildings A-E, 8778 South Central Ave Los Angeles, Ca 90001) Under Negotiation: Property negotiation, purchase price. – No action
- IX. **Oral Communication**
 - a. **None**
- X. **Future Agenda Items**
- XI. The board meeting of WAYS was officially adjourned at 6:27pm.

Secretary of Board

Date

President of Board

Date

000763

Wisdom Academy for Young Scientists

Notice of Board of Directors Meeting

Thursday, February 28, 2013

3:30 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all community members, and are posted in accordance with the Ralph M. Brown Act and American Disabilities Act compliance.
2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."
3. "Oral Communication" is set-aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.
4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

Meeting Location:

Manchester Campus, 706 East Manchester Ave. Los Angeles, Ca 90001

Teleconference Location, 44045 15th Street West Lancaster, Ca 93534

I. Preliminary Activities

a. Call to Order

b. Pledge of Allegiance

c. Roll Call - Present/Absent

i. Board Members

Karen Haynes	_____	Cheryl Johnson	_____
Norman Golden	_____	Armando Espinoza	_____
Dorothy Valenti	_____	Eleanor Jones	_____

ii. Others in Attendance

Edward Cabil	_____	Deara Okonkwo	_____
Jason Okonkwo	_____	Karen Horowitz	_____
Bali Business Mgmt.	_____		_____

d. Approval of the Minutes

i. January 31, 2012

e. Additions to the Agenda (Provisions of Emergency/Urgency)

- II. Public Communication:** Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

III. Discussion/Action Items

- a. Discussion: Heal the Bay – Community Park Project
- b. Discussion: 2011-12 Financial Audit Report

IV. Closed Session

- a. Conference with real property negotiator.(pursuant to Gov. Code § 54956.8) Negotiator: (OCI Developrnent) Negotiating parties: (Edward Cabil, Merle Williamson Foundation)Real Property: (706 East Manchester Buildings A-E, 8778 South Central Ave Los Angeles, Ca 90001) Under Negotiation: Property negotiation, purchase price.

VI. Recommendations of future agenda items

The Board will consider items for future Board Meeting Agendas

RECEIVED
MAR 27 2013
LACOE
CHARTER SCHOOLS OFFICE

WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001

**SPECIAL MEETING OF
BOARD OF DIRECTORS**

Thursday, February 28, 2013 3:30 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Thursday, February 28, 2013 at the school of Wisdom Academy for Young Scientists. Board Member, Eleanor Jones, called this meeting to order at 4:21pm.
- II. All members and guests stood and saluted the flag.
- III. Board Members Present: Eleanor Jones, Cheryl Johnson, Armando Espinoza, Norman Golden, Dorothy Valent
Board Members Absent: Karen Haynes
Others in Attendance: Jason Okonkwo, Edward Cabil, Karen Horowitz, Halilu Haruna/Bali Business, Samyr Codio/Clem Payne Jr., CPA, Stephen Mejia/Heal the Bay
- IV. Additions to the Agenda
- V. Approval of Minutes
 - a. January 31, 2013 – Approved 5/0 (with corrections)
- VI. Reports
 - a. Executive Director – Oral Report
 - b. Vice Principal(s) – Oral Report
 - c. Director of Operations – Oral Report
 - d. Bali Business Management – Oral Report (see handout attached)
- VII. Discussion/Action Items
 - a. Discussion: Heal The Bay – Community Park Project (see handout attached)
 - b. Discussion: 2011-12 Financial Audit Report (see handout attached)
 - c. Discussion: Communication between LACOE and WAYS
- VIII. Closed Session
 - a. Conference with real property negotiator.(pursuant to Gov. Code § 54956.8) Negotiator: (OCI Development) Negotiating parties: (Edward Cabil, Merle Williamson Foundation)Real Property: (706 East Manchester Buildings A-E, 8778 South Central Ave Los Angeles, Ca 90001) Under Negotiation: Property negotiation, purchase price. – No action
- IX. Oral Communication
 - a. None
- X. Future Agenda Items
- XI. The board meeting of WAYS was officially adjourned at 6:26pm.

 3/22/13
Secretary of Board Date

 3/22/13
President of Board Date

000766

Wisdom Academy for Young Scientists

Notice of Board of Directors Meeting

Friday, March 22, 2013

3:30 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
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6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

Meeting Location:

Manchester Campus, 706 East Manchester Ave. Los Angeles, Ca 90001

Teleconference Location, 44045 15th Street West Lancaster, Ca 93534



WISDOM ACADEMY FOR YOUNG SCIENTISTS

706 E. Manchester Avenue
Los Angeles, CA 90001

**MEETING OF WAYS
BOARD OF DIRECTORS**

Friday, March 22, 2013 3:30 PM

- I. The Regular Meeting of the WAYS Governing Board was held on **Friday, March 22, 2013** at the school of Wisdom Academy for Young Scientists. Board Member, **Eleanor Jones**, called this meeting to order at **4:52pm**.
- II. All members and guests stood and saluted the flag.
- III. Board Members Present : Eleanor Jones, Cheryl Johnson, Norman D. Golden II, Dorothy Valenti
Board Members Absent: Karen Haynes
Others in Attendance: Jason Okonkwo, Edward Cabil, Karen Horowitz, Halilu Haruna/Bali Business, Mrs. Teresa Golden
- IV. Additions to the Agenda
- V. Approval of Minutes
 - a. January 31, 2013 – Approved 4/0
 - b. February 28, 2013 – Approved 4/0
- VI. Reports
 - a. Executive Director – Oral Report
 - b. Vice Principal(s) – Oral Report
 - c. Director of Operations – Oral Report
 - d. Bali Business Management – Oral Report (see handout attached)
- VII. Discussion/Action Items
 - a. Action: Employment of Total Educational Solution – Special Education Services
 - b. Action: Charter Revision to reflect the employment of an Resource Specialist (RSP) Teacher
 - c. Discussion: WAYS Documentary
 - d. Discussion: Resubmission of 6th Grade expansion – WAYS Charter
- VIII. Closed Session
 - a. Conference with real property negotiator.(pursuant to Gov. Code § 54956.8) Negotiator: (OCI Development) Negotiating parties: (Edward Cabil, Merle Williamson Foundation)Real Property: (706 East Manchester Buildings A-E, 8778 South Central Ave Los Angles, Ca 90001) Under Negotiation: Property negotiation, purchase price. – No action
- IX. Oral Communication
 - a. None
- X. Future Agenda Items
 - a. Board Sponsored Fundraising
- XI. The board meeting of WAYS was officially adjourned at **6:29pm**.

Secretary of Board

Date

President of Board

Date

000768

Wisdom Academy for Young Scientists

Notice of Board of Directors Meeting

Thursday, April 25, 2013

3:30 PM

1. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

Meeting Location:

Manchester Campus, 706 East Manchester Ave. Los Angeles, Ca 90001

Teleconference Location, 44045 15th Street West Lancaster, Ca 93534



WISDOM ACADEMY FOR YOUNG SCIENTISTS

706 E. Manchester Avenue
Los Angeles, CA 90001

**MEETING OF WAYS
BOARD OF DIRECTORS**

Thursday, April 25, 2013 3:30 PM

- I. The Regular Meeting of the WAYS Governing Board was held on **Thursday, April 25, 2013** at the school of Wisdom Academy for Young Scientists. Board Member, **Eleanor Jones**, called this meeting to order at **3:45pm**.
- II. All members and guests stood and saluted the flag.
- III. Board Members Present : Eleanor Jones, Cheryl Johnson, Norman D. Golden II, Dorothy Valenti, Armando Espinosa
Board Members Absent: Karen Haynes
Others in Attendance: Jason Okonkwo, Edward Cabil, Karen Horowitz, Alan Friedenberg
- IV. Additions to the Agenda
- V. Approval of Minutes
 - a. March 25, 2013 – Approved 4/0
- VI. Reports
 - a. Executive Director – See Handouts
 - b. Vice Principal(s) – See Handouts
 - c. Director of Operations – See Handouts
- VII. Discussion/Action Items
 - a. Action: WAYS 2013-14 School Year Calendar
 - b. Discussion: Charter Revision to reflect LACOE MOU F and G requirements
- VIII. Closed Session
 - a. Conference with real property negotiator.(pursuant to Gov. Code § 54956.8) Negotiator: (OCI Development) Negotiating parties: (Edward Cabil, Merle Williamson Foundation)Real Property: (706 East Manchester Buildings A-E, 8778 South Central Ave Los Angeles, Ca 90001) Under Negotiation: Property negotiation, purchase price. – No action
- IX. Oral Communication
 - a. None
- X. Future Agenda Items
 - a. Board Sponsored Fundraising
 - b. Possible New Executive Director
- XI. The board meeting of WAYS was officially adjourned at **4:33pm**.

Secretary of Board

Date

President of Board

Date

000770

Wisdom Academy for Young Scientists

Notice of Board of Directors Meeting

Thursday, June 6, 2013

5:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

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5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day the school is in operation prior to the date and time of the Board Meeting.

Meeting Location:

Manchester Campus, 706 East Manchester Ave. Los Angeles, Ca 90001

Teleconference Location, 44045 15th Street West Lancaster, Ca 93534



WISDOM ACADEMY FOR YOUNG SCIENTISTS
705 E. Manchester Avenue
Los Angeles, CA 90001

**MEETING OF WAYS
BOARD OF DIRECTORS**

Thursday, June 6, 2013 5:30 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Thursday, June 6, 2013 at the school of Wisdom Academy for Young Scientists. Board Member, Eleanor Jones, called this meeting to order at 6:33pm.
- II. All members and guests stood and saluted the flag.
- III. Board Members Present : Eleanor Jones, Cheryl Johnson, Norman D. Golden II, Dorothy Valenti, Armando Espinosa
Board Members Absent: Karen Haynes
Others in Attendance: Jason Okonkwo, Edward Cabil
- IV. Additions to the Agenda
- V. Approval of Minutes
 - a. April 25, 2013 – Approved 5/0
- VI. Reports
 - a. Executive Director – Oral Report
 - b. Vice Principal(s) – See Handouts
 - c. Director of Operations – Oral Report
 - d. Ball Business Management – Oral Report/See Handouts
- VII. Discussion/Action Items
 - a. Discussion: Board Sponsored Fundraising – Mrs. Jones
 - b. Action: Teacher Performance Based Stipends 2012-13 FY – Mr. Cabil – Approved 5/0
 - c. Discussion: LACOE Letter Dated May 2, 2013 Re: Board Meetings – Mr. Cabil
 - d. Discussion: LACOE Letter Dated May 17, 2013 Re: FCMAT Audit – Mr. Cabil
 - e. Discussion: Board Roster and Calendar 2013-14 FY – Mr. Okonkwo
 - f. Action: Food Service 2013-14 SY – Revolution Foods-Proposal – Mr. Cabil – Approved 5/0
 - g. Discussion: WAYS Budget 2013-14 FY – Ball Business Management
 - h. Discussion: Certificated Teacher Salary Table 2013-14 FY – Mr. Okonkwo
 - i. Discussion: School Site Classroom Size – Mr. Cabil, Mr. Okonkwo
 - j. Action: Memorandum of Understanding between Kedren Community Pre-School Centers and WAYS – Mr. Cabil, Mr. Okonkwo -
- VIII. Closed Session
- IX. Oral Communication
 - a. None
- X. Future Agenda Items
- XI. The board meeting of WAYS was officially adjourned at 7:38pm.

Secretary of Board

Date

President of Board

Date

Carol Lee Johnson 7/26/2013

000772

Minutes?



WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001

**MEETING OF WAYS
BOARD OF DIRECTORS**

Thursday, June 6, 2013 5:30 PM

- I. The Regular Meeting of the WAYS Governing Board was held on **Thursday, June 6, 2013** at the school of Wisdom Academy for Young Scientists. Board Member, **Eleanor Jones**, called this meeting to order at 6:33pm.
- II. All members and guests stood and saluted the flag.
- III. Board Members Present : Eleanor Jones, Cheryl Johnson, Norman D. Golden II, Dorothy Valenti, Armando Espinosa
Board Members Absent: Karen Haynes
Others In Attendance: Jason Okonkwo, Edward Cabil
- IV. Additions to the Agenda
- V. Approval of Minutes
 - a. April 25, 2013 – Approved 5/0
- VI. Reports
 - a. Executive Director – Oral Report
 - b. Vice Principal(s) – See Handouts *not here*
 - c. Director of Operations – Oral Report
 - d. Bali Business Management – Oral Report/See Handouts
- VII. Discussion/Action Items
 - a. Discussion: Board Sponsored Fundraising – Mrs. Jones
 - b. Action: Teacher Performance Based Stipends 2012-13 FY – Mr. Cabil – Approved 5/0
 - c. Discussion: LACOE Letter Dated May 2, 2013 Re: Board Meetings – Mr. Cabil
 - d. Discussion: LACOE Letter Dated May 17, 2013 Re: FCMAT Audit – Mr. Cabil
 - e. Discussion: Board Roster and Calendar 2013-14 FY – Mr. Okonkwo
 - f. Action: Food Service 2013-14 SY - Revolution Foods Proposal – Mr. Cabil – Approved 5/0
 - g. Discussion: WAYS Budget 2013-14 FY – Bali Business Management
 - h. Discussion: Certificated Teacher Salary Table 2013-14 FY – Mr. Okonkwo
 - i. Discussion: School Site Classroom Size – Mr. Cabil, Mr. Okonkwo
 - j. Action: Memorandum of Understanding between Kedren Community Pre-School Centers and WAYS – Mr. Cabil, Mr. Okonkwo - *missing*
- VIII. Closed Session
- IX. Oral Communication
 - a. None
- X. Future Agenda Items
- XI. The board meeting of WAYS was officially adjourned at 7:38pm.

Secretary of Board

Date

President of Board

Date

000773

Wisdom Academy for Young Scientists
Board Meeting
June 6, 2013
Vice-Principals Report

1. **Highlights - Events that occurred over the last month of school!**
 - Kindergarten and 5th Grade Graduations were a blast!
 - Congratulations to our teachers of the Year, Ms. Bahena (1st grade) & Mrs. Croddy (5th grade)
 - WAYS celebrated parent volunteers with a special luncheon at both campuses.
 - The book fair was up at both sites and several books were purchased by parents.
 - Students enjoyed Teacher Mix Up at Teacher mix-up-day. Some students even got personal letters letting them know what was in store for them in the next grade.
 - Our School Site Council met and agreed on the budget for our science curriculum for next year.
 - Archer school for girls high school in Brentwood spent an afternoon with our after school program at Manchester. The girls brought with them over 1,000 books as a result of their community service project. They stayed to read and eat pizza with WAYS students. Teachers and students were able to take books home for summer reading.
 - WAYS students saw the fabulous musical Edutainer Part 2.
 - Our true scientists showed us how much they have learned this year in the final science fair.
 - Our campuses welcomed guests to talk to students about their careers. Students saw military personnel, journalists, a lawyer, a policeman, a filmmaker and an entrepreneur. Students asked great questions and got a chance to think about what they might be able to do in the future.
 - The fifth graders went to their formal ball at the Scientology Center. It was fantastic to see what beautiful princesses and noble men we have seen blossom at our school.
 - Ms. Gomez's third grade class had their book publishing party. It was a lot of fun and parents joined in to celebrate. The children sang and a few students gave a speech about fulfilling their dreams of becoming authors.
 - The LA Times visited WAYS Manchester campus on the last day of school
 - Ms. Gomez's third grade class received a letter from the First Lady of the United States, congratulating them on their efforts in publishing a book!
 - Teachers were given one on one time for a personal evaluation and overview of the year
 - The teachers celebrated the end of the year with a nice taco dinner.
 - Teachers spent time carefully organizing the classes for next year for balance and effective learning
 - Deara and Mrs Horowitz attended a two day conference on English Learners and the Common Core
2. **LACOE Site Visit Debriefing**
 - June 4, 2013
 - Led by Joaquin Hernandez & Judy Higelin
 - A copy of observations is attached.
3. **Attendance**

000774

- Average 94.81%; target is 95% or higher
- 4. **Upcoming Events**
 - Considering new textbook adoption
 - Curriculum Meeting, Wonders - McGraw Hill, June 26th
 - Please attend if interested.
- 5. **At-a-Glance**
 - Staff Professional Development: July 22 - 26, 2013
 - Student-Parent Orientation: July 29 - August 2, 2013
 - First Day of Instruction: Tuesday, August 13, 2013
 - Preliminary Master Calendar attached.
 - Your input is appreciated.

000775

- Career Day, May 16th
- 5th Grade Formal Ball, May 17th
- The Edutainer, Thursday, May 23rd
- Earth Science Fair, May 24th @ 1:30pm
- Graduation, May 31st

Wisdom Academy for Young Scientists

Board Meeting

January 31, 2013

Vice-Principals Report

13. ASES - After School

- Deara is leading this.
- Review will occur on Wednesday, February 6th.

14. WASC - Accreditation

- Deara will lead this and other admin will assist.
- Self-study visit will be next school year.
- Admin will attend Pt. II training in March.

15. SARC-Accountability Report

- Karen led this and other admin assisted.
- Due today, Thursday, January 31st 2013

16. CST

- March 5th and 6th: 4th Grade Writing Exam
- April 29th - May 13th: 2nd - 5th ELA and Math
- Teachers and students have been preparing vigorously.
- Benchmark Data shows evidence of high student achievement across all grade levels.

17. Attendance

- Average 90%; target is 95% or higher

18. Safety

- We have increased our measures of safety in light of most recent tragedy in school.
- Mr. Jason is working to hire Campus Security.

19. Challenges

- Safety (teacher concerns)
 - Solution: enforced security
- Attendance (admin concerns)
 - Solution: Parent conferences
- Bullying (parent concerns)
 - Solution: February friendship month
- Classroom management (parent concerns)

20. Upcoming Events

- Literacy Fun Night, February 6th, 2013 @ 5pm
- Teacher evaluations, Week of February 19th - March 1st
- Science Fair, February 15th @ 1:30pm
- Black History Month Program, February 28th @ 1:30pm

000776

- School Site Council, February 20th @ 2pm
 - Karen did parenting class on positive discipline in January

At-a-glance

- Ball, Saturday, April 13th @ 6pm
- The Edutainer, Friday, April 19th & April 20th

000777

**WAYS BOARD ROSTER
2013/2014**

Board Member Name	Title	Email Address	Telephone	Mailing Address
Dr. Dorothy Valenti	Member	dvalenti747@yahoo.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Adriane Cook	Member	aecook@lasd.org	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Armando Espinosa	Interim Chair/Treasurer	armando.espinoza.10@my.csun.edu	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Maria Garcia	Member	cmcmariygc@hotmail.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001
Cheryl Johnson	Member	johnsoncenter@msn.com	323-752-6655	706 E Manchester Ave Los Angeles, CA 90001

WAYS BOARD CALENDAR OF MEETINGS

Date	07/25/13	08/29/13	09/26/13	10/24/13	11/21/12	1/30/14	02/27/14	03/27/14	04/25/13	06/26/14
Time	5:00pm	5:00pm	5:00pm	5:00pm	5:00pm	5:00pm	5:00pm	5:30pm	5:30pm	5:30pm

*Subject to change. Updated 3/13/14

000778

Wisdom Academy for Young Scientists

Notice of Board of Directors Meeting (Revised)

Friday, July 26, 2013

4:30 PM - 5:30 PM

I. Instructions for Presentations to the Board by Members of the Community

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- 6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.**

Meeting Location:

Radisson Hotel – LAX 6225 West Century Blvd. Los Angeles, CA 90045

**Wisdom Academy for Young Scientists Public Charter School
Los Angeles, California**

Regular Board Meeting

Friday, July 26, 2013

4:30 PM to 5:30 PM

(Posted July 23, 2013)

Mission: Our mission is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

I. Call to Order

II. Pledge of Allegiance

III. Board Member Roll Call - Present/Absent

1. Cheryl Johnson	_____
2. Norman Golden	_____
3. Dorothy Valenti	_____
4. Armando Espinoza	_____
5. Eleanor Jones	_____

IV. Approval of the Board Meeting Minutes for June 26, 2013

V. Additions to the Agenda (Provisions of Emergency/Urgency)

VI. New Business

- a. New Board Member Installations – Action Item
- b. Adoption of the Wisdom Academy for Young Scientists' Budget for FY 2013-14 – Action Item
- c. Adoption of Certificated Teacher Salary Table for School Year 2013-14 – Action Item
- d. Adoption of Textbooks for School Year 2013-14 – Action Item

II. Public Comments on Non-Agenda items

Individuals who have submitted a Request to Speak form will be allowed 2 minutes to address the Governing Board. This segment shall not exceed 15 minutes.

III. Recommendations For Future Agenda Items

The Board will consider items for future Board Meeting Agendas

IV. Recess To Board and Staff Retreat



WISDOM ACADEMY FOR YOUNG SCIENTISTS

706 E. Manchester Avenue
Los Angeles, CA 90001

**MEETING OF WAYS
BOARD OF DIRECTORS**

Friday, July 26, 2013 4:30 PM - 5:30 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Friday, July 26, 2013 at the school of Wisdom Academy for Young Scientists. Board Member, Dr. Dorothy Valenti, called this meeting to order at 6:06pm.
- II. All members and guests stood and saluted the flag.
- III. Board Members Present . Eleanor Jones, Cheryl Johnson, Norman D. Golden II, Dorothy Valenti, Armando Espinosa
- IV. Additions to the Agenda
 - a. Board Members Oath of Allegiance
- V. Approval of Minutes
 - a. June 6, 2013 - Tabled until next Board Meeting
- VI. Reports
 - a. Ball Business Management - Oral Report/See Handouts
- VII. Discussion/Action Items
 - a. New Board Member Installations - Approved 5/0
 - b. Adoption of the Wisdom Academy for Young Scientists' Budget for FY 2013-14 - Discussion/Tabled until next Board Meeting
 - c. Adoption of Certificated Teacher Salary Table for School Year 2013-14 - Discussion/Tabled until next Board Meeting
 - d. Adoption of Textbooks for School Year 2013-14 - Approved 7/0
 - e. Board Members Oath of Allegiance
- VIII. Closed Session
- IX. Public Communication
 - a. None
- X. Future Agenda Items
 - a. Adoption of the Wisdom Academy for Young Scientists' Budget for FY 2013-14 - Action
 - b. Adoption of Certificated Teacher Salary Table for School Year 2013-14 - Action
- XI. The board meeting of WAYS was officially adjourned at 7:48pm.

Secretary of Board

Date

President of Board

Date

Carol Lee Albert 9/26/2013

000781

Wisdom Academy for Young Scientists

Notice of Board of Directors Special Board Meeting

Friday, August 9, 2013

4:00 PM – 5:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

- 1. Agendas are available to all community members, and are posted in accordance with the Ralph M. Brown Act and American Disabilities Act compliance.**
- 2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."**
- 3. "Oral Communication" is set-aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.**
- 4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.**
- 5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.**
- 6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.**

Meeting and Teleconference Location:

706 East Manchester Ave. Los Angeles, Ca 90001

**Wisdom Academy for Young Scientists Public Charter School
Los Angeles, California**

**Regular Board Meeting
Friday, August 9, 2013
4:00 PM to 5:00 PM**

(Posted August 8, 2013)

Mission: Our mission is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Board Member Roll Call - Present/Absent**

1. Cheryl Johnson	_____
2. Norman Golden	_____
3. Dorothy Valenti	_____
4. Armando Espinoza	_____
5. Eleanor Jones	_____
6. Carol Lee Tolbert	_____
7. Saundra Davis	_____
8. Kimberly Daniels, Esq.	_____

IV. Approval of the Board Meeting Minutes for June 6, 2013

V. Additions to the Agenda (*Provisions of Emergency/Urgency*)

VI. New Business

- a. Adoption of the Wisdom Academy for Young Scientists' Budget for FY 2013-14 – Action Item
- b. Adoption of Certificated Teacher Salary Table for School Year 2013-14 – Action Item
- c. Discussion regarding lease and matters with The Salvation Army.

II. Public Comments on Non-Agenda items

Individuals who have submitted a Request to Speak form will be allowed 2 minutes to address the Governing Board. This segment shall not exceed 15 minutes.

III. Recommendations For Future Agenda Items

The Board will consider items for future Board Meeting Agendas

Higelin_Judy

From: Jason Okonkwo <mrjason7@gmail.com>
Sent: Wednesday, August 28, 2013 1:36 PM
To: Patel_Neha
Cc: Ed Cabil (WAYS) (edcabil@sbcglobal.net); Higelin_Judy; Sanchez_Lila
Subject: Re: WAYS Audio Due (8/9 mtg)

Hi Neha,

There was no quorum of board officials at the meeting location on August 9th Board Meeting so no meeting was held.

Thanks,

Jason

On Tue, Aug 27, 2013 at 8:58 AM, Patel_Neha <Patel_Neha@laoe.edu> wrote:

Jason,

I have not received an audio recording for the August 9th Board meeting of WAYS. Please let me know the status by 4 PM today, August 27, 2013.

Thank you,

Neha Patel

Charter School Office

Los Angeles County Office of Education

(562) 922-8806

--
Jason Okonkwo
Direct: 323.253.8907
Email: mrjason7@gmail.com

Wisdom Academy for Young Scientists

Notice of Board of Directors Special Board Meeting

Thursday, August 29, 2013

706 East Manchester Avenue – L.A. CA 9001

5:00 PM – 6:00 P.M.

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all community members, and are posted in accordance with the Ralph M. Brown Act and American Disabilities Act compliance.
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3. "Oral Communication" is set-aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.
4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

Wisdom Academy for Young Scientists Public Charter School
Los Angeles, California
Regular Board Meeting
Thursday, August 29, 2013
5:00 PM to 6:00 PM

(Posted August 23, 2013)

Mission: Our mission is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Board Member Roll Call - Present/Absent**

1. Cheryl Johnson	_____
2. Norman Golden	_____
3. Dr. Dorothy Valenti	_____
4. Armando Espinoza	_____
5. Eleanor Jones	_____
6. Hon. Saundra Davis	_____
7. Hon. Carol Lee Tolbert	_____
8. Kimberly Daniels, Esq.	_____

IV. Approval of the Board Meeting Minutes for June 6, 2013 & July 26, 2013

V. Additions to the Agenda (Provisions of Emergency/Urgency)

VI. Staff and Consultants Reports / Public Communication on Non-Agenda items

Individuals of the public who have submitted a Request to Speak form will be allowed 2 minutes to address the Governing Board. This segment shall not exceed 15 minutes.

VII. New Business

- a. Wisdom Academy for Young Scientists' Budget for 2013-14 Fiscal Year – Action Item
- b. Certificated Teacher Salary Table for School Year 2013-14 Fiscal Year – Action Item
- c. Commercial Property Lease 2013-12 Fiscal Year – 706 East Manchester Ave. & 8778 South Central Ave. Los Angeles, CA Negotiator – Mr. Edward Cabil – Action Item
- d. Commercial Property Lease 2013-12 Fiscal Year – 7651 South Central Ave. Los Angeles, Ca. Negotiator – Mr. Edward Cabil – Action Item
- e. 2013-14 Fiscal Year Executive Director Contract 2013-14 – Action Item
- f. Updates Regarding LACOE initiated FCMAT Audit – Discussion Item
- g. Election of Officers
- h. Formation of the Board's Finance & Development Committee

VIII. Recommendations

- a. Approval of the Wisdom Academy for Young Scientists' Budget for 2013-14
- b. Approval of the Certificated Teacher Salary Table for School Year 2013-14
- c. Approval of the Commercial Property Lease 2013-12 Fiscal Year – 706 East Manchester Ave & 8778 South Central Ave Los Angeles, Ca.
- d. Approval of the Commercial Property Lease 2013-12 Fiscal Year – 7651 South Central Ave Los Angeles, Ca.
- e. Approval of the 2013-14 Executive Director Contract

IX. Recommendations For Future Agenda Items

X. Meeting Adjourned

WISDOM ACADEMY FOR YOUNG SCIENTISTS
706 E. Manchester Avenue
Los Angeles, CA 90001

**MEETING OF WAYS
BOARD OF DIRECTORS**

Thursday, August 29, 2013 5:00 PM

- I. The Regular Meeting of the WAYS Governing Board was held on Thursday, August 29, 2013 at the school of Wisdom Academy for Young Scientists. Board Member, Dr. Dorothy Valenti, called this meeting to order at 5:31pm.
- II. All members and guests stood and saluted the flag.
- III. Board Members Present : Eleanor Jones, Cheryl Johnson, Norman D. Golden II, Dorothy Valenti, Armando Espinosa, Carol Tolbert, Kimberly Daniels, Sandra Davis
- IV. Additions to the Agenda
- V. Approval of Minutes
 - a. June 6, 2013 – A motion to approve by Eleanor Jones, second by Sandra Davis, a vote was taken. Approved 7/0
 - b. June 26, 2013 – A motion to approve by Carol Tolbert, second by Norman Golden, a vote was taken. Approved 7/0
- VI. Reports
 - a. Bali Business Management – Oral Report/See Handouts
 - b. Principals Report – Oral Report/See Handouts
- VII. Discussion/Action Items
 - a. Wisdom Academy for Young Scientists' Budget for 2013-14 Fiscal Year – A motion to approve by Carol Tolbert, second by Sandra Davis, a vote was taken. Approved 7/0 (Bali Business management to explain line item _____)
 - b. Certificated Teacher Salary Table for 2013-14 Fiscal Year – A motion to approve by Carol Tolbert, second by Sandra Davis, a vote was taken. Approved 7/0
 - c. Commercial Property Lease 2013-12 Fiscal Year – 706 East Manchester Ave & 8778 South Central Ave Los Angeles, Ca. - A motion to table until next meeting by Carol Tolbert, second by Sandra Davis, a vote was taken. Approved 7/0
 - d. Commercial Property Lease 2012-13 Fiscal Year – 7651 South Central Ave Los Angeles, Ca. A motion to table until next meeting by Carol Tolbert, second by Sandra Davis, a vote was taken. Approved 7/0

Secretary of Board

Date

President of Board

Date

000787

Wisdom Academy for Young Scientists Public Charter School
Los Angeles, California
(FOR PUBLIC DISSEMINATION)
September 26, 2013 BOARD MEETING MINUTES

Meeting Location:
706 E. Manchester Ave.
Los Angeles, CA 90001

OPEN SESSION

I. Meeting Called to order at 5:16PM by Board President Tolbert

II. BOARD MEETING ROLL CALL

- C. Tolbert - 5:16pm, *present*
- D. Valenti - *absent*
- K. Daniels - 5:16pm, *present*
- S. Davis - 5:16pm, *present*
- A. Espinoza - 5:51pm, *present*
- N. Golden - 5:16pm, *present*
- C. Johnson - 5:45pm, *present*
- E. Jones - 5:16pm, *present*

III. Pledge of Allegiance

IV. Approval of board meeting minutes for August 29, 2013

- *August minutes unavailable. Item will be moved to October meeting*

V. Consent Agenda Items

- *None*

Item 13092609: Election of governing board officers for the 2013-2014 School Year

Item 13092609(a): Per article 7 section 3 of the bylaws, election of board leadership **should be** done according to protocol per Jones. Board Member Jones noted that the Office of 'Vice President' was not contained within the Bylaws ****Motion to amend the bylaws made by** Saundra Davis (amend the bylaws and restructure)- Davis noted the bylaws should be **formatted to meet the needs of a charter school****Amendment to the motion made by** Jones: make the amendment to the bylaws retroactive to allow the prior elections to **stand.** - Unanimous decision to amend the bylaws.

Item 13092609(b): Election of secretary or clerk - this will be pulled and moved to **later meeting** (moved to October meeting)

***Davis moved to table item to a working session; seconded by Jones; approved unanimously

13092609(c): Repeat of above - ***Motion to table this to a working session: approved **unanimously**

BYLAWS MEETING - a special meeting will be scheduled to amend and revise bylaws as **motioned** by S. Davis. President Tolbert stated that the **CONFLICTS OF INTEREST AND CODE OF CONDUCT ISSUES** could be included.

130926010: Formation of the Financial Budget Committee - we can have up to 4 members **on** this committee and President Tolbert will be providing details on what the responsibilities of the committee are - Motion to accept formation; approved **unanimously**

13092611: Certificated Teacher's Salary Table (clarification) - This will allow for a clean up **of** the current document as the current document needs some clarification. The document needs **to** highlight the relevant school year and identify the name of the school - no votes needed - not an **action** item

13092612: FPPC Update - Mr. Cabil absent due to illness; Tolbert motioned to table to next **meeting**; Seconded by Davis; approved **unanimously**

13092613: FCMAT Update - Mr. Cabil is absent - Tabled to next meeting; approved **unanimously**

VI. NEW BUSINESS

13092614: Formation of teaching and learning committee - **Davis moved to approve this item**; Daniels seconded; approved **unanimously**.

13092615: E & O Insurance - Mr. Cabil is absent - Motion to table by Tolbert; Davis seconded; approved **unanimously**.

13092616: Monthly budget update by Bali Business Management Unable to address this **item** at this time as presenter has not yet arrived. (President Tolbert learned that contractor was **incorrectly** informed by staff that the meeting was over when it was not. Subsequently contractor did **not** attend.)

13092617: **Update on Conflict of Interest** - Board discussion; Form 700 and the Conflict of **Interest** Statement - Should staff have conflict of interest training? Should staff have to sign a **code of conduct** so that there is no appearance of an existing conflict of interest? - This will be revisited as an **action** item - November meeting.

13092618: Organizational Chart - Tabled to the next board meeting because Executive Director Cabil was out ill; Tolbert moved to table item to October meeting; Seconded by Golden; approved **unanimously**.

13092619: Charter School Petition Consultation - Tabled to the next board meeting because **Executive** Director Cabil was out ill - Moved to October meeting; approved **unanimously**.

13092620: Change of Vehicle classification - Motion to change by Davis; Seconded by Daniels; approved unanimously.

REPORTS OR COMMENTS FROM THE BOARD PRIOR TO THE CLOSED SESSION

First Annual Board Reception - Board members Jones, Golden, Tolbert and Daniels gave **positive** reviews about the Reception. President Tolbert distributed index cards to parents and staff **for** comments. Comments will be shared with staff.

AUDIENCE INVITATION TO ADDRESS THE BOARD PRIOR TO CLOSE SESSION

There were no comments from the audience.

Meeting Convened To Closed Session at: 6:03PM

CLOSED SESSION

A Conflict of Interest/Code of Conduct should be considered that will better safeguard the staff and board unnecessary exposure or risk.

13092601: Lease Agreement with the Salvation Army - Espinoza recommended we entertain the idea of seeking out a location to purchase (this may be addressed by the development committee per Tolbert)

- Recommendation by Tolbert that Board Member Espinoza be on this exploratory committee.

Item 13092602: 2013-14 Lease Agreement for the school site located at 706 East Manchester Avenue, Los Angeles, CA - Lease Agreement will be tabled to November. Lease Agreement unavailable for review.

Item 13092603: 2013-14 Lease Agreement for the school site located at 8778 South Central Avenue, Los Angeles, CA - Lease Agreement will be tabled to November. Agreement unavailable for review.

The personnel items listed below were for the purposes of review, discussion and possible action:

Item 13092604: *Executive Director Contract* - No contact available; Tabled to October meeting.

Item 13092605: *Director of Operations* - No contact available; Tabled to October meeting.

Item 13092606: *Principal* - No contact available; Tabled to October meeting.

Item 13092607: *Vice-Principal* - No contact available; Tabled to October meeting.

Item 13092608: *Administrative Assistant* - No contact available; Tabled to October meeting.

RECONVENED TO OPEN SESSION AT 6:19PM

Report of Actions Taken in Closed Session:

13092601: Approval of Salvation Army Lease

- a. (Reviewed for late board members) Reporting that we approved the lease agreement for the Salvation Army
- b. (Reviewed for late board members) Finance and Budget Committee - advised late arrivals that this passed
- c. (Reviewed for late board members) Teaching committee - advise late arrivals that this was approved

13092621: Board Member Recommendations for Future Agenda Items -

1. Per Jones - Parents concern with air conditioning and indoor location for children on cold mornings - there is nothing that can be done about this at this time per Jason Okonkwo. Board will find an amicable way to address this issue with concerned parents
2. Board meetings at different locations requested by a parent; roving meetings may be something we should consider going forward.
3. Board meeting minutes requiring signature per Jason Okonkwo. Tolbert and Valenti will address signing issues
4. Recommendation by Tolbert to provide certificates for teachers as well as other ways to incorporate teacher recognition
5. Recommendation by Tolbert to make sure the parents know when the board meetings are. The goal is to be more available to parents
6. One board member slot is available for one parent - parents have been notified to submit applications if interested per Jones
7. Parent involvement - parent involvement plan
8. Principal reports and Vice Principal reports
9. The Single Plan for Student Achievement should be presented to the Board
10. Board members are requesting more trainings for itself, staff and parents
11. The illumination for conducting Special meeting per section 3d above. What are the criteria?
12. Board members are interested in varying positions and roles within the board such as that of Recorder

MEETING ADJOURNED at 6:40PM. Moved by: Board Member Davis. Seconded by: Board Member Daniels.

Future item - Mrs. Jones has submitted her resignation (letter) to Mrs. Tolbert and we will address the resignation at the next meeting. This item was not recorded as it was raised after the meeting was adjourned.

Minutes Approved With/Without Corrections On: _____

(Minutes taken by Board Member Daniels and Prepared for distribution by President Tolbert.)

Wisdom Academy for Young Scientists

Notice of Board of Directors Special Board Meeting

Wednesday, October 9, 2013

6:30 PM – 7:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all community members, and are posted in accordance with the Ralph M. Brown Act and American Disabilities Act compliance.
2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."
3. "Oral Communication" is set-aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.
4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

Wisdom Academy for Young Scientists Public Charter School
Los Angeles, California
Special Board Meeting
Wednesday, October 9, 2013
6:30 PM to 7:00 PM

(Posted October 8, 2013)

Mission: Our mission is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Board Member Roll Call - Present/Absent**

1. Cheryl Johnson	_____
2. Norman Golden	_____
3. Dorothy Valenti	_____
4. Armando Espinoza	_____
5. Eleanor Jones	_____
6. Hon. Sandra Davis	_____
7. Hon. Carol Tolbert	_____
8. Kimberly Daniels, Esq.	_____

IV. Approval of the Board Meeting Minutes for August 29, 2013

V. Additions to the Agenda *(Provisions of Emergency/Urgency)*

VI. Staff and Consultants Reports / Public Communication on Non-Agenda items

Individuals of the public who have submitted a Request to Speak form will be allowed 2 minutes to address the Governing Board. This segment shall not exceed 15 minutes.

VII. Closed Session

- a. ANTICIPATED LITIGATION—One potential item (pursuant to Gov. Code § 54956.9(d)(2)-)
- b. Public Employee Dismissal/Release 1 (pursuant to Gov. Code § 54957, subd. (b)) – Action Item
- c. Public Employee Dismissal/Release 2 (pursuant to Gov. Code § 54957, subd. (b)) – Action Item
- d. Public Employee Performance Evaluation/Employment Title: Executive Director

VIII. Open Session

- a. Acceptance of Board Member resignation and release of membership – Action Item
- b. Commercial Property Lease 2013-12 Fiscal Year – 706 East Manchester Ave & 8778 South Central Ave Los Angeles, Ca. Negotiator – Mr. Edward Cabil – Action Item

VIII. Recommendations

- a. Approval of the Commercial Property Lease 2013-12 Fiscal Year – 706 East Manchester Ave & 8778 South Central Ave Los Angeles, Ca.
- b. Approval of the 2013-14 Executive Director Contract
- c. Approval to accept the Board Member resignation.

IX. Recommendations For Future Agenda Items

X. Meeting Adjourned

From: Jason Okonkwo
To: Patel_Neha
Subject: Re: Wisdom Academy's Audio Recordings
Date: Wednesday, October 23, 2013 11:28:19 AM

Neha,

There was no quorum on October 9th 2013, therefore the meeting was canceled.

Thanks,

Jason

On Wed, Oct 23, 2013 at 9:08 AM, Patel_Neha <Patel_Neha@laoe.edu> wrote:

Jason,

I received a CD yesterday in the mail for September 26th Board meeting. That audio was already emailed to us by Mr. Cabil (in 4 parts). The audio recording that is **due today is for the October 9th meeting**. Please let me know when can we expect that audio.

Thank you,

Neha Patel

From: Jason Okonkwo [mailto:mrjason7@gmail.com]
Sent: Friday, October 18, 2013 2:43 PM
To: Patel_Neha
Subject: Re: Wisdom Academy's Audio Recordings

The disc was returned to us today. It seems like the package was damaged by a liquid substance. I am resending the audio recording to you today. Please confirm receipt.

On Fri, Oct 11, 2013 at 4:11 PM, Higelin_Judy <Higelin_Judy@laoe.edu> wrote:

Mr. Cabil,

The files were so large they filled our email capacity and may have been returned to you for that reason. Please work with Neha to determine what we got/did not get.

000794

Our email capacity is not intended for large audio files; it would be helpful if you could save them to a secure website and give us access to retrieve from there. Please work with Neha on this, too. I believe you can use the LACOE secure website for this, but again, check with Neha to make that determination.

Thank you,

Judy

From: Edward Cabil [mailto:edcabil@sbcglobal.net]
Sent: Friday, October 11, 2013 3:53 PM
To: Patel_Neha; Sanchez_Lila
Cc: Carol Tolbert; Karen Horowitz; Jason Okonkwo; Higelin_Judy
Subject: Wisdom Academy's Audio Recordings

Unfortunately, the audio recordings of the last last board meeting were returned by Yahoo mail with failure notices. Mr. Jason will record the files on a CD and mail it out today.

The files were sent to us by email; however, they just could not be forwarded.

Blessings,

Ed Cabil

--
Jason Okonkwo
Direct: [323.253.8907](tel:323.253.8907)
Email: mrjason7@gmail.com

- CONFIDENTIALITY NOTICE -

The information contained in this transmission is intended only for the person or entity to which it is addressed and contains confidential and/or privileged material. If you are not the intended recipient of this information, do not review, retransmit, disclose, disseminate, use, or take any action in reliance upon, this information. If you received this transmission in error, please contact the sender and destroy all printed copies and delete the material from all computers.

000795

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Jason Okonkwo
Direct: 323.253.8907
Email: mrjason7@gmail.com

- CONFIDENTIALITY NOTICE -

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000796

WISDOM Academy for Young Scientists Public Charter School
Los Angeles, California

(FOR PUBLIC DISSEMINATION)

OCTOBER 24, 2013 BOARD MEETING NOTES

Meeting Location:
706 E. Manchester Ave.
Los Angeles, CA 90001

OPEN SESSION

Meeting Call to Order At: 5:46 PM By: Carol Lee Tolbert (President)

BOARD MEMBER ATTENDANCE (ABSENT/PRESENT)

Hon. Carol Lee Tolbert, President - Present
Dr. Dorothy Valenti, Vice President - Present
Ms. Kimberly Daniels, Esq. - Present
Hon. Saundra Davis - Present
Mr. Armando Espinoza - Present
Mr. Norman Golden - Present
Mrs. Cheryl Johnson - Present (6:15PM)
Mrs. Eleanor Jones - Present - Resignation

- PLEDGE OF ALLEGIANCE -

OPEN SESSION AGENDA ITEMS

I. READING AND APPROVAL OF BOARD MINUTES

A. Board Minutes for August 29, 2013

Action required (Yes/No): Yes
Motion by: Tolbert - motion to accept as amended
Second by: Davis
Number of votes in favor: 6
Number of votes opposed: 0
Motion adopted (Yes/No): Yes
Follow up required (Yes/No): No
Comments: (1) issue with the \$118k line item on the budget that needs further identification and clarification as noted by Armando in prior meeting (2) Exec. Director contract noted in item 'E' should be clarified as there was no contract available for review (3) agenda item 'G' should be adjusted to include Dr. Valenti's election (4) public comment (5) Saundra's name is misspelled (6) item -d- ntoes an incorrect date and should be corrected.

B. Board Minutes for September 26, 2013

Action required (Yes/No): Yes
Motion by: Davis - motion to table since copies are not currently available

Second by: Golden
Number of votes in favor: 6
Number of votes opposed: 0
Motion adopted (Yes/No): N/A
Follow up required (Yes/No): Yes
Comments: Tabled to next meeting in the interest of time by Davis (Moved to
November 2013 meeting)

II. CONSENT AGENDA ITEMS

A. Resignation letter from Board member Eleanor Jones (5:50PM)

Action required (Yes/No): No
Motion by: N/A
Second by: N/A
Number of votes in favor: N/A
Number of votes opposed: N/A
Motion adopted (Yes/No): N/A
Follow up required (Yes/No): No
Comments: Certificate provided to Mrs. Jones in appreciation for her dedication and
commitment to the WAYS Board and Charter School

III. NEW BUSINESS

A. Item 13092615(A): Errors and Omissions Insurance Policy – The Governing Board received the school's insurance policy coverage. The policy is set to expire on November 1. The Board will consider the renewal of policy w/current carrier to prevent any lapse in coverage. (Action/Discussion) – *Dufour Insurance Services, LLC*

i. Ms. Dufour's presentation

1. Notes:

- a. November 1st is the renewal deadline
- b. Current liability policy is with Scottsdale
- c. Incident in 2011 create issue with obtaining different and
more reasonably priced coverage
- d. See DUFOR Summary of Proposed Insurance
- e. Crime coverage was not on policy last year but has been
added this policy term
- f. Need an updated number of teachers for this academic
year
- g. \$5 million is standard for a charter school of this size -
WAYS insurance has been updated accordingly - (new
policy costs the school an addition \$4,000) - Broker has
guaranteed full coverage
- h. Workers Comp renews in February 2014 (rating of
current policy holder may go down to a B+ so if so she
plans to move the policy)

i.

2. Board Comments:

- a. Davis - is this the insurance for the charter and the
board? The general liability policy covers the school and

board from bodily injury. The Directors and Officers liability policy covers management decisions and governance. The E&O coverage is a part of the Directors and Officers liability insurance

- b. Espinoza - Why did the insurance not cover the 2011 settlement? To be addressed in closed session
- c. Daniels - Break down of coverage/policy limits per claim
- d. Johnson - Do we need to compare other insurers? See materials

Action required (Yes/No): Yes

Motion by: Davis moved to accept coverage

Second by: Daniels

Number of votes in favor: 7

Number of votes opposed: 0

Motion adopted (Yes/No): Yes

Follow up required (Yes/No): No

Comments: None

Meeting Convened To Closed Session At: 6:30PM

Motion to go into closed session by Davis

CLOSED SESSION

A. Insurance Policy Payout Claim

B. The following closed session items are from a special board meeting agenda prepared by/called by board member Armando Espinoza on Tuesday, October 8, 2013 at 6:30 pm for Wednesday, October 9, 2013 at 6:30PM. The meeting was cancelled due to a lack of a quorum.

- a. **1310205:** The anticipated litigation is regarding verbal claims made by the school staff and contractor that a Board Member is making unilateral decisions, without input from a majority of the Board, which risks the potential for legal claims.
- b. **1310206:** As of Friday, October 4, 2013, two employment contracts were terminated prematurely by school staff and require immediate Board action. *(The Board heard the parties involved, but was not able to formally conclude the matter.)*

***A DISRUPTION OCCURRED AT THE END CLOSED SESSION BY AN ADMINISTRATIVE EMPLOYEE. NO OTHER BOARD BUSINESS WAS ABLE TO BE CONDUCTED.**

- c. **13102067:** The employment contract for the ED is normally decided before July 1, 2013, yet is has been postponed repeatedly.

*Convened To Open Session At: _____

OPEN SESSION

IV. LEASE AGREEMENTS

A. OCI Lease Agreement - 706 E. Manchester Ave., Los Angeles CA

Action required (Yes/No): _____

Motion by: _____

Second by: _____

Number of votes in favor: _____

Number of votes opposed: _____

Motion adopted (Yes/No): _____

Follow up required (Yes/No): _____

Comments:

B. OCI Lease Agreement - 8778 South Central Ave., Los Angeles CA

Action required (Yes/No): _____

Motion by: _____

Second by: _____

Number of votes in favor: _____

Number of votes opposed: _____

Motion adopted (Yes/No): _____

Follow up required (Yes/No): _____

Comments:

V. EDUCATION ADMINISTRATIVE STAFF REPORTS

A. Report - Principal

Action required (Yes/No): _____

Follow up required (Yes/No): _____

Comments:

B. Report - Vice - Principal

Action required (Yes/No): _____

Follow up required (Yes/No): _____

Comments:

VI. OLD BUSINESS

A. Item 13092609: Election of Governing Board Officers for the 2013-14 School Year

i. Item 13092609(b): Election of Secretary (Discussion/Action)

B. Item 130926109(A): Formation of the Board's Finance & Budget Committee - To appoint committee members. (Action) - Board President Tolbert

C. Item 13092611: Status on updating the Certificated Teacher Salary Table for FY 2013-14 (Clarification) - Board President Tolbert

D. Item 13092613: FCMAT Update - The school is currently undergoing an audit from LACOE. (Informational/Discussion) - Executive Director, Mr. Cabil

E. Item 13092618: WISDOM Organization Chart - Delineating employee responsibilities and lines of supervisorial authority (Informational/Discussion) - Executive Director, Mr. Cabil

F. Item 13092619: Request for Charter School Petition Consultant in the amount

not to exceed \$8,000. (Discussion/Action) - *Executive Director, Mr. Cabil*

- G. **Item 1310201:** Other required Insurance Policy - The Governing Board received the school's insurance policy coverage. The Board will consider the renewal of policy w/current carrier to prevent any lapse in coverage. (Action/Discussion) - *Dufour Insurance Services, LLC*
- H. **Item 13092616:** Monthly Budget Update for 2013-14 School Year, and disposition of the unaudited actual financial report for fiscal year ending June 30, 2013 requested from LACOE- (Discussion/Possible Action) - *Bali Business Management*
- I. **Item 13092614(A):** Formation of the Board's Teaching and Learning Committee - To appoint committee members. (Action) - *Board President Tolbert*
- J. **Item 1310202:** Adoption of a Revised 2013-14 Board Meeting Calendar. (Action) - *Board President Tolbert*

VII. **NEW BUSINESS** (continued)

- A. **Item 1310203:** Scheduling A Board Retreat - The Retreat is Fourfold: 1) To establish guiding principles and values that will better enable the Board to conduct the business of the school with transparency, efficiency and civility. 2) To review and update the Board's By-Laws that align with the operation of a public charter school rather than the general purposes of a nonprofit organization. 3) To receive training in areas to be identified by board members. 4) Other development purposes identified by Board members. (Action) - *Board Members*
- B. **Item 1310204:** Update on the arbitration between LACOE and Wisdom Academy

VIII. **FUTURE AGENDA ITEMS**

- A. **Item 13092620:** Board Member Recommendations for Future Agenda Items

(THE BOARD WAS UNABLE TO RECONVENE TO OPEN SESSION OFFICIALLY
ADJOURN THE MEETING.)

Motion to Adjourn By _____ Meeting Adjourned At _____

**Agenda items in blue were unable to be addressed by the Board due to the disruption caused by the employee.

(Minutes taken by Board Member Daniels and Prepared for distribution by President Tolbert.)

From: Edward Cabil
To: valent747@yahoo.com; armando.espinoza.10@my.csun.edu; johnsoncenter@msn.com; qprmansky@gmail.com; saundavis@aol.com; Carol Lee Tolbert; kimberly@ksdanielslaw.com
Cc: Patel, Neha; Jason Okonkwo; Karen Horowitz; deara7@gmail.com; Bali Business Management; larry.wisdomacademy@gmail.com
Subject: Board Meeting Postponed
Date: Tuesday, November 19, 2013 4:44:55 PM

I am writing you to notify that the November 21, 2013 board meeting has been postponed.

Blessings,
Ed Cabil

000802

From: Higelin_Judy
To: Edward Cabil (edcabil@sbcglobal.net)
Cc: Patel_Neha; Sanchez_Lila; Jason Okonkwo (mrlason7@gmail.com); kids@cwicoride.net
Subject: FW: Board Meeting Postponed
Date: Wednesday, November 20, 2013 1:43:19 PM

Mr. Cabil,

Please be reminded that all communications to Ms. Patel should also be sent to me. This protocol ensure that one of us will receive the communication in a timely manner even if the other is absent. Thank you for ensuring that WAYS staff members follow this protocol at all times.

Judy

Judy Higelin
Project Director III
Charter School Office
Los Angeles County Office of Education
Education Center West
P: 562-922-8806
F: 562-922-8805
Leading Education • Supporting Students • Serving Communities

From: Patel_Neha
Sent: Wednesday, November 20, 2013 8:09 AM
To: Higelin_Judy
Cc: Wilson_Dina; Sanchez_Lila
Subject: FW: Board Meeting Postponed

FYI

From: Edward Cabil [<mailto:edcabil@sbcglobal.net>]
Sent: Tuesday, November 19, 2013 4:45 PM
To: dvalenti747@yahoo.com; armando.espinoza.10@my.csun.edu; johnsoncenter@msn.com; normanskx@gmail.com; saundavis@aol.com; Carol Lee Tolbert; kimberly@ksdanielslaw.com
Cc: Patel_Neha; Jason Okonkwo; Karen Horowitz; deara7@gmail.com; Bali Business Management; larry.wisdomacademy@gmail.com
Subject: Board Meeting Postponed

I am writing you to notify that the November 21, 2013 board meeting has been postponed.

Blessings,
Ed Cabil

000803

From: Norman G.
To: Edward Cabil
Cc: Ball Business Management; johnsoncenter@msu.com; dvalenti747@yahoo.com; Patel, Neha; Karen Horowitz;
jerry.wisdomacademy@gmail.com; Carol Lee Toher; kimberly@ksdaniel-law.com; saundavis@aol.com; Jason
Okonkwo; deara7@gmail.com; amando.espinosa.10@my.csu.nyu.edu
Subject: Re: Board Meeting Postponed
Date: Wednesday, November 20, 2013 4:46:55 PM

Hi Mr Cabil,

What are the reasons for the postponement of the meeting?

Best Regards,
Norman Golden II

On Nov 19, 2013 4:44 PM, "Edward Cabil" <edcabil@shcglobal.net> wrote:

I am writing you to notify that the November 21, 2013 board meeting has been postponed.

Blessings,
Ed Cabil

000804

From: Saundra Davis
To: Edward Cabil
Cc: dvalenti747@yahoo.com; amando.espinoza.10@my.csu.edu; johnsoncenter@msa.com;
normankx@gmail.com; Carol Lee Tolbert; kimberly@ksdanielstlaw.com; Patel Neha; Jason Okonkwo; Karen
Horowitz; deara7@gmail.com; Ball Business Management; larry.wisdomacademy@gmail.com
Subject: Re: Board Meeting Postponed
Date: Thursday, November 21, 2013 11:26:15 AM

Dear Mr. Cabil,

I am concerned about you postponing today's Board Meeting. Although I had concerns even before now because of the fact that we were Literally verbally threatened, told to leave and not to come back, lights turned off and then thrown out of the October 24th board meeting by Jason Okonkwo. On one hand I appreciate your intervention to ensure our safety and not allow him to attack us again. I want to thank you for stepping up to the plate to intervene on our behalf. On the other hand, I'm wondering if I missed the Board vote or authorization to postpone the board mtg. Is this in your scope of authority without Board Approval and/or authority? In our efforts to get this school and administration on the right track, we must take protocol and authority into consideration. Please apprise me of how this decision was made because even though our safety was and is a concern, we must approach every situation within the scope of position, following all policies, procedures, rules and regulations and remembering, "It's All About The Kids"

Blessings,
Saundra Davis
(310)733-8091
Sent from my iPhone

On Nov 19, 2013, at 4:44 PM, Edward Cabil <edcabil@sbcglobal.net> wrote:

I am writing you to notify that the November 21, 2013 board meeting has been postponed.

Blessings,
Ed Cabil

000805

Wisdom Academy for Young Scientists

Notice of Board of Directors Special Board Meeting

Monday, January 27, 2014

5:30 P.M.– 7:00 P.M.

706 East Manchester Avenue – L.A. CA 90001

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all community members, and are posted in accordance with the Ralph M. Brown Act and American Disabilities Act compliance.
2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."
3. "Oral Communication" is set-aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.
4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.
6. Requests for disability-related modification of accommodation may be made by a person with a disability to the Executive Director by notifying the main office by 12pm of the day school is in operation prior to the date and time of the Board Meeting.

From: Jason Okonkwo
To: Patel Neha
Cc: Ed Cabili (WAYS) (edcabili@shrcglobal.net); Higelin Judy; Wilson Dina
Subject: Re: WAYS Board Minutes Due
Date: Friday, February 07, 2014 11:41:10 AM

Dear Neha,

Thank you for your inquiry.

On January 27, 2014, the Board was one member shy of a quorum, therefore no Board Meeting was held.

The documents and audio for the January 30, 2014 meeting were mailed to you on 2/4/14 via USPS Priority Mail tracking number 911490118986152619191

Please confirm receipt of the package.

The documents and audio for the February 3, 2014 meeting were mailed to you on 2/7/14 via USPS Priority Mail tracking number 9114901159815848112682

As you are aware, WAYS has experienced a significant and highly disruptive issue with a now former board member, Mrs. Carol Tolbert, who improperly attempted to unilaterally "notice" her own "meetings". As explained in our recent letter to Dr. Delgado, the WAYS Board promptly remedied that situation by removing Mrs. Tolbert from the board. In any event, the WAYS bylaws require all board meetings to be held at the school site, unless the board votes to move the meeting somewhere else. That did not happen. Regrettably, the gatherings that apparently occurred on January 6, 2014, and January 29, 2014, were off site, and were not official "meetings" of the Board. We don't know whether a quorum was present at those gatherings. If the former board chair Mrs. Tolbert made an audio recording or distributed documents at those gatherings, she did not provide them to WAYS. We are aware of the Brown Act implications of Mrs. Tolbert's actions, and are of course highly concerned. Rest assured that WAYS has taken steps to ensure that this does not happen again.

Sincerely,

Jason Okonkwo

000807

Serving Students ▪ Supporting Communities ▪ Leading Educators

--
Jason Okonkwo
Direct: 323.253.8907
Email: mrjason7@gmail.com

- CONFIDENTIALITY NOTICE -

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000808

EXHIBIT 14

MERLE WILLIAMSON FOUNDATION
DBA: WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A CALIFORNIA NON-PROFIT ORGANIZATION)
AUDITED FINANCIAL STATEMENTS
FOR THE TWELVE MONTH ENDED JUNE 30, 2011

000809

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Not-for-Profit Organization)

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Twelve months period ended of June 30, 2011

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Clem Payne, Jr.
CERTIFIED PUBLIC ACCOUNTANT

Board of Directors of
Wisdom Academy for Young Scientists
Los Angeles, California

INDEPENDENT AUDITOR'S REPORT

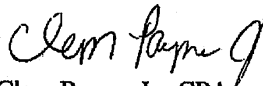
I have audited the accompanying statement of financial position of **Wisdom Academy for Young Scientists (WAYS)** (a California not-for-profit organization), as of June 30, 2011, and the related statements of activities and changes in net assets, and cash flows for the twelve months period then ended. These financial statements are the responsibility of **Wisdom Academy for Young Scientists'** management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the organization's 2010 financial statements and, in my report dated November 9, 2010, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the Education Audit Appeals Panel's Standards and Procedures for Audits of California K-12 Local Educational Agencies. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that our audit provides a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Wisdom Academy for Young Scientists** as of June 30, 2011, and the changes in its net assets and cash flows for the twelve months period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated December 14, 2011 on my consideration of **Wisdom Academy for Young Scientists'** internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

My audit was conducted for the purpose of forming an opinion on the financial statements of **Wisdom Academy for Young Scientists**. The accompanying schedule of federal awards required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and the additional supplementary information section is presented for the purpose 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, in my opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Clem Payne, Jr., CPA
Altadena, California
December 14, 2011

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATEMENT OF FINANCIAL POSITION

June 30,

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 513,331	\$ 422,535
Accounts receivable - Sponsoring Districts		53,977
Accounts receivable (Note 3)	525,547	368,201
Prepaid expenses	<u>45,756</u>	<u>34,058</u>
Total current assets	<u>1,084,634</u>	<u>878,771</u>
FURNITURE, EQUIPMENT AND IMPROVEMENTS:		
Furniture and equipment (Note 4)	77,221	65,682
Leasehold improvements (Note 4)	197,312	146,543
Leasehold improvements - ERate (Note 4)	35,483	35,483
Less: accumulated depreciation (Note 4)	<u>(53,691)</u>	<u>(34,610)</u>
Total property, equipment and improvements	<u>256,325</u>	<u>213,098</u>
Total assets	<u>\$ 1,340,959</u>	<u>\$ 1,091,869</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 56,732	\$ 75,132
Due to Sponsoring District	5,470	
Credit card payable	5,303	
Payroll liabilities	<u>29,125</u>	<u>10,206</u>
Total current liabilities	<u>96,630</u>	<u>85,338</u>

NET ASSETS

Unrestricted	1,249,799	1,006,531
Temporarily restricted - (deficit)	<u>(5,470)</u>	
Total net assets	<u>1,244,329</u>	<u>1,006,531</u>
Total liabilities and net assets	<u>\$ 1,340,959</u>	<u>\$ 1,091,869</u>

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the twelve month ended June 30,

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT:				
General purpose block grant	\$ 982,763	\$ -	\$ 982,763	\$ 785,555
Categorical block grant	211,468	-	211,468	196,988
Class size reduction	89,182	-	89,182	87,426
Private contributions	8,446	-	8,446	3,135
Federal income	-	61,086	61,086	1,234
Charter school facilities grant	-	118,461	118,461	102,464
In-lieu property taxes	353,049	-	353,049	310,201
In-lieu property taxes - prior year	8,304	-	8,304	10,288
After school education and safety	112,500	-	112,500	-
Fundraising income	9,259	-	9,259	-
Special education	-	204,578	204,578	175,509
Child nutrition - federal	-	147,788	147,788	112,524
Child nutrition - state	9,695	-	9,695	8,080
Title II	-	4,254	4,254	9,230
Title I	-	49,576	49,576	121,659
Facility reimbursement	52,738	-	52,738	-
Other state income	89,549	-	89,549	102,773
Other local income	143,789	-	143,789	45,212
Interest income	1,488	-	1,488	1,521
Net assets released from restrictions	591,213	(591,213)	-	-
Total revenue and support	2,663,443	(5,470)	2,657,973	2,073,799
EXPENSES:				
Certificated salaries	833,752	-	833,752	583,267
Classified salaries	277,200	-	277,200	211,692
Fringe benefits	172,429	-	172,429	151,364
Books and supplies	126,532	-	126,532	93,920
Contract services and other expenses	959,793	-	959,793	715,687
Fundraising expenses	9,600	-	9,600	2,208
Depreciation	19,081	-	19,081	11,506
Other outgo	15,314	-	15,314	13,556
Total expenses	2,413,701	-	2,413,701	1,783,200
Increase in net assets	249,742	(5,470)	244,272	290,599
Net assets, beginning of the year	1,006,531	-	1,006,531	699,705
Prior year adjustments (Note 11)	(6,474)	-	(6,474)	16,227
Net assets, end of the year	\$ 1,249,799	\$ (5,470)	\$ 1,244,329	\$ 1,006,531

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATEMENT OF CASH FLOWS
For the twelve month ended June 30,

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Increase in net assets	\$ 244,272	\$ 290,599
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,081	11,506
Prior period adjustments	(6,474)	16,227
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Due from employee		
Accounts receivable - sponsoring district	53,977	(53,977)
Accounts receivable	(157,346)	(171,499)
Prepaid expenses	(11,698)	(18,293)
Increase (decrease) in liabilities:		
Accounts payable	(18,400)	52,903
Due to Sponsoring District	5,470	
Other liabilities	5,303	(10,459)
Payroll liability	18,918	(8,799)
Net cash provided by operating activities	<u>153,103</u>	<u>108,208</u>
Cash flows from investing activities:		
Work in progress		35,484
Purchase of property and improvements	(62,307)	(108,177)
Net cash used for investing activities	<u>(62,307)</u>	<u>(72,693)</u>
Net increase in cash	90,796	35,515
Cash and cash equivalents- beginning of the year	<u>422,536</u>	<u>387,021</u>
Cash and cash equivalents - end of the year	<u>\$ 513,332</u>	<u>\$ 422,536</u>
Supplemental Disclosures:		
Cash paid for interest expense	\$ <u> </u>	\$ <u>1,197</u>

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - continued

The summary of Significant Accounting Policies of WAYS is presented to assist in understanding the organization's financial statements. The financial statements and notes are representations of WAYS' management, who are responsible for their integrity and objectivity.

WAYS accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's "California School Accounting Manual". WAYS conforms to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Financial Statements Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of FASB ASC 958-205, (prior authoritative literature: SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*). Accordingly, WAYS' financial statements are present on the following three classes of net assets: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Temporarily restricted and permanently restricted net assets are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

Revenue Recognition

Amounts received from the California Department of Education are recognized as revenue by WAYS based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in unrestricted net assets, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flow, WAYS considered all liquid investments with a maturity three months or less to be cash equivalents.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Basis of Accounting

The financial statements of WAYS have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounts Receivable

WAYS accounts receivable consists of amounts due from government sources only. No allowance for doubtful accounts has been established as WAYS deems all amounts to be fully collectible.

Contributions and Contributed Services

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor as required by SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Amounts received that are designated for specific use in future periods are reported as temporarily restricted. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets for expenditure.

Use of Estimates

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

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (continued)

Equipment and Improvements

Equipment and improvements are recorded at cost. All property, equipment and improvements with a value of \$1,000 or greater and a useful life of 1 year or more are capitalized. Improvements are depreciated under a straight-line method over their estimated useful lives of 20 years. Equipment is depreciated under straight-line method over the estimated useful life of five to seven years. The depreciation expense for the year ended June 30, 2011 is \$19,081.

Income Taxes

WAYS is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for income taxes.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with WAYS' financial statements for the twelve months period ended June 30, 2010, from which summarized information was derived.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2011, reported as follows:

General purpose block grant	\$ <u>525,545</u>
Total	\$ <u>525,545</u>

NOTE 4 - EQUIPMENT AND IMPROVEMENTS

Below is the summary of the changes in fixed assets owned by Wisdom Academy for Young Scientists for the year ended June 30, 2011:

Description	Balance at 7/1/2010	Additions (deletions)	Balance at 6/30/11
Leasehold improvements	\$ 146,543	\$ 50,769	\$ 197,312
Leasehold improvements -ERate	35,483		35,483
Furniture and equipment	<u>65,682</u>	<u>11,539</u>	<u>77,221</u>
Total fixed assets	247,708	62,308	310,016
Accumulated depreciation	<u>(34,610)</u>	<u>(19,081)</u>	<u>(53,691)</u>
Net fixed assets	\$ <u>213,098</u>	\$ <u>43,227</u>	\$ <u>256,325</u>

NOTE 5 - DONATED SERVICES

No amounts have been reflected in the accompanying financial statements for donated services inasmuch as no objective basis was available to measure the value of such services; however, some volunteers have donated their time to WAYS.

NOTE 6 - RECONCILIATION OF ANNUAL FINANCIALS

The schedule on page 17 were prepared by WAYS for the Los Angeles Unified School District.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 7 - COMMITMENTS

WAYS entered into a four-year lease agreement for its main facility with Kendra Okonkwo, Executive Director that commenced in July 2006. Monthly lease payments began at \$10,120. The agreement requires annual rent rate to increase approximately 3.0% each year. The lease was terminated in January 31, 2011, due to LAUSD concerns regarding a conflict of interest. Payments made on this facility lease totaled \$72,652 for the seven months period ended January 31, 2011. (Refer to Note 9 – Related Parties Transactions)

In addition, WAYS entered into a one-year lease on 8778 Central Avenue. The monthly lease payments are \$4,000. The agreement requires annual rent rate to increase approximately 3.0% each year. The lease was terminated in January 31, 2011. Payments made on this facility lease totaled \$28,720 for the five months period ended January 31, 2011. (Refer to Note 9 – Related Parties Transactions)

The owner of the real property changed in February 2011.

As such, WAYS entered into a five-month agreement for its main facility located on 706 East Manchester Avenue, L.A., CA with OCI Development Corporation. Monthly lease payments began at \$10,728. The agreement requires annual rent rate to increase by 3.0% each year. The lease will expire in June 2011. Payments made on this facility lease totaled \$53,640 for the seven months period ended June 30, 2011.

At the same time, WAYS entered into a five-month agreement with OCI Development Corporation for the property located at 8778 Central Avenue, L.A., CA. Monthly lease payments began at \$4,240. The agreement requires annual rent rate to increase by 3.0% each year. The lease will expire in June 2011. Payments made on this facility lease totaled \$21,200 for the seven months period ended June 30, 2011.

WAYS entered into a five-year lease agreement for a facility for additional occupancy and parking near its main facility. The lease commenced in December 2007. Monthly lease payments are \$1,450 for the duration of the lease. The lease will expire in December 2012. Payments made on the facility lease totaled \$17,400 for the twelve months ended June 30, 2011.

The future minimum lease payments due for the next 2 years are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 197,016
2013	202,926

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 8 - EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS). WAYS is not eligible to participate in Public Employees' Retirement System (PERS).

State Teachers' Retirement System (STRS)

Plan Description

WAYS contributes to the State Teachers' Retirement System (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. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and WAYS 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 2009-10 is 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS

WAYS' contributions to STRS and PERS for this fiscal year are as follows:

Year Ended June 30	STRS Required Contribution	STRS Percent Contributed
2011	\$71,650	100%

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
Twelve Months Period ended June 30, 2011

NOTE 9 - RELATED PARTIES TRANSACTIONS

A related party is one which controls, exercises significant influences over, or is significantly influenced by a group or member in making financial, and operating decisions, along with any group member, is subject to common control or significant influence.

In 2006 WAYS entered into a rental services agreement with its executive director Kendra Okonkwo, a related party, to pay monthly rental installments for the locations of 702-706 East Manchester Street, Los Angeles, California and 8778 S. Central Avenue, Los Angeles, California. It appears that the executive director held title to those real properties until February 3, 2011. At which time the rental arrangement was terminated. During the fiscal year, WAYS made approximately \$108,212 in rental payments to this vendor. (Refer to Note 7 - Commitments).

NOTE 10 - SUBSEQUENT EVENTS

WAYS has evaluated subsequent events through December 14, 2011, the date which the financial statements were available to be issued.

WAYS entered into several one-year lease agreements for educational facility located on 706 East Manchester Avenue and 8778 Central Avenue. The lease will commence on July 2011, and ending on the 30th day of June 2012. Monthly lease payments for each property are \$10,738 and \$4,367.

In addition, WAYS entered into a one-year lease with the Salvation Army on 7651 Central Avenue. The monthly lease payments are \$13,492. The lease will commence on August 2011, and ending on July 2012.

On June 30, 2011, Wisdom Academy for Young Scientists' charter expired and was not renewed with the Los Angeles Unified School District. Effective July 1, 2011, Wisdom Academy for Young Scientists was chartered under the authority of the Los Angeles County Board of Education (LACOE).

NOTE 11 - Prior Period Adjustments

Miscellaneous adjustments to the prior period resulted primarily from correction to payable.

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS
(A California Non-Profit Organization)

SUPPLEMENTARY INFORMATION SECTION

The notes are an integral part of the preceding financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

**RECONCILIATION OF ANNUAL FINANCIAL
REPORT WITH AUDITED FINANCIAL STATEMENTS**

For the year ended June 30, 2011

	<u>2011</u>
June 30, 2011 unaudited financial report fund balances (net assets)	<u>\$ 1,428,456</u>
Adjustments and Reclassifications:	0
Increasing (Decreasing) the Fund Balance (Net Assets)	
Cash in bank	(69,358)
Accounts receivable	(75,065)
Other assets	
Prepaid expenses	14,540
Property and equipment	(3,899)
Accumulated depreciation	(19,081)
(Increase) decrease in liabilities:	
Accounts payable	(31,237)
Payroll liabilities	13,158
Due to Sponsoring District	(5,470)
Other liabilities	<u>(7,715)</u>
Net adjustments and reclassifications	<u>(184,127)</u>
June 30, 2011 Audited Financial Statement Fund Balance	<u>\$ 1,244,329</u>

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF INSTRUCTIONAL MINUTES
Twelve Months Period ended June 30, 2011

	<u>Requirement</u>	<u>Actual</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarden	34,971	64,800	180	In compliance
Grade 1 through 3	48,960	64,800	180	In compliance
Grade 4 through 5	52,457	64,800	180	In compliance

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF AVERAGE DAILY ATTENDANCE
Twelve Months Period ended June 30, 2011

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Kindergarden	54.74	54.74	54.50	54.50
Grade 1 through 3	130.18	130.18	127.90	127.90
Grade 4 through 5	71.07	71.07	71.32	71.32
ADA Totals	255.99	255.99	253.72	253.72

WISDOM ACADEMY FOR YOUNG SCIENTISTS

NOTES TO SUPPLEMENTARY INFORMATION
Twelve Months Period ended June 30, 2011

NOTE 1 - PURPOSE OF SCHEDULES

A. Schedule of Instructional Minutes

This schedule presents information on the amount of instructional time offered by the Academy and whether the Academy complied with the provisions of Education Code Sections 46200 through 46206.

B. Schedule of Average Daily Attendance (ADA)

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2011

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA number</u>	<u>Contract period</u>	<u>Expenditures</u>
UNITED STATES DEPARTMENT OF EDUCATION/			
Pass through State Department of Education/			
Title I	84.010	7/1/10-6/30/11	\$ 4,254
Title II	84.018	7/1/10-6/30/11	49,576
Charter School Facilities Incentive Grant	84.282D	7/1/10-6/30/11	<u>118,461</u>
Total United States Department of Education			<u>172,291</u>
UNITED STATES DEPARTMENT OF AGRICULTURE			
Pass through State Department of Education Child Nutrition/			
Fiscal Services			
Child Nutrition - Federal	10.555	7/1/10-6/30/11	<u>147,788</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 320,079</u>

WISDOM ACADEMY FOR YOUNG SCIENTISTS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Twelve Months Period ended June 30, 2011

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Wisdom Academy For Young Scientists and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

WISDOM ACADEMY FOR YOUNG SCIENTISTS

ORGANIZATION STRUCTURE

Twelve Months Period ended June 30, 2011

Wisdom Academy for Young Scientists (#839) was formed as charter pursuant to Education Code Section 47600 under an agreement with Los Angeles Unified District granted in July, 2006.

WAYS' vision is to create a transformational learning climate in which students become empowered to be leaders, self-responsible learners, agents of change, and true scientists.

<u>School Board</u>		
<u>Name</u>	<u>Term on Board</u>	<u>Board</u>
	<u>Expires</u>	
Karen Haynes	Perpetual	Secretary
Jonathan Fields	Perpetual	Member
Adell Walker	Perpetual	Member
		Parent
Queen Collins	Perpetual	Representative
Loretta McDonald	Perpetual	Chairperson
Kandee Lewis	Perpetual	Member
Edward Cabil (Resigned June 30, 2011)	Perpetual	Member
Alex Love	Perpetual	Member
Oliver Ortega	Perpetual	Member
Cathy Roby	Perpetual	Member
Tamara Smith	Perpetual	Member
Dorothy Valenti	Perpetual	Member

<u>Administration</u>	
Kendra Okonkwo (Resigned June 30, 2011)	Executive Director
Edward Cabil (Effective July 1, 2011)	Executive Director
Alake Watson	Principal
Bali Business Management	Business Manager

Clem Payne, Jr.
CERTIFIED PUBLIC ACCOUNTANT

**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
Wisdom Academy for Young Scientists
Los Angeles, California

I have audited the financial statements of **Wisdom Academy for Young Scientists (WAYS)** as of and for the twelve months period ended June 30, 2011, and have issued my report thereon dated December 14, 2011. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered WAYS' internal control over financial reporting as basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WAYS' internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of WAYS' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

**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***

(Continued)

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. List of findings, please refer to schedule of findings and questions costs.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WAYS' financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of WAYS in a separate letter dated December 14, 2011.

WAYS' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit WAYS' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, the Los Angeles Unified School District, the California Department of Education, the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.



Clem Payne, Jr. CPA
Altadena, California
December 14, 2011

Clem Payne, Jr.
CERTIFIED PUBLIC ACCOUNTANT

REPORT ON STATE COMPLIANCE

Board of Directors
Wisdom Academy for Young Scientists
Los Angeles, California

I audited the financial statements of **Wisdom Academy for Young Scientists (WAYS)**, a California non-profit corporation, as of and for the twelve months period June 30, 2011, and have issued our report thereon dated December 14, 2011, which was unqualified. My audit was made in accordance with auditing standards generally accepted in the United States of America, the standards for financial and compliance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Education Audit Appeals Panels Standards and Procedures for Audits of California K-12 Local Educational Agencies. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for our opinion.

WAYS' management is responsible for the Academy's compliance with laws and regulations. In connection with the audit referred to above, I selected and tested transactions and records to determine WAYS' compliance with the laws and regulations applicable to the following items:

<u>State Compliance Procedures for Charter Schools:</u>	<u>Procedures In Audit Guide</u>	<u>Procedures Performed</u>
Class Size Reduction Program		
General Requirements	7	Not Applicable
Option One Classes	3	Not Applicable
Option Two Classes	4	Not Applicable
Only One School Serving Grades L-3		
After School Education and Safety Program:		
General Requirements	4	Yes
After School	4	Yes
Before School	5	Not Applicable
Contemporaneous Records of Attendance	1	Yes
Mode of Instruction	1	Yes
Non-classroom – Based Instructions/ Independent Study	15	Not Applicable
Determination of Funding for Non-class Based Instructions	3	Not Applicable
Annual Instructional Minutes – Classroom Based	3	Yes

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

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Twelve Months Period ended June 30, 2011

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified
are not considered to be material weaknesses? Yes X No

We consider the combination of the following deficiencies in Wisdom Academy for Young Scientists' internal control to be material weaknesses:

Condition:

- Untimely deposit of cash receipts,
- Lack of proper bank reconciliation supervision,
- Lack of accounts receivable reconciliation of general ledger account with sub-accounts,
- Recording of transactions without complete supporting documentation or proper written explanation.

Questioned Costs:

Not Applicable

Context:

This problem was systemic

WISDOM ACADEMY FOR YOUNG SCIENTISTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Twelve Months Period ended June 30, 2011

A. Summary of Auditors' Results (Continued)

We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies:

- Salaries and wages expense accounts were not reconciled to the quarterly payroll returns.
- Written assets capitalization policy needs to be implemented and followed.

Questioned Costs:

Not Applicable

Context:

This problem was systemic

WISDOM ACADEMY FOR YOUNG SCIENTISTS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2010

Audit findings are identified as one or more of the following six categories:

Five Digit Code

10000
20000
30000
40000
50000
60000

Finding Categories

Attendance
Inventory of Equipment
Internal Control
State Compliance
Federal Compliance
Miscellaneous

Findings: None noted.

Questioned Costs: None noted

EXHIBIT 15

Chan Vo

Attachment 0-2

From: Chan_Vo
Sent: Wednesday, January 11, 2012 12:19 PM
To: Isenberg_Jan
Cc: Andrade_Vibiana; Benitez_Yolanda; Smith_Pat; Memon_Zak; Sanchez_Lila
Subject: RE: WAYS

Tracking:	Recipient	Read
	Isenberg_Jan	Read: 1/19/2012 8:13 AM
	Andrade_Vibiana	Read: 1/11/2012 12:35 PM
	Benitez_Yolanda	Read: 1/11/2012 4:52 PM
	Smith_Pat	
	Memon_Zak	Read: 1/11/2012 12:48 PM
	Sanchez_Lila	Read: 1/11/2012 12:49 PM

Jan,

As I shared with you and Judy earlier, I visited WAYS yesterday and met with Ed Cabil and Jason Okonkwo. I shared with them that the purpose of my visit was not to investigate any complaints as they had suggested in their prior e-mail communications but to follow-up on concerns that I have identified-specifically as it relates to credit cards.

Both Ed and Jason stated that they may deem any actions taken by me to be of an investigative nature and they also stated they need to be notified of any investigation and provided documentation. They also stated that any findings be communicated to them along with recommendations for corrective actions and they will work with LACOE to resolve em.

Ed stated that LACOE had issued a notice of violation that cited "complaints" made against WAYS and he has requested from LACOE the supporting document regarding complaints but has not received the documentation.

Back to the purpose of my visit, I'll try to keep it short.

We discussed our concerns over WAYS credit card usage and oversight. The ED acknowledged weaknesses in internal controls and stated he is committed and is working on putting in place policies and procedures to strengthen internal controls but that he has been distracted with numerous issues with LACOE and incurring legal costs. He said he has only been in the position for two months and asked for time to work through the issues. Some of the actions he stated WAYS has taken while not yet formalized in policies and procedures include: (1) stop using the credit card under the name of its former executive director; (2) WAYS has applied and received new credit card under its own name (Ed and Jason are authorized users); (3) minimize credit card usage; utilize purchase orders instead; (4) plan to stop the practice of charging for fuel; to implement mileage reimbursement.

They were cooperative for the most part except certain questions I posed they perceived them to be of an investigative nature and would either not respond or would not elaborate. For example, I asked why the former executive director made charges after she had been terminated (they clarified that she was "released"), they would only said that the account was open by her for the benefits of WAYS. I asked how those charges benefit the school but did not receive a response. The ED repeatedly shared that WAYS perceived LACOE to be working to close the school and he will do whatever it takes to keep it open.

DO maintain all charges made by him are for valid business purposes. The ED stated he verbally approves the credit charges made by the DO and that he trusts him.

I shared with them that until policies and procedures are put in place, these concerns remain unresolved. My plan is to work with them and validate that they have implemented what they said they have/will do. I would need to visit their back-office provider in the future to review documents. They stated the official financial records are maintained with the back-office provider.

Given their perceived relationship with LACOE, I am in need of guidance as to how to move forward. Actions taken may be misinterpreted as an "investigation".

I am available to meet to further discuss.

Vo Chan | Financial Operations Consultant | Controller's Office |

Los Angeles County Office of Education | Phone: 562-803-8351 | Fax: 562-401-5789 | chan_vo@laoe.edu |

From: Isenberg_Jan

Sent: Wednesday, January 11, 2012 9:35 AM

To: Chan_Vo

Cc: Andrade_Vibiana; Benitez_Yolanda; Smith_Pat; Memon_Zak; Sanchez_Lila

Subject: WAYS

Hi Vo:

Please recap the discussion and findings on January 10th at Wisdom with Ed Cabil and Jason Okowoko.

Thank you

Jan Isenberg

Project Director III

Charter School Office

Los Angeles County Office of Education

(562) 922-8806

(562) 922-8805 (fax)

Chan_Vo

Attachment 0-4

From: Chan_Vo
Sent: Friday, December 09, 2011 2:54 PM
Subject: 'Edward Cabil'
RE: Schedule Site Visit - WAYS

Mr. Cabil:

I have concerns with your internal controls identified through the normal course of performing my oversight responsibilities. Since my concerns are preliminary pending further discussion and review, I prefer to meet **and discuss** them first with you. Perhaps, my concerns are not valid but without having an opportunity to discuss and **review** documents with you and your staff, it would be difficult to move forward or provide any meaningful **feedbacks** to you.

I am sure as the executive director of WAYS, you would be interested in hearing my concerns and would want to make any necessary corrective actions. While it would be helpful to be able also speak with you staff to gain a better understanding of your operations and internal controls, I will leave that discretion up to you.

Would you have one hour available to meet with me next week? I appreciate your comment about getting "any problem fixed for the benefits of the children" and I share the same.

As far as the communication between you and our superintendent, I am not part of that process so I cannot **really** comment. I follow protocols and that does not typically involve having direct communication with our **superintendent**.

Vo Chan | Financial Operations Consultant | Controller's Office |

Los Angeles County Office of Education | Phone: 562-803-8351 | Fax: 562-401-5789 | chan_vo@laoe.edu |

From: Edward Cabil [<mailto:edcabil@sbcglobal.net>]
Sent: Friday, December 09, 2011 10:50 AM
To: Chan_Vo
Cc: mrjason7@gmail.com; Halilu Haruna
Subject: Re: Schedule Site Visit - WAYS

Mr. Chan,

WAYS is happy to promptly respond to all reasonable requests from LACOE. That having been said, your request is a bit suspicious in light of Superintendent Delgado's November 17, 2011 "Notice of Investigation" and my November 28, 2011 response letter, copies of which are attached. Perhaps you are unaware of the correspondence with Dr. Delgado. We have not yet received any response from Dr. Delgado, nor have we received copies from LACOE nor any response whatsoever concerning the records we requested. LACOE's statutory response deadline per the Government Code was yesterday.

I suggest that you confer with Dr. Delgado and please confirm that there is no "complaint" as suggested in LACOE's November 17, 2011 letter. If there is any such "complaint", please provide a copy immediately so that we may have an opportunity to address any problem at our school, if there is any such problem. At this point, we have no reason to believe there is any problem at all. LACOE did not respond or provide copies of anything by December 1 as we requested, and failed to meet its December 8 statutory deadline.

Your broad request to meet with "staff" for an unstated period of time, for unstated reasons is not reasonable, especially under these circumstances. LACOE's Government Code violation in that regard is especially troubling. Please specify the purpose of your request and specify what information you would like us to provide, and the estimated time duration of your meeting. Our staff is fully occupied educating children. Any meeting must be scheduled at a time and in a manner that accommodates our educational program. By you providing the requested information, I can ensure that the appropriate staff are present to address the subject of your inquiry, whatever that might be. As I stated to Dr. Delgado, if you have any specific concern with the implementation of any provision of the charter, please let us know so that we can engage in meaningful dialogue and get any real problem fixed for the benefits of the children.

Thank you Vo. I look forward to you providing the requested information and a meaningful meeting.

Sincerely,

Ed Cabil

From: Chan_Vo <Chan_Vo@laoe.edu>
To: EDWARD CABIL <edcabil@sbcglobal.net>
Cc: Isenberg_Jan <Isenberg_Jan@laoe.edu>; Memon_Zak <Memon_Zak@laoe.edu>
Sent: Thursday, December 8, 2011 9:32 AM
Subject: Schedule Site Visit - WAYS

Mr. Cabil:

This is to request to schedule a visit to WAYS' office to meet with you and your staff to discuss your fiscal operation and internal controls. Please let me know which day(s) next week (except for Tuesday, December 13) would work for you.

For your reference, I am including a couple items below taken from the *Monitoring and Oversight Memorandum of Understanding (MOU)*.

- **Internal Fiscal Controls:** The Charter School shall develop and maintain internal fiscal control policies governing all financial activities. Such policies and procedures are subject to review during site visits to see that they are being implemented.

- LACOE reserves the right to make unannounced visits to the Charter School. EC § 47604.32(b) requires LACOE to conduct a site visit annually. The purpose of the visits shall be to monitor the instructional program and operations in accordance with County Board of Education Policy 6650.

Also, EC § 47604.3 states a "A charter shall promptly respond to all reasonable inquiries, including but not limited to, inquiries regarding its financial records, from its chartering authority, the county office of education that has jurisdiction over the school's chartering authority, or from the Superintendent of Public Instruction and shall consult with the chartering authority, the county office of education, or the Superintendent of Public Instruction regarding any inquiries."

Thank you in advance for your cooperation.

Vo Chan | Financial Operations Consultant | Controller's Office |
Los Angeles County Office of Education | Phone: 562-803-8351 | Fax: 562-401-5789 | chan_vo@laoe.edu |

Wisdom Academy for Young Scientists
November 28, 2011

Arturo Delgado, Ed.D.
Superintendent
Los Angeles County Office of Education
9300 Imperial Highway
Downey, CA 90242-2890

Re: Wisdom Academy for Young Scientists Charter School

Dear Superintendent Delgado:

As the Executive Director of the Wisdom Academy for Young Scientists Charter School ("WAYS"), I am responding to your letter dated November 17, 2011 concerning what you have called a "Notice of Investigation".

First and foremost, you incorrectly cite Education Code section 47604.4 as authority to "investigate" whether WAYS "has the capacity to govern the school and implement the charter." The Education Code provides no such authority. In fact, the Education Code specifically provides the authority to make determinations about the likely success of charter implementation to the LACOE Board as part of the charter approval or denial procedure. Please see Education Code section 47605(b)(2). By granting the charter on June 7, 2011, the LACOE Board implicitly determined that the school is likely "to successfully implement the program set forth in the petition". You have cited no facts or even allegations to the contrary.

You have misinterpreted section 47604.4. That section provides that the County Superintendent may monitor and conduct an investigation into the operations of a charter school. Of course, you must have a reasonable, articulated basis for doing so. And because LACOE is the school's authorizer, your oversight is further affected by the charter itself. Your letter vaguely states that you have "received complaints regarding the operation of the school." However, the supporting documentation you attached to your letter demonstrates nothing of the sort. Rather, it is a series of emails from your staff attempting to schedule what its calls a "Capacity Interview". There is no mention whatsoever of any "complaint". And there is no such process as a "capacity interview" authorized by the Education Code or the charter.

Please immediately provide copies of any and all "complaints" referred to in your November 17, 2011 letter. If there is in fact a complaint, WAYS will respond. To the extent a LACOE investigation is reasonable and appropriate, we will of course fully and immediately cooperate to the extent necessary.

*Empowering Students to be Leaders,
Change Agents, and True Scientists*

706 E. Manchester Avenue
Los Angeles, CA 90001
(323) 752-6655 + Fax: (323) 752-6644

8778 S. Central Avenue
Los Angeles, CA 90002
(323) 589-6500 + Fax: (323) 589-6550

e-mail: wisdomacademy4ys@yahoo.com + web: www.wisdomacademy.org

000842

If you do not provide copies of the "complaints" by December 1, 2011, we will presume that no such complaint exists. If there is a problem at the school, we wish to resolve it immediately for the benefit of our students.

WAYS does not concede that you have authority to conduct what appears to be a fishing expedition / witch hunt under authority of the Education Code. If you believe you have a reasonable basis to conduct an investigation about anything whatsoever concerning WAYS, please immediately inform us of that basis and your supporting facts.

We do not wish to engage in prolonged disputes with you concerning charter oversight. If you truly have a specific concern with the implementation of any provision of our charter, please let us know so that we can engage in meaningful dialogue and get any real problem fixed for the benefit of the children. Your vague, unsupported allegations and incorrect read of the Education Code are not helpful.

Sincerely,



Edward Cabil
Executive Director



Los Angeles County Office of Education

Leading Educators • Supporting Students • Serving Communities

November 17, 2011

Arturo Delgado, Ed.D.
Superintendent

Los Angeles County
Board of Education

Douglas R. Boyd
President

Rudell S. Freer
Vice President

Katie Braude

Gabriella Holt

Marla Piza

Thomas A. Saenz

Rebecca J. Turrentine

Wisdom Academy for Young Scientists Board
Mr. Edward Cabil, Executive Director
Mr. Armando Espinoza
Mr. Jonathan Fields
Mr. Norman Golden
Ms. Karen Haynes
Ms. Cheryl Johnson
Ms. Dorothy Valenti
706 E. Manchester Ave.
Los Angeles, CA 90001

Dear Mr. Cabil and Members of the Wisdom Academy for Young Scientists Board of Directors:

Notice of Investigation Pursuant to *Education Code* Section 47604.4

Pursuant to *Education Code* section 47604.4, "a county superintendent of schools may, based upon written complaints by parents or other information that justifies the investigation, monitor the operations of a charter school located within that county and conduct an investigation into the operations of that charter school."

This *Notice of Investigation (Notice)* informs Wisdom Academy for Young Scientists (WAYS) that the Los Angeles County Superintendent of Schools has received complaints regarding the operation of the school. The nature of the complaints is that the school has not complied with the terms of the charter and lacks the capacity to govern the school and implement the charter. The Los Angeles County Office of Education (LACOE), under my direction, has begun to investigate these allegations.

On October 19, 2011, LACOE requested a meeting with current members of WAYS governing board and its executive director to determine whether the school has complied with the terms of the charter and has the capacity to govern the school and implement the charter.

On October 26, 2011, the current WAYS board president informed LACOE by email, "I cannot make a sole decision regarding this matter. I will inform the board of your request in the next board meeting...." (Attachment 1)

Agendas for the October 29, 2011 and November 3, 2011 board meetings did not include this item. (Attachments 2 - 3)

This *Notice* provides WAYS with a final opportunity to meet with LACOE prior to the conclusion of the investigation.

Wisdom Academy for Young Scientists Board

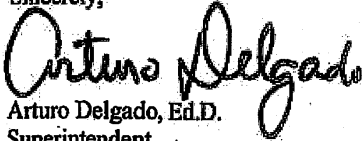
November 17, 2011

Page 2

The meeting is scheduled for December 9, 2011 at 1:00 p.m. at 12830 Columbia Way, Downey, CA 90242.

Please contact Ms. Jan Isenberg in the Charter School Office at (562) 922-8806 to confirm this meeting no later than December 1, 2011, and if you have any other questions.

Sincerely,



Arturo Delgado, Ed.D.
Superintendent

AD/JI:ls

Attachments (3)

cc: Los Angeles County Board of Education
Yolanda M. Benitez, Interim Assistant Superintendent, LACOE
Jan Isenberg, Project Director III, LACOE

000845

Attachment 1

From: dorothy.owen@lsc.edu
To: Isenberg_Jan
Cc: Benitez_Yolanda; Higelin_Judy; Reed-Hunter_Deborah; Sanchez_Lila; "Edward Cabil"
Subject: Re: Follow-up WAYS: Second Request
Date: Wednesday, October 26, 2011 4:16:01 PM

Greetings Jan Isenberg:

I cannot solo make a sole decision regarding this matter. I will inform the board of your request in the next board meeting for a quorum to decide if and when they are willing to participate in the capacity interview. Thank you for your overstanding.

Sincerely,

D. Valenti

WAYS Board President

From: Isenberg_Jan <Isenberg_Jan@lsc.edu>
To: "dvalenti747@yahoo.com" <dvalenti747@yahoo.com>
Cc: Benitez_Yolanda <Benitez_Yolanda@lsc.edu>; Higelin_Judy <Higelin_Judy@lsc.edu>; Reed-Hunter_Deborah <Reed_Deborah@lsc.edu>; Sanchez_Lila <Sanchez_Lila@lsc.edu>; 'Edward Cabil' <edcabil@sbcglobal.net>
Sent: Tuesday, October 25, 2011 1:24 PM
Subject: Follow-up WAYS: Second Request

Hi Dorothy:

Please let us know by the close of day tomorrow (October 26, 2011) which day and time the Board and acting Executive Director are able to meet.

Thank you.

Jan Isenberg
Charter School Office
(562) 922-8806

From: Isenberg_Jan
Sent: Wednesday, October 19, 2011 12:03 PM
To: 'dvalenti747@yahoo.com'
Cc: Benitez_Yolanda; Higelin_Judy; Sanchez_Lila; 'Edward Cabil'
Subject: Follow-up: WAYS
Importance: High

Hi Dorothy:

000846

This is a follow-up to our conversation on October 19, 2011. Due to the resignations of
WAYS Board members and the Executive Director, we are requesting that the Board and the
acting Executive Director meet with the Charter School Office for a Capacity Interview.
The interview will be conducted in two phases:

- The first phase will assist us in determining whether the governing board
understands its role and responsibilities, and has the capacity to govern the school. Only
voting members of the board participate in this phase.
- The second phase will assist us in determining whether the board and the leadership
team have the capacity to implement the charter. Toward that end, questions will focus
on petition, the educational program, outcomes, and other elements, the financial plan,
and the governance and management structure. The entire leadership team participates
in this phase.

Tentative dates:

Friday, October 21, 2011- 10:00 am or 1:00pm; Thursday October 27, 2011 10:00 or 1:00pm.
Once the date is confirmed please email us with names of the Board members that will be
attending. Thank you for your assistance.

Jan Isenberg

Jan Isenberg
Project Director III
Charter School Office
Los Angeles County Office of Education
(562) 922-8806
(562) 922-8805 (fax)

From: dorothy onwuegbusi [mailto:dvalenti747@yahoo.com]
Sent: Wednesday, October 19, 2011 10:17 AM
To: Isenberg_Jan
Subject: Re: Second Request: Please contact

Greetings Ms. Isenberg:

Per messages sent to me, via email regarding your request,
my phone number is (626) 429-6458. I prefer all request
relating to WAYS, or communication in relation to the board
be sent to me by email. Due to the nature of my job I only
return calls during my break time.

Thank you for your overstanding,

D. Valenti
WAYS Board President

From: Isenberg_Jan <Isenberg_Jan@laoe.edu>
To: Isenberg_Jan <Isenberg_Jan@laoe.edu>; "dvalenti747@yahoo.com" <dvalenti747@yahoo.com>

Cc: 'Edward Cabil' <edcabil@sbcglobal.net>; Higelin_Judy <Higelin_Judy@laoe.edu>;
Sanchez_Lila <Sanchez_Lila@laoe.edu>
Sent: Wednesday, October 19, 2011 8:44 AM
Subject: Second Request: Please contact

Please contact the Charter School Office. Thank you.

Jan Isenberg
Project Director III
Charter School Office
Los Angeles County Office of Education
(562) 922-8806
(562) 922-8805 (fax)
From: Isenberg_Jan
Sent: Monday, October 17, 2011 12:23 PM
To: 'dvalenti747@yahoo.com'
Cc: Higelin_Judy ; Sanchez_Lila
Subject: FW: Dorothy Valenti Phone Number

Hi Dorothy:
Please give call.
Jan

Jan Isenberg
Project Director III
Charter School Office
Los Angeles County Office of Education
(562) 922-8806
(562) 922-8805 (fax)
From: Edward Cabil [mailto:edcabil@sbcglobal.net]
Sent: Monday, October 17, 2011 12:06 PM
To: Isenberg_Jan
Subject: Re: Dorothy Valenti Phone Number

Hi Ms. Isenberg,

I received your message left on my voice mail regarding you not being able to reach Dorothy Valenti by phone! I called the school to verify that her number was correct, and when I dialed the number, I too, could not reach her. Perhaps it is best to just leave her an email. Her email address is
dvalenti747@yahoo.com

I believe that she needs to get the phone company involved so that her phone problem can be resolved!

Blessings,
Ed Cabil

Attachment 2

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

**Notice of "Special Meeting" of
Board of Directors**
Saturday, October 29, 2011
4:00 PM

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all community members, and are posted in accordance with the Ralph M. Brown Act and ADA compliance.
2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."
3. "Oral Communication" is set aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.
4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.

A. Call to Order

Meeting called to order by the Board President at _____

B. Roll Call

Present/Absent

Karen Haynes

____/____

Cheryl Johnson

____/____

Norman Golden

____/____

Jonathan Fields

____/____

Armando Espinoza

____/____

Dorothy Valenti

____/____

Others in Attendance

Edward Cabil

____/____

Alake Watson

____/____

Lawrence Wynder

____/____

Jason Okonkwo

____/____

Bali Business Management

____/____

II. Additions to the Agenda (Provisions of emergency/Urgency)

III. Approval of Minutes

Approval of the October 14, 2011, board minutes. Board Secretary to provide one copy to each Board Member for review.

IV. Oral Communications: Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

V. Discussion/Action Items

1. Approval of October 14, 2011 Board Meeting Minutes
2. Removal of previous Executive Director from all accounts associated with Wisdom Academy for Young Scientists
3. Approve new authorized bank account signatories.
4. Approval persons authorized to retrieve checks from LACOE
5. Approval of Board Member Resignation

VI. Closed Session

VII. Future agenda Items

The Board will consider items for future Board Meeting Agendas

VIII. Meeting Adjourned at _____

Attachment 3

**Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001
Board of Directors Meeting
Thursday, November 3, 2011
5:00 PM**

I. Instructions for Presentations to the Board by Members of the Community

Wisdom Academy for Young Scientists ("Charter School") welcomes your participation at the school's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of the school in public. We are pleased you are in attendance and hope you will visit these meetings often. Your participation assures us of continuing community interest in our school. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all community members, and are posted in accordance with the Ralph M. Brown Act and ADA compliance.
2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communication."
3. "Oral Communication" is set aside for members of the community to raise issues that are not specifically on the agenda; however, due to public meeting laws (Brown Act), the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen requested agenda item.
4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak up to (3) minutes when the Board discusses that item.
5. Community members may request ("Community Member Agenda Request Form") that a topic related to school business be placed on a future agenda. Once such an item is properly agendaized and publicly noticed, the Board can respond, interact, and act upon the item.

- A. Call to Order
Meeting called to order by the Board President at _____

B. Roll Call

Karen Haynes
Cheryl Johnson
Norman Golden
Jonathan Fields
Armando Espinoza
Dorothy Valenti

Present/Absent

Others in Attendance

Edward Cabil
Alake Watson
Lawrence Wynder
Jason Okonkwo
Bali Business Management

II. Additions to the Agenda (Provisions of emergency/Urgency)

III. Approval of Minutes

Approval of the October 29, 2011, board minutes. Board Secretary to provide one copy to each Board Member for review.

IV. Reports/Discussion

- Executive Director
- Parent/Teacher
- Principal
- Director of Operations
- Bali Business Management - Finance

V. Oral Communications: Non-Agenda items—individuals who have submitted a request to speak forms will be allowed a three (3) minute presentation regarding non-agenda items. The Oral Communications segment of the meeting will not exceed 15 minutes. According to California Public Meeting Laws (Brown Act), the Board will not respond or take action regarding public presentations; however, the Board may give direction to staff members following a presentation.

VI. Discussion/Action Items

1. Approval of Interim Executive Director's status to permanent.
2. Approval of 2010-11 SY Fiscal Audit

VII. Closed Session

1. Settlement of previous Executive Director.
2. Revisit Of Staff Contracts

VII. Future agenda Items

The Board will consider items for future Board Meeting Agendas

VIII. Meeting Adjourned at _____

Chan Vo

Attachment 0-5

From: Chan_Vo
Sent: Thursday, December 08, 2011 9:32 AM
To: EDWARD CABIL
Cc: Isenberg_Jan; Memon_Zak
Subject: Schedule Site Visit - WAYS

Mr. Cabil:

This is to request to schedule a visit to WAYS' office to meet with you and your staff to discuss your fiscal operation and internal controls. Please let me know which day(s) next week (except for Tuesday, December 13) would work for you.

For your reference, I am including a couple items below taken from the *Monitoring and Oversight Memorandum of Understanding (MOU)*.

- *Internal Fiscal Controls*: The Charter School shall develop and maintain internal fiscal control policies governing all financial activities. Such policies and procedures are subject to review during site visits to see that they are being implemented.
- LACOE reserves the right to make unannounced visits to the Charter School. EC § 47604.32(b) requires LACOE to conduct a site visit annually. The purpose of the visits shall be to monitor the instructional program and operations in accordance with County Board of Education Policy 6650.

Also, EC § 47604.3 states a "A charter shall promptly respond to all reasonable inquiries, including but not limited to, inquiries regarding its financial records, from its chartering authority, the county office of education that has jurisdiction over the school's chartering authority, or from the Superintendent of Public Instruction and shall consult with the chartering authority, the county office of education, or the Superintendent of Public Instruction regarding any inquiries."

Thank you in advance for your cooperation.

Vo Chan | Financial Operations Consultant | Controller's Office |

Los Angeles County Office of Education | Phone: 562-803-8351 | Fax: 562-401-5789 | chan_vo@laoe.edu |

Vc 12/7/11

Concerns Regarding WAYS Credit Card Usage and Oversight Pending Further Review

- Credit cards statements are being mailed to the attention of WAYS former executive director (ED) at a residential address
- There are charges made (\$2,155.01) under the name of the former ED after she had been terminated (subsequent to LACOE Board approval on June 7, 2011); charges include travel to Atlanta believed to be for a conference; charges covers period 6/13/11 to 6/30/11
- The director of operations (son of former ED) makes significant credit card charges (over \$23,000 during August 2011)
- Charges made by the director of operations (son of former ED) that appears to be excessive or questionable; legitimate business purpose (i.e. frequent charges made for gas with some on the same date)
- Lack of segregation of duties (authorization, review, approval, etc.); e.g. the director of operation approves check requests for credit card payment -essentially approving charges initiated by him
- Some credit card charges appears not adhere to its fiscal policies (i.e. not obtain prior approval, bypassing the normal procurement process, paying statement prior to reviewing receipts, and timely recording of transactions)

000854

EXHIBIT 16



Los Angeles County Office of Education

Leading Educators • Supporting Students • Serving Communities

Arturo Delgado, Ed.D.
Superintendent

April 18, 2013

Los Angeles County
Board of Education

*Via First Class Mail, Facsimile to
(323) 752-6644 & (323) 537-8209
E-Mail: edcabil@sbcglobal.net*

Rudell S. Freer
President

Rebecca J. Turrentine
Vice President

Douglas R. Boyd

Katie Braude

Gabriella Holt

Maria Reza

Thomas A. Saenz

Mr. Edward Cabil, Executive Director
Wisdom Academy for Young Scientists
706 E. Manchester Ave.
Los Angeles, CA 90001

Dear Mr. Cabil:

WAYS Fiscal Policy Recommendations

Thank you for submitting the fiscal policy for Wisdom Academy for Young Scientists (WAYS) to our office. We appreciate the school's effort to improve its fiscal management. After thorough review of fiscal policies and procedures, we recommend inclusion of additional measures to strengthen internal control and safeguard assets of WAYS charter school. Please see attachment.

If you have any questions, please contact the Controller's Office at (562) 803-8351.

Sincerely,

A handwritten signature in cursive script, appearing to read "Patricia Smith".

Patricia Smith, Executive Director
Business and Finance

PS/ZM: clc
Attachment

Cc: Zak Memon, Assistant Controller, Controller's Office, LACOE
Olivia Fuentes, Director, Division of Accountability, Support and Monitoring, LACOE
Judy Higelin, Interim Project Director III, Charter School Office, LACOE

Wisdom Academy for Young Scientists (WAYS)
Recommendations for Inclusion in Fiscal Policy

After reviewing the fiscal policy for WAYS, we recommend the addition and revision of the following procedures:

1. **Policy Number One: Budget Preparation and Implementation Policy**-Ensure the budget is in compliance with Generally Accepted Accounting Principles (GAAP), board policy, and finance-related legal requirements. All expenditures will match budget expectations. Revenue from any Federal or State sources will be committed in accordance with all specific federal/state laws or requirements applicable.
2. **Policy Number Two: Time Sheet and Payroll Procedures**-Designate an employee to maintain personnel files.
 - Each personnel file should contain the following information, at minimum:
 - Employment application or resume
 - A record of background investigation results
 - Date of employment
 - Employment agreement
 - Position, pay rates, and changes therein
 - Authorization of payroll deductions
 - Earning records for non-active employees
 - W-4 Form
 - I-9 Form
 - Termination data, when applicable
 - All personnel files are to be kept locked in a locking file cabinet in the business office.
 - Payroll deductions are to be recorded properly and paid to the appropriate third parties on a timely basis. Also, all payroll reports to third parties shall be submitted on a timely basis.
3. **Policy Number Three: Purchase and Other Procurement Procedures**-Formal bidding procedures will be used for service and other contracts anticipated to cost more than \$10,000 (ten thousand dollars). Specification and bidding requirements should include:
 - Specifications to be prepared by the administration
 - Specifications to be approved by the Board
 - Specifications to be mailed to any identified potential bidders
 - All bids to be submitted in sealed envelopes and plainly marked as indicated in the bid specifications
 - Bids to be publicly opened at an announced time, and on a specific date
 - The bidder to whom the award is made to be required to enter into written contract and purchase order.

4. Policy Number Four: Contracting Policies and Procedures

- The contractor must provide the school with a completed form DE542, Employment Development Department Report of Independent Contractor, at the time of signing the contract
- All contracts that exceed \$25,000 should be signed and approved by the Board
- Line Item no.3-Delete: *"except in cases where an exception is allowed by a Principal"*
- Line Item no. 4-Delete: *"except in cases where the school agrees to cover the contractor as part of terms of the contract"*
- The school will evaluate criteria established by the IRS when assigning independent contractor status and issue IRS Form 1099 to independent contractors if compensation is \$600 or more. The consultant contract will include description of services, deliverables, pay rate, timeframe, and timeline of payments and reimbursements.

5. Policy Number Five: Check Requests Procedures

- Duties of check requester and approver should be segregated.
- P. 7 Bullet no. 2 - *"Check in excess of \$10,000 of non recurring item require two signatures"* - Signatories should be identified.
- Incoming invoices will be logged in by the Administrative Assistant before distributing for approval. Once monthly, the Director of Operations should check the invoice log to determine if there are any outstanding invoices which have not yet been paid. If so, then reasons for the nonpayment of these invoices should be discussed with the responsible staff member.

6. Policy Number Six: Reimbursements

- Reimbursement forms must be approved by the Executive Director, the supervisor, and signed by the recipient.

7. Policy Number Seven: Use of Corporate Credit Cards and Procedures

- The purpose of issuing a corporate credit card is to increase flexibility for key staff members, and not for the *"convenience"* as stated in the fiscal policy page 7. The school will use the standard procurement procedures whenever possible.
- The Board will authorize the credit card uses as follows:
 - Travel related expenses
 - Meeting/conference expenses
 - Online purchases where purchase orders are not accepted
 - Emergency spending
 - Pre authorized expenditures
- The credit card holders will be responsible for documenting and justifying all expenditures (school-related purpose) and held personally liable if the credit card charge is deemed personal or unauthorized.
- Each credit card transaction must be supported by an actual receipt containing detail of the item(s) purchased.

8. Policy Number Eight: Petty Cash Policies and Procedures

- Petty Cash Holders – Position needs to be identified.
- The recipient of the petty cash funds must sign the petty cash disbursements log to indicate the receipt of the funds. The paid receipt should be attached to the log. Petty cash box should be locked and secured safely until it is time to replenish the fund. The Petty Cash Fund reconciliation and associated receipts should be attached to the check request for replenishment.
- The petty cash account should be reconciled monthly. When the petty cash account is reconciled, the appropriate expense account should be charged in the school's general ledger. Once reconciled, request for replenishment can be processed.
- The Director of Operations should review petty cash transactions and make periodic counts of petty cash fund
- The petty cash account may not be used to cash payroll checks or other personal checks.

9. Policy Number Nine: Financial Reporting Review Procedures – The school's accounting system will be in conformity with the California School Accounting Manual. Accounting method will follow Generally Accepted Accounting Principles (GAAP) guidelines for nonprofit reporting. All budgets and financial reports will be presented using full accrual accounting in alignment with annual audited financial statements. The school will follow the financial reporting guidelines required by Education Code section 47604.33, 47605(m) and 47604(3).

- P.9 Bullet no. 2 – Executive "Consultant" – should be Executive "Director"
- The school will submit the following financial reports to LACOE per Education Code Section 47604.33 and 47604(3):
 - On or before June 15, submit a preliminary budget
 - On or before December 1, submit the first interim financial report
 - On or before March 1, submit the second interim financial report
 - On or before August 15, submit a final unaudited report for the full prior year
 - Respond to all reasonable inquiries, including, but not limited to, inquiries regarding its financial records.
- The school will transmit a copy of its annual independent financial audit report for the preceding fiscal year to LACOE, the State Controller's Office, and the California Department of Education by December 15 of each year per Education Code Section 47605(m).

10. Policy Number Ten: Program Cash Receipts and Deposit Procedures

- P.10 Bullet no. 3 Three staff persons – Positions need to be identified.
- The reception desk for each school site should record the cash and checks received on a cash/check receipts log which should include the date of check/cash was received, name of the payer, amount, check number and program/department
- Make two copies of the checks with one copy to be filed in the program deposits file and another copy in the deposited checks/cash folder

- In addition to the program deposits file, set up a separate "deposited checks/cash" folder and place all copies of deposit documents in the file
- A copy of cash/check receipts log should be given to the Executive Director on a weekly basis

11. Policy Number Eleven: Revolving Cash Procedures

- The bank statements for the revolving cash funds will be reconciled on a monthly basis by the Back Office services provider.

12. Recommended New Policy: Policy Number Twelve: Fixed Asset Procedures – The purpose of this policy is to establish standard procedures for capitalizing fixed assets to facilitate the identification, reporting, and safeguarding the school's assets in compliance with generally accepted accounting principles, and financial reporting requirements.

- The management must maintain a permanent property log and depreciation schedule for all fixed assets purchased by the school
- The property log will contain the following information:
 - Date of purchase
 - Description of item purchased
 - Received by donation or purchased
 - Cost or fair market value on the date of receipt
 - Donor or funding source
 - Funding source restrictions on use or disposition
 - Identification/serial number
 - Depreciation Method
 - Vendor name and address
 - Warranty period
 - Inventory tag number
 - Number of check used to pay for the equipment
- At least annually, a physical inspection and inventory should be taken of all fixed assets and reconciled to the general ledger balance. Adjustments for dispositions will be made annually.
- Fixed assets purchased with federal funds should be disposed of according to federal guidelines.
- Material changes in the status of property and equipment such as changes in location, sale of items, and any purchase or sale of the real estate should be recorded for management information.

13. Recommended New Policy: Policy Number Thirteen: Risk Management - The school should maintain an insurance program to protect the school against any losses that may occur due to the many normal and unusual hazards.

- Insurance policy and coverage should be approved by the Board of Directors, and comply with LACOE's MOU requirements

- Insurance certificates should be kept on file in the school's administrative office at all times and available for inspection.

14. Recommended New Policy: Policy Number Fourteen: Debt Management Policy – The purpose of this policy is to enhance the school's ability to manage its debt in a fiscally conservative and prudent manner. The effects of decisions regarding types of borrowing, covenants and terms, interest rates, and payment structure directly impact the school's ability to continue operation.

- The Executive Director is responsible for administering and maintaining the school's current obligations under direction of the Board. The finance committee should meet with the Executive Director and Board regarding the status of the school's existing debt and to make specific recommendations.
- No new debt should be incurred without approval of the Board.
- Advance written notification of all borrowings should be provided to LACOE as per the current MOU requirements.
- All approved annual budgets should include timely repayment of all outstanding debt, or include a reasonable repayment plan for such debt if timely repayment is not possible.
- Prior to incurring any new borrowing, the Executive Director should prepare a financial analysis showing the effect of the borrowing on current and future operations for the Board to make an informed decision.
- The school should take all practical precautions and proactive measures to avoid borrowing decisions that can negatively impact current or future operations.

15. Recommended New Policy: Policy Number Fifteen: Conflict of Interest Policy – Any Board member with a financial interest in a matter presented to the Board shall fully disclose such interest prior to Board discussion on the issue and shall excuse him /her from the discussion and voting on the matter. The Board shall develop a more comprehensive policy on conflict of interest to be complied with Government Code 1090 *et seq.* and the Political Reform Act of 1974.

EXHIBIT 17

**BYLAWS
OF
MERLE WILLIAMSON FOUNDATION
(A California Nonprofit Public Benefit Corporation)**

**Doing Business As
WISDOM ACADEMY FOR YOUNG SCIENTISTS (WAYS)**

**ARTICLE I
NAME**

Section 1. **NAME.** The name of this corporation is Merle Williamson Foundation, doing business as Wisdom Academy for Young Scientists ("WAYS" or "Charter School").

**ARTICLE II
PRINCIPAL OFFICE OF THE CORPORATION**

Section 1. **PRINCIPAL OFFICE OF THE CORPORATION.** The principal office for the transaction of the activities and affairs of this corporation is 760 E. Manchester Avenue, Los Angeles, State of California. The Board of Directors may change the location of the principal office. Any such change of location must be noted by the Secretary on these bylaws opposite this Section; alternatively, this Section may be amended to state the new location.

Section 2. **OTHER OFFICES OF THE CORPORATION.** The Board of Directors may at any time establish branch or subordinate offices at any place or places where this corporation is qualified to conduct its activities.

**ARTICLE III
GENERAL AND SPECIFIC PURPOSES; LIMITATIONS**

Section 1. **GENERAL AND SPECIFIC PURPOSES.** The purpose of this corporation is to improve the social and economic status of the South Central Los Angeles community by creating and operating a pre-school, a school devoted to the education of boys and girls, and an organization which promotes the cultural diversity of the South Central Los Angeles community, all of the foregoing to enable young people of the South Central Los Angeles community to become successful and useful citizens and the providing of support and resources toward the accomplishments of the foregoing purposes, and to engage in any other lawful activities permitted under the California Nonprofit Public Benefit Corporation Law. The recital of these purposes as contained in this Article is intended to exclusive of any and all other purposes, this corporation being formed for such public and charitable purposes only.

Also in the context of these purposes, the Corporation shall not, except to an insubstantial degree, engage in any other activities or exercise of power that do not further the purposes of the Corporation.

The Corporation shall not carry on any other activities not permitted to be carried on by: (a) a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue

Code, or the corresponding section of any future federal tax code; or (b) a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code. No substantial part of the activities of the Corporation shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE IV CONSTRUCTION AND DEFINITIONS

Section 1. CONSTRUCTION AND DEFINITIONS. Unless the context indicates otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, and the plural includes the singular, and the term "person" includes both a legal entity and a natural person.

ARTICLE V DEDICATION OF ASSETS

Section 1. DEDICATION OF ASSETS. This corporation's assets are irrevocably dedicated to public benefit purposes as set forth in the Charter School's Charter. No part of the net earnings, properties, or assets of the corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or to any director or officer of the corporation. On liquidation or dissolution, all properties and assets remaining after payment, or provision for payment, of all debts and liabilities of the corporation shall be distributed to a nonprofit fund, foundation, or corporation that is organized and operated exclusively for charitable purposes and that has established its exempt status under Internal Revenue Code section 501(c)(3).

ARTICLE VI CORPORATIONS WITHOUT MEMBERS

Section 1. CORPORATIONS WITHOUT MEMBERS. This corporation shall have no voting members within the meaning of the Nonprofit Corporation Law. The corporation's Board of Directors may, in its discretion, admit individuals to one or more classes of nonvoting members; the class or classes shall have such rights and obligations as the Board of Directors finds appropriate.

ARTICLE VII BOARD OF DIRECTORS

Section 1. GENERAL POWERS. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, and subject to any limitations of the articles of incorporation or bylaws, the corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors ("Board"). The Board may delegate the management of the corporation's activities to any person(s), management company or committees, however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 2. **SPECIFIC POWERS.** Without prejudice to the general powers set forth in Section 1 of these bylaws, but subject to the same limitations, the Board of Directors shall have the power to:

- a. Appoint and remove, at the pleasure of the Board of Directors, all corporate officers, agents, and employees; prescribe powers and duties for them as are consistent with the law, the articles of incorporation, and these bylaws; fix their compensation; and require from them security for faithful service.
- b. Change the principal office or the principal business office in California from one location to another; cause the corporation to be qualified to conduct its activities in any other state, territory, dependency, or country; conduct its activities in or outside California; and designate a place in California for holding any meeting of members.
- c. Borrow money and incur indebtedness on the corporation's behalf and cause to be executed and delivered for the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.
- d. Adopt and use a corporate seal; prescribe the forms of membership certificates; and alter the forms of the seal and certificates.

Section 3. **DESIGNATED DIRECTORS AND TERMS.** As outlined in the **WAYS** charter, the number of directors shall be no less than five (5) and no more than fifteen (15), unless changed by amendments to these bylaws and to the **WAYS** charter. All directors shall be designated by the existing Board of Directors. All directors are to be designated at the corporation's annual meeting of the Board of Directors or, if the directors are not elected at such meeting, at any special meeting of the Board held for that purpose.

The Board of Directors is composed of parents and/or community members. Members will be nominated from the community based on their expertise and desire to promote a quality educational program. These individuals may have backgrounds in areas such as business, law, fundraising, community outreach, finance, mental health, etc., along with their willingness to serve a needed role on the **WAYS** Board. Paid employees of **WAYS** will not sit on the Governing Board of **WAYS**. Additionally, in accordance with Education Code section 47604 (b), the charter authorizer reserves the right to appoint a single representative to serve on the Board.

Section 4. **DIRECTORS' TERM.** As of the 2011 annual meeting, or any special meeting held in 2011 for the purpose of appointing directors, terms of service shall be as follows: (1) All newly appointed (i.e. new to the Board) directors shall be appointed for a three (3) year term of service; (2) All returning/reappointed directors shall be appointed for a single two (2) year term of service. This shall be done in an effort to stagger Board terms of service.

For all subsequent appointments and reappointments of directors thereafter, each director shall hold office for three (3) years and until a successor director has been designated and qualified. Directors may serve multiple terms of service.

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Section 5. **NOMINATIONS BY COMMITTEE.** The Chairman of the Board of Directors or, if none, the President will appoint a committee to designate qualified candidates for election to the Board of Directors at least thirty (30) days before the date of any election of directors. The nominating committee shall make its report at least seven (7) days before the date of the election or at such other time as the Board of Directors may set and the Secretary shall forward to each Board member, with the notice of meeting required by these bylaws, a list of all candidates nominated by committee.

Section 6. **USE OF CORPORATE FUNDS TO SUPPORT NOMINEE.** If more people have been nominated for director than can be elected, no corporation funds may be expended to support a nominee without the Board's authorization.

Section 7. **EVENTS CAUSING VACANCIES ON BOARD.** A vacancy or vacancies on the Board of Directors shall occur in the event of (a) the death, resignation, or removal of any director; (b) the declaration by resolution of the Board of Directors of a vacancy in the office of a director who has been convicted of a felony, declared of unsound mind by a court order, or found by final order or judgment of any court to have breached a duty under California Nonprofit Public Benefit Corporation Law, Chapter 2, Article 3; (c) the increase of the authorized number of directors; or (d) the failure of the members, at any meeting of members at which any director or directors are to be elected, to elect the number of directors required to be elected at such meeting.

Section 8. **RESIGNATION OF DIRECTORS.** Except as provided below, any director may resign by giving written notice to the Chairman of the Board, if any, or to the President, or the Secretary, or to the Board. The resignation shall be effective when the notice is given unless the notice specifies a later time for the resignation to become effective. If a director's resignation is effective at a later time, the Board of Directors may elect a successor to take office as of the date when the resignation becomes effective.

Section 9. **DIRECTOR MAY NOT RESIGN IF NO DIRECTOR REMAINS.** Except on notice to the California Attorney General, no director may resign if the corporation would be left without a duly elected director or directors.

Section 10. **REMOVAL OF DIRECTORS.** Any director may be removed, with or without cause, by the vote of the majority of the members of the entire Board of Directors at a special meeting called for that purpose, or at a regular meeting, provided that notice of that meeting and of the removal questions are given in compliance with the provisions of the Ralph M. Brown Act. (Chapter 9 (commencing with Section 54950) of Division 2 of Title 5 of the Government Code). Any vacancy caused by the removal of a director shall be filled as provided in Section 12.

Section 11. **VACANCIES FILLED BY BOARD.** Vacancies on the Board of Directors may be filled by approval of the Board of Directors or, if the number of directors then in office is less than a quorum, by (a) the affirmative vote of a majority of the directors then in office at a meeting held according to the Brown Act, or (b) a sole remaining director.

Section 12. **NO VACANCY ON REDUCTION OF NUMBER OF DIRECTORS.** Any reduction of the authorized number of directors shall not result in any directors being removed before his or her term of office expires.

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Section 13. PLACE OF BOARD OF DIRECTORS MEETINGS. Meetings shall be held at the principal office of the Corporation. The Board of Directors may designate that a meeting be held at any place within the jurisdiction of the WAYS charter authorizer. All meetings of the Board of Directors shall be noticed, called, held and conducted in accordance with the terms and provisions of the Ralph M. Brown Act ("Brown Act"), California Government Code Sections 54950, et seq., as said chapter may be modified by subsequent legislation.

Section 14. MEETINGS; ANNUAL MEETINGS. All meetings of the Board of Directors and its committees shall be held in compliance with the Brown Act.

Section 15. REGULAR MEETINGS. Regular meetings of the Board of Directors, including annual meetings, shall be held monthly at such times and places as noticed by the Board of Directors in accordance with the Brown Act. At least 72 hours before a regular meeting of the Board of Directors, or its designee shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting.

Section 16. SPECIAL MEETINGS. Special meetings of the Board of Directors for any purpose may be called at any time by the Chairman of the Board of Directors, if there is such an officer, or a majority of the Board of Directors. If a Chairman of the Board has not been elected then the President is authorized to call a special meeting in place of the Chairman of the Board. The party calling a special meeting shall determine the place, date, and time thereof.

Section 17. NOTICE OF SPECIAL MEETINGS. In accordance with the Brown Act, special meetings of the Board of Directors may be held only after twenty-four (24) hours notice is provided to the public in accordance with the Brown Act.

Additionally, members of the Board of Directors shall be provided with notice of special meetings at least twenty-four (24) hours in advance of the meeting as follows:

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- a. Any such notice shall be addressed or delivered to each director at the director's address as it is shown on the records of the Corporation, or as may have been given to the Corporation by the director for purposes of notice, or, if an address is not shown on the Corporation's records or is not readily ascertainable, at the place at which the meetings of the Board of Directors are regularly held.
 - b. Notice by mail shall be deemed received at the time a properly addressed written notice is deposited in the United States mail, postage prepaid. Any other written notice shall be deemed received at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or is actually transmitted by the person giving the notice by electronic means to the recipient. Oral notice shall be deemed received at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient whom the person giving the notice has reason to believe will promptly communicate it to the receiver.
 - c. The notice of special meeting shall state the time of the meeting, and the place if the place is other than the principal office of the Corporation, and the general nature of the business proposed to be transacted at the meeting. No business, other than the business the general nature of which was set forth in the notice of the meeting, may be transacted at a special meeting.

Section 18. QUORUM. A majority of the directors then in office shall constitute a quorum. All acts or decisions of the Board of Directors will be by majority vote based upon the presence of a quorum. Should there be less than a majority of the directors present at any meeting, the meeting shall be adjourned. Directors may not vote by proxy.

Section 19. TELECONFERENCE MEETINGS. Members of the Board of Directors may participate in teleconference meetings so long as all of the following requirements in the Brown Act are complied with:

- a. At a minimum, a quorum of the members of the Board of Directors shall participate in the teleconference meeting from locations within the boundaries of the school district in which the Charter School operates;
- b. All votes taken during a teleconference meeting shall be by roll call;
- c. If the Board of Directors elects to use teleconferencing, it shall post agendas at all teleconference locations with each teleconference location being identified in the notice and agenda of the meeting;
- d. All locations where a member of the Board of Directors participates in a meeting via teleconference must be fully accessible to members of the public and shall be listed on the agenda;¹
- e. Members of the public must be able to hear what is said during the meeting and shall be provided with an opportunity to address the Board of Directors directly at each teleconference location; and
- f. The agenda shall indicate that members of the public attending a meeting conducted via teleconference need not give their name when entering the conference call.²

Section 20. ADJOURNMENT. A majority of the directors present, whether or not a quorum is present, may adjourn any Board of Directors meeting to another time or place. If a meeting is adjourned, notice of such adjournment to another time or place shall be given, prior to the time scheduled for the continuation of the meeting, to the directors who were not present at the time of the adjournment, and to the public in the manner prescribed by any applicable public open meeting law.

Section 21. COMPENSATION AND REIMBURSEMENT. Directors may not receive compensation for their services as directors or officers, only such reimbursement of expenses as the Board of Directors may establish by resolution to be just and reasonable as to the corporation at the time that the resolution is adopted.

Section 22. CREATION AND POWERS OF COMMITTEES. The Board, by resolution

¹ This means that members of the Board of Directors who choose to utilize their homes or offices as teleconference locations must open these locations to the public and accommodate any members of the public who wish to attend the meeting at that location.

² The Brown Act prohibits requiring members of the public to provide their names as a condition of attendance at the meeting.

adopted by a majority of the directors then in office, may create one or more committees, each consisting of two or more directors and no one who is not a director, (known as a "Committee of the Board") to serve at the pleasure of the Board. Appointments to a Committee of the Board shall be by majority vote of the authorized number of directors. The Board of Directors may appoint one or more directors as alternate members of any such Committee of the Board, who may replace any absent member at any meeting. Any such Committee of the Board shall have all the authority of the Board, to the extent provided in the Board of Directors' resolution, except that no committee may:

- a. Take any final action on any matter that, under the California Nonprofit Public Benefit Corporation Law, also requires approval of the members or approval of a majority of all members;
- b. Fill vacancies on the Board of Directors or any committee of the Board;
- c. Fix compensation of the directors for serving on the Board of Directors or on any committee;
- d. Amend or repeal bylaws or adopt new bylaws;
- e. Amend or repeal any resolution of the Board of Directors that by its express terms is not so amendable or subject to repeal;
- f. Create any other committees of the Board of Directors or appoint the members of committees of the Board;
- g. Expend corporate funds to support a nominee for director if more people have been nominated for director than can be elected; or
- h. Approve any contract or transaction to which the corporation is a party and in which one or more of its directors has a material financial interest.

The Board may also create advisory committees composed of directors and non-directors, to serve in an advisory capacity to the Board of Directors.

Section 23. MEETINGS AND ACTION OF COMMITTEES. Meetings and actions of committees shall be governed by, held, and taken under the provisions of these bylaws concerning meetings, other Board of Directors' actions, and the Brown Act, if applicable, except that the time for general meetings of such committees and the calling of special meetings of such committees may be set either by Board of Directors' resolution or, if none, by resolution of the committee. Minutes of each meeting shall be kept and shall be filed with the corporate records. The Board of Directors may adopt rules for the governance of any committee as long as the rules are consistent with these bylaws. If the Board of Directors has not adopted rules, the committee may do so.

Section 24. NON-LIABILITY OF DIRECTORS. No director shall be personally liable for the debts, liabilities, or other obligations of this corporation.

Section 25. COMPLIANCE WITH LAWS GOVERNING STUDENT RECORDS. The Charter School and the Board of Directors shall comply with all applicable provisions of the

Family Education Rights Privacy Act ("FERPA") as set forth in Title 20 of the United States Code Section 1232g and attendant regulations as they may be amended from time to time.

ARTICLE VIII OFFICERS OF THE CORPORATION

Section 1. OFFICES HELD. The officers of this corporation shall be a President, a Secretary, and a Treasurer. The corporation, at the Board's direction, may also have a Chairman of the Board and a Vice-Chair. The officers shall carry out the corporate duties set forth in this Article VIII and may designate the relevant administrative duties associated with their officership to the appropriate WAYS staff members.

Section 2. DUPLICATION OF OFFICE HOLDERS. Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as either the President or the Chairman of the Board.

Section 3. ELECTION OF OFFICERS. The officers of this corporation shall be chosen annually by the Board of Directors and shall serve at the pleasure of the Board.

Section 4. REMOVAL OF OFFICERS. The Board of Directors may remove any officer with or without cause.

Section 5. RESIGNATION OF OFFICERS. Any officer may resign at any time by giving written notice to the Board. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to any rights of the corporation under any contract to which the officer is a party.

Section 6. VACANCIES IN OFFICE. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled by majority vote of the Board.

Section 7. CHAIRMAN OF THE BOARD. If a Chairman of the Board of Directors is elected, he or she shall preside at the Board of Directors' meetings and shall exercise and perform such other powers and duties as the Board of Directors may assign from time to time. If there is no President, the Chairman of the Board of Directors shall also have the powers and duties of the President of the corporation set forth in these bylaws. If a Chairman of the Board of Directors is elected, there shall also be a Vice-Chairman of the Board of Directors. In the absence of the Chairman, the Vice-Chairman shall preside at Board of Directors meetings and shall exercise and perform such other powers and duties as the Board of Directors may assign from time to time.

Section 8. VICE-CHAIRMAN OF THE BOARD. The Vice-Chairman shall preside at Board of Directors meetings in the absence of the Chairman of the Board and shall exercise and perform such other powers and duties as the Board of Directors may assign from time to time.

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Section 9. **PRESIDENT.** Subject to such supervisory powers as the Board of **Directors** may give to the Chairman of the Board (if there is a Chair), the President shall supervise the corporation's activities. The President shall have such other powers and duties as the **Board of Directors** or the bylaws may require.

Section 10. **VICE-PRESIDENTS.** If the President is absent or disabled, the **Vice-Presidents**, if any, in order of their rank as fixed by the Board, or, if not ranked, a **Vice-President** designated by the Board, shall perform all duties of the President. When so acting, a **Vice-President** shall have all powers of and be subject to all restrictions on the President. The **Vice-Presidents** shall have such other powers and perform such other duties as the Board of Directors or the **bylaws** may require.

Section 11. **SECRETARY.** The Secretary shall keep or cause to be kept, at the corporation's principal office or such other place as the Board of Directors may direct, a **book of minutes** of all meetings, proceedings, and actions of the Board and of committees of the **Board**. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, regular, special, or emergency and, if special or emergency, how **authorized**; the notice given; and the names of the directors present at Board of Directors and **committee meetings**.

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The Secretary shall keep or cause to be kept, at the principal California office, a copy of the articles of incorporation and bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Board of Directors that these bylaws require to be given. The Secretary shall keep the corporate seal, if any, in safe custody and shall have such other powers and perform such other duties as the Board of Directors or the bylaws may require.

Section 12. **TREASURER.** The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and transactions. The Treasurer shall send or cause to be given to directors such financial statements and reports as are required to be given by law, by these bylaws, or by the Board. The **books of account** shall be open to inspection by any director at all reasonable times.

The Treasurer shall (a) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the corporation with such depositories as the Board of Directors may designate; (b) disburse the corporation's funds as the Board of Directors may order; (c) render to the President, Chairman of the Board, if any, and the Board, when requested, an account of all transactions as Treasurer and of the financial condition of the corporation; and (d) have such other powers and perform such other duties as the Board, contract, job specification, or the bylaws may require.

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ARTICLE IX
CONTRACTS WITH DIRECTORS AND
NON-DIRECTOR DESIGNATED EMPLOYEES

Section 1. **CONTRACTS WITH DIRECTORS AND NON-DIRECTOR DESIGNATED EMPLOYEES.** The Corporation shall not enter into a contract or transaction in

which a director or non-director designated employee directly or indirectly has a personal, material financial interest (nor any other corporation, firm, association, or other entity in which one or more of this Corporation's directors are directors have a material financial interest), unless the interest is deemed to be a remote or non-interest under Government Code Section 1090 et seq.

ARTICLE X LOANS TO DIRECTORS AND OFFICERS

Section 1. **LOANS TO DIRECTORS AND OFFICERS.** This corporation shall not lend any money or property to or guarantee the obligation of any director or officer without the approval of the California Attorney General; provided, however, that the corporation may advance money to a director or officer of the corporation for expenses reasonably anticipated to be incurred in the performance of his or her duties if that director or officer would be entitled to reimbursement for such expenses of the corporation.

ARTICLE XI INDEMNIFICATION

Section 1. **INDEMNIFICATION.** To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Corporations Code Section 5238(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that section, and including an action by or in the right of the corporation by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in that section of the Corporations Code.

On written request to the Board of Directors by any person seeking indemnification under Corporations Code Section 5238 (b) or Section 5238 (c) the Board of Directors shall promptly decide under Corporations Code Section 5238 (e) whether the applicable standard of conduct set forth in Corporations Code Section 5238 (b) or Section 5238 (c) has been met and, if so, the Board of Directors shall authorize indemnification.

ARTICLE XII INSURANCE

Section 1. **INSURANCE.** This corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its directors, officers, employees, and other agents, to cover any liability asserted against or incurred by any director, officer, employee, or agent in such capacity or arising from the director's, officer's, employee's, or agent's status as such.

ARTICLE XIII MAINTENANCE OF CORPORATE RECORDS

Section 1. **MAINTENANCE OF CORPORATE RECORDS.** This corporation shall

keep:

- a. Adequate and correct books and records of account;
- b. Written minutes of the proceedings of the Board and committees of the Board; and
- c. Such reports and records as required by law.

ARTICLE XIV INSPECTION RIGHTS

Section 1. **DIRECTORS' RIGHT TO INSPECT.** Every director shall have the right at any reasonable time to inspect the corporation's books, records, documents of every kind, physical properties, and the records of each subsidiary as permitted by California and federal law. The inspection may be made in person or by the director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents as permitted by California and federal law. This right to inspect may be circumscribed in instances where the right to inspect conflicts with California or federal law (e.g., restrictions on the release of educational records under FERPA) pertaining to access to books, records, and documents.

Section 2. **ACCOUNTING RECORDS AND MINUTES.** On written demand on the corporation, any director may inspect, copy, and make extracts of the accounting books and records and the minutes of the proceedings of the Board of Directors and committees of the Board of Directors at any reasonable time for a purpose reasonably related to the director's interest as a director. Any such inspection and copying may be made in person or by the director's agent or attorney. This right of inspection extends to the records of any subsidiary of the corporation.

Section 3. **MAINTENANCE AND INSPECTION OF ARTICLES AND BYLAWS.** This corporation shall keep at its principal California office the original or a copy of the articles of incorporation and bylaws, as amended to the current date, which shall be open to inspection by the directors at all reasonable times during office hours.

ARTICLE XV REQUIRED REPORTS

Section 1. **ANNUAL REPORTS.** The Board of Directors shall cause an annual report to be sent to itself (the members of the Board of Directors) within 120 days after the end of the corporation's fiscal year. That report shall contain the following information, in appropriate detail:

- a. The assets and liabilities, including the trust funds, or the corporation as of the end of the fiscal year;
- b. The principal changes in assets and liabilities, including trust funds;
- c. The corporation's revenue or receipts, both unrestricted and restricted to particular purposes;
- d. The corporation's expenses or disbursement for both general and restricted purposes;

- e. Any information required under these bylaws; and
- f. An independent accountant's report or, if none, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the corporation's books and records.

Section 2. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS. As part of the annual report to all directors, or as a separate document if no annual report is issued, the corporation shall, within 120 days after the end of the corporation's fiscal year, annually prepare and mail or deliver to each director and furnish to each director a statement of any transaction or indemnification of the following kind:

- a. Any transaction (i) in which the corporation, or its parent or subsidiary, was a party, (ii) in which an "interested person" had a direct or indirect material financial interest, and (iii) which involved more than \$50,000 or was one of several transactions with the same interested person involving, in the aggregate, more than \$50,000. For this purpose, an "interested person" is either:
 - (1) Any director or officer of the corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest); or
 - (2) Any holder of more than 10 percent of the voting power of the corporation, its parent, or its subsidiary. The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the corporation, the nature of their interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.

ARTICLE XVI BYLAW AMENDMENTS

Section 1. BYLAW AMENDMENTS. The Board of Directors may adopt, amend or repeal any of these Bylaws by a majority of the directors present at a meeting duly held at which a quorum is present, except that no amendment shall change any provisions of the Charter that created the Wisdom Academy for Young Scientists Charter School or make any provisions of these Bylaws inconsistent with that Charter, the corporation's Articles of Incorporation, or any laws.

ARTICLE XVII FISCAL YEAR

Section 1. FISCAL YEAR OF THE CORPORATION. The fiscal year of the Corporation shall begin on July 1st and end on June 30th of each year.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of the Merle Williamson Foundation, a California nonprofit public benefit corporation; that these bylaws, consisting of 13 pages, are the revised bylaws of this corporation as adopted by the Board of Directors on March 16, 2011; and that these bylaws have not been amended or modified since that date.

Executed on March 16, 2011 at Los Angeles, California.


Adell Walker, Secretary

EXHIBIT 18

BYLAWS
OF
MERLE WILLIAMSON FOUNDATION
A California Nonprofit Public Benefit Corporation

ARTICLE 1.
LOCATION OF OFFICES

The name of this corporation is Merle Williamson Foundation. It is a California nonprofit public benefit corporation with principal offices in Los Angeles, California.

ARTICLE 2.
PURPOSE.

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for public and charitable purposes. The specific purpose of this corporation is to improve the social and economic status of the South Central Los Angeles community by creating and operating a pre-school, a school devoted to the education of boys and girls and an organization which promotes appreciation of the cultural diversity of the South Central Los Angeles community, all of the foregoing to enable young people of the South Central Los Angeles community to become successful and useful citizens and the providing of support and resources toward the accomplishment of the foregoing purposes, and to engage in any other lawful activities permitted under the California Nonprofit Public Benefit Corporation Law. The recital of these purposes as contained in this Article is intended to be exclusive of any and all other purposes, this corporation being formed for such public and charitable purposes only.

ARTICLE 3.
MEMBERSHIP

The corporation shall have no members.

ARTICLE 4.

DIRECTORS

Section 4.1. Powers.

Subject to limitations of the Articles and these Bylaws and of pertinent restrictions of the Corporations Code of the State of California, all the activities and affairs of the corporation shall be exercised by or under the direction of the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- a. To select and remove all the officers, agents and employees of the corporation, prescribe such duties for them as may not be inconsistent with law, with the Articles of Incorporation, or with these Bylaws, fix the terms of their offices and their compensation and in their discretion require from them security for faithful service.
- b. To make disbursements from the funds and properties of the corporation as are required to fulfill the purposes of this corporation as are more fully set out in the Articles of Incorporation, and generally to conduct, manage and control the activities and affairs of the corporation and to make rules and regulations not inconsistent with law, with the Articles of Incorporation or with these Bylaws, as they may deem best.
- c. To adopt, make and use a corporate seal and to alter the form of such seal from time to time as they may deem best.
- d. To borrow money and incur indebtedness for the purposes of the corporation and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities therefor.
- e. To the extent permitted by the exempt status of the organization, to carry on a business at a profit and apply any such profit that results from the business activity to any activity in which it may legally engage.

Section 4.2. Number of Directors.

The authorized number of Directors of the corporation shall be between one (1) and five (5), with the exact number of directors to be fixed, within the limits heretofore specified, by the Board of Directors from time to time.

Section 4.3. Selection and Tenure of Office.

Directors shall be elected at each annual meeting of the Directors. Each Director shall serve until the next annual meeting and until a successor has been elected and qualified. If an annual meeting is not held, or the Directors are not elected at such meeting, the Directors may be elected at any special meeting of Directors held for that purpose.

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Section 4.4. Vacancies.

Any Director may resign effective upon giving written notice to the Chair of the Board, the President, or the Secretary of the Board, unless the notice specifies a later time for the effectiveness of the resignation.

If the resignation is to take effect at some future time, a successor may be selected before such time, to take office when the resignation becomes effective.

Vacancies in the Board shall be filled in the same manner as the Director(s) whose office is vacant was selected, provided that vacancies to be filled by election by Directors may be filled by a majority of the remaining Directors, although less than a quorum, or by a sole remaining Director. Each Director so elected shall hold office until the expiration of the term of the replaced Director and until a successor has been named and qualified.

A vacancy or vacancies in the Board shall be deemed to exist in case of the death, resignation or removal of any Director, or if the authorized number of Directors is increased.

The Board may declare vacant the office of a Director who has been declared of unsound mind by a final order of court, or convicted of a felony, or has been found by a final order or judgment of any court to have breached any duty arising under the California Nonprofit Public Benefit Corporation Law.

No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of the Director's term of office.

Section 4.5. Removal of Directors.

A Director may be removed from office if any of the following has been found to have occurred:

a. The Director is found to have engaged in activities that are directly contrary to the interests of the corporation.

b. The Director is found to be engaged in the misrepresentation of the corporation and its policies to outside third parties, either willfully, or on a repeated basis.

Before any such removal occurs, the Director will be advised of the allegation and the basis for the same, and will be given an opportunity to present any contrary evidence, or explanation he or she may have to the Board. Removal must be by a majority vote of all the Directors.

Section 4.6. Place of Meetings.

Notwithstanding anything to the contrary provided in these Bylaws, any meeting (whether regular, special or adjourned) of the Board of Directors of the Corporation may be held at any place within or without California that has been previously designated for that purpose by resolution of the Board of Directors or by the written consent of all the members of the Board.

Section 4.7. Regular Meetings.

Regular meetings of the Board shall be held without call or notice on the last Friday in June of each year, at 3:00 p.m. local time at the offices of the corporation, unless otherwise modified by the Board; provided, however, should said day fall on a holiday observed by the corporation, then the meeting shall be held at the same time or the next day thereafter ensuing that is a full business day.

Section 4.8. Special Meetings.

Special meetings of the Board of Directors may be called at any time by order of the President, of any Vice President, of the Secretary, or of two or more of the Directors.

Section 4.9. Notice of Special Meetings.

Special meetings of the Board shall be held upon four days notice by first class mail or a forty-eight hour notice given personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means. The notice shall be addressed or delivered to each Director or at the Director's address as it is shown upon the records of the corporation or as may have been given to the corporation by the Director for purposes of notice or, if such address is not shown on such records or is not readily ascertainable, at the place at which the meetings of the Directors are regularly held.

Section 4.10. Quorum.

Except as otherwise provided herein, a majority of the authorized number of Directors shall constitute a quorum except when a vacancy or vacancies prevents such majority, whereupon a majority of the Directors in office shall constitute a quorum, provided such majority shall constitute either one third of the authorized number of Directors or at least two Directors, whichever is larger, or unless the authorized number of Directors is only one. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Except as the Articles of Incorporation, these Bylaws and the California Nonprofit Public Benefit Corporation Law may provide, the act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be the act of the Board of Directors.

Section 4.11. Participation in Meetings by Conference Telephone.

Directors may participate in a meeting through use of conference telephone, electronic video screen communications, or other communications equipment, so long as all Directors participating in such meeting can communicate with all of the other Directors concurrently, each Director is provided the means of participating in all matters before the board, including the capacity to propose, or to interpose an objection, to a specific action to be taken, and the corporation adopts and implements some means of verifying that the person communicating by telephone, electronic video screen, or other communications equipment is a Director entitled to

participate in the board meeting, and that all statements, questions, actions, or votes were made by that Director and not by another person not permitted to participate as a Director.

Section 4.12. Waiver of Notice.

Notice of a meeting need not be given to any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior to the meeting or at its commencement, the lack of notice to such Director. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

Section 4.13. Adjournment.

A majority of the Directors present, whether or not a quorum is present may adjourn any Directors' meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place is fixed at the meeting adjourned, except as provided in the next sentence. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

Section 4.14. Action Without Meeting.

Any action required or permitted to be taken by the Board may be taken without a meeting if all Directors individually or collectively consent in writing to such action. Such consent or consents shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of proceedings of the Board.

Section 4.15. Rights of Inspection.

Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation of which such person is a Director, for a purpose reasonably related to that person's interest as a Director.

Section 4.16. Official Board Committees.

Committees of the Board may be appointed by resolution passed by a majority of the whole Board. Committees shall be composed of two or more members of the Board, and shall have such powers of the Board as may be expressly delegated to it by resolution of the Board of Directors, except with respect to:

- a. The approval of any action for which the California Nonprofit Public Benefit Corporation Law also requires members' approval (must be approved by the Board as a whole);
- b. The filling of vacancies on the Board or on any committee

- c. The fixing of compensation of the Directors for serving on the Board or on any committee;
- d. The amendment or repeal of Bylaws or the adoption of new Bylaws;
- e. The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;
- f. The appointment of other committees of the Board or the members thereof;
- g. The expenditure of corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected; or
- h. The approval of any self-dealing transaction, as such transactions are defined in Section 5233 (a) of the California Nonprofit Public Benefit Corporation Law.

Any committee may be designated an Executive Committee or by such other name as the Board shall specify. The Board shall have the power to prescribe the manner in which proceedings of any committee shall be conducted. In the absence of any such prescription, the committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or the committee shall otherwise provide, the regular and special meetings and other actions of the committee shall be governed by the provision of this Article applicable to meetings and actions of the Board. Minutes shall be kept of each meeting of each committee.

Section 4.17. Fees and Compensation.

Directors (as such) shall not receive compensation for their services as Directors. Directors may receive a reasonable allowance for personal services actually rendered pursuant to resolution passed by a majority vote at a regular or special meeting of the Board; reimbursement for expenses as may be fixed or determined by the Board.

Not more than 49% of the Directors may serve the organization in some other capacity for which compensation is paid.

ARTICLE 5.

OFFICERS

Section 5.1. Officers.

The officers of the corporation shall be a Chair of the Board or a President or both, a Secretary and a Chief Financial Officer. The corporation may also have, at the discretion of the Board of Directors, one or more Vice Presidents, one or more Assistant Secretaries and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. One person may hold two or more offices, except that neither the Secretary nor the Chief Financial Officer may serve concurrently as the President or the Chair of the Board.

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Section 5.2. Election.

The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by, and shall serve at the pleasure of, the Board of Directors, subject to the rights, if any, of an officer under any contract of employment. Each officer shall hold his office until he or she resigns, is removed, or becomes otherwise disqualified to serve, or until his or her successor is elected and qualified.

Section 5.3. Subordinate Officers.

The Board of Directors may appoint, and may empower the President to appoint, other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

Section 5.4. Removal and Resignation.

Any officer may be removed, either with or without cause, by a majority of the Directors at the time in office, at any regular or special meeting of the Board, or except in case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time, without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party, by giving written notice to the Board of Directors, or to the President, or to the Secretary of the corporation. The resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.5. Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in the Bylaws for regular election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

Section 5.6. Inability to Act.

In the case of absence or inability to act of any officer of the corporation and of any person herein authorized to act in his or her place, the Board of Directors may from time to time delegate the powers or duties of such officer to any other officer, or any director or other person whom the Board may select.

Section 5.7. Chair of the Board.

The Chair of the Board, if there shall be such an Officer, shall, if present, preside at all meetings of the Board of Directors, and exercise and perform other powers and duties as may

be from time to time assigned to him or her by the Board of Directors or prescribed by the Bylaws. If the Corporation does not have a President, then the Chair shall also have the powers otherwise given to the President.

Section 5.8. President.

Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chair of the Board, if there be such an Officer, the President shall be the Chief Executive Officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the activities and Officers of the corporation. In the absence of the Chair of the Board, or if there is none, the President shall preside at all meetings of the Board of Directors. The President shall be ex-officio a member of all the standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of a President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

Section 5.9. Vice President.

In absence or disability of the President, the Vice Presidents, in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or the Bylaws.

Section 5.10. Secretary.

The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of the Board and its committees, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at the Board and committees' meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal office in the State of California and the original and a copy of the corporation's Articles and Bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the Board and any committees thereof required by these Bylaws or by law to be given, shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as prescribed by the Board.

Section 5.11. Treasurer and Chief Financial Officer.

The Treasurer shall be the Chief Financial Officer of the corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation. The books of account shall at all reasonable times be open to inspection by any Director.

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the corporation with depositories designated by the Board of Directors. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the President and the Directors, whenever they request it, an account of all of his or her transactions and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

Section 5.12. Assistant Treasurer.

At the request of the Treasurer, or in his or her absence or disability, the Assistant Treasurer shall perform all the duties of the Treasurer, and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Treasurer.

Section 5.13. Salaries.

The salaries of the Officers shall be fixed from time to time by the Board of Directors and no Officer shall be prevented from receiving such salary by reason of the fact that such Officer is also a Director of the corporation.

ARTICLE 6.

OTHER PROVISIONS

Section 6.1. Endorsement of Documents; Contracts.

Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance, or other instrument in writing and any assignment or endorsement thereof executed or entered into between this corporation and any other person, when signed by any one of the Chair of the Board, the President or any Vice President, and any one of the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of this corporation shall be valid and binding on this corporation in the absence of actual knowledge on the part of the other person that the signing Officers had no authority to execute the same.

The Board of Directors, except as otherwise provided in the Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation. This authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, and except as provided in this Section, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or agreement, or to pledge its credit, or to render it liable for any purpose or to any amount.

Section 6.2. Representation of Shares of Other Corporations.

The President or any other officer or officers authorized by the Board or the President are each authorized to vote, represent and exercise on behalf of the corporation all rights incident

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to any and all shares of any other corporation or corporations standing in the name of the corporation. The authority herein granted may be exercised either by any officer in person or by any other person authorized to do so in proxy or power of attorney duly executed by the officer.

Section 6.3. Construction and Definitions.

Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the General Provisions of the California Nonprofit Corporation Law and in the California Nonprofit Public Benefit Corporation Law shall govern the construction of these Bylaws.

Section 6.4. Amendments.

These Bylaws may be amended or repealed in whole or in part, and new Bylaws adopted by the Board of Directors.

Section 6.5. Record of Amendments.

Whenever an amendment or new Bylaw is adopted, it shall be copied in the Book of Minutes with the original Bylaws, in the appropriate place. If any Bylaw is repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or written assent was filed shall be stated in the Book.

ARTICLE 7.

INDEMNIFICATION OF AGENTS OF THE CORPORATION

Section 7.1. Definitions.

For purposes of this section, "agent" means any person who is or was a Director, Officer, employee or other agent of this corporation, or is or was serving at the request of this corporation as a Director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a Director, Officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation; "proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" includes, without limitation, attorneys' fees and any expenses of establishing a right to indemnification under Section 4 or 5(c) of this Article.

Section 7.2. Indemnification in Actions by Third Parties.

This corporation shall have the power to indemnify any person who was or is a party, or is threatened to be made a party to any proceeding (other than an action by or in the right of this corporation to procure judgment in its favor, an action brought under Section 5233 of the

California Nonprofit Public Benefit Corporation Law, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of this corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of this corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

Section 7.3. Indemnification in Actions by or in the Right of the Corporation.

This corporation shall have the power to indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of this corporation or brought under Section 5233 of the California Nonprofit Public Benefit Corporation Law, or an action brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of this corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of this corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 3:

- (a) In respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to this corporation in the performance of such person's duty to this corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;
- (b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or
- (c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the Attorney General.

Section 7.4. Indemnification Against Expenses.

To the extent that an agent of this corporation has been successful on the merits in defense of any proceeding referred to in Section 2 or 3 of this Article in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

California Nonprofit Public Benefit Corporation Law, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of this corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of this corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

Section 7.3. Indemnification in Actions by or in the Right of the Corporation.

This corporation shall have the power to indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of this corporation or brought under Section 5233 of the California Nonprofit Public Benefit Corporation Law, or an action brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of this corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of this corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 3:

(a) In respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to this corporation in the performance of such person's duty to this corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;

(b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the Attorney General.

Section 7.4. Indemnification Against Expenses.

To the extent that an agent of this corporation has been successful on the merits in defense of any proceeding referred to in Section 2 or 3 of this Article in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

Section 7.5. Required Indemnification.

Except as provided in Section 4 of this Article, indemnification under this Article shall be made by this corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Section 2 or 3, by:

(a) A majority vote of a quorum consisting of Directors who are not parties to such proceeding; or

(b) The court in which such proceeding is or was pending, upon application made by this corporation or the agent, attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by this corporation.

Section 7.6. Advance of Expenses.

Expenses incurred in defending any proceeding may be advanced by this corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

Section 7.7. Other Indemnification.

No provision made by the corporation to indemnify its or its subsidiary's Directors or Officers for the defense of any proceeding, whether contained in the Articles, Bylaws, a resolution of Directors, an agreement or otherwise, shall be valid unless consistent with this Article. Nothing contained in this Article shall affect any right to indemnification to which persons other than such Directors and Officers may be entitled by contract or otherwise.

Section 7.8. Forms of Indemnification Not Permitted.

No indemnification or advance shall be made under this Article, except as provided in Sections 4 or 5(b) in any circumstances where it appears:

(a) That it would be inconsistent with a provision of the Articles of Incorporation, these Bylaws or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 7.9. Insurance.

The corporation shall have the power to purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of this Article; provided, however, that this corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the corporation for a violation of Section 5233 of the California Nonprofit Public Benefit Corporation Law.

Section 7.10. Nonapplicability to Fiduciaries of Employee Benefit Plans.

This Article does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the corporation as defined in Section 1 of this Article. The corporation shall have power to indemnify such trustee, investment manager or other fiduciary to the extent permitted by subdivision (f) of Section 207 of the California General Corporation Law.

ARTICLE 8.

RECEIPT, INVESTMENT AND DISBURSEMENT OF FUNDS

Section 8.1. The corporation shall receive all monies and/or other properties transferred to it for the purposes for which the corporation was formed (as shown by the Articles of Incorporation). However, nothing contained herein shall require the Board of Directors to accept or receive any money or property of any kind if it shall determine in its discretion that receipt of such money or property is contrary to the expressed purposes of the corporation as shown by said Articles.

Section 8.2. The corporation shall hold, manage and disburse any funds or properties received by it from any source in a manner that is consistent with the expressed purposes of this corporation.

Section 8.3. No disbursement of corporation money or property shall be made until it is first approved by the President of the corporation or by the Treasurer or by the Directors. However, the Directors shall have the authority to appropriate specific sums to fulfill the objects and purposes for which the corporation was formed and to direct the officers of the corporation from time to time to make disbursements to implement said appropriations.

Section 8.4. Instruments in Writing.

All checks, drafts, demands for money and notes of the corporation, and all written contracts of the corporation shall be signed by such officer or officers, agent or agents, as the Board of Directors may from time to time by resolution designate.

ARTICLE 9.

CORPORATE RECORDS AND REPORTS

Section 9.1. Records.

The Corporation shall maintain adequate and correct accounts, books and records of its business and properties. All such books, records and accounts shall be kept at its principal place of business in the State of California, as fixed by the Board of Directors from time to time.

Section 9.2. Inspection of Books and Records.

Every Director shall have the absolute right at any reasonable time to inspect all books, records, documents of every kind, and the physical properties of the Corporation, and also of its subsidiary organizations, if any.

Section 9.3. Certification and Inspection of Bylaws.

The original or a copy of these Bylaws, as amended or otherwise altered to date, certified by the Secretary, shall be open to inspection by the members and Directors of the Corporation at all reasonable times during office hours.

Section 9.4. Annual Report.

An annual report shall be sent to the directors no later than 120 days after the close of the corporation's fiscal year, containing the following:

- (a) Financial statements of the corporation for the fiscal year, containing the following detail:
 - (i) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year,
 - (ii) The principal changes in assets and liabilities, including trust funds,
 - (iii) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes,
 - (iv) The expenses or disbursements of the corporation, for both general and restricted purposes,
- accompanied by a report from the independent accountants, or if none, a certificate of officer that the statements were prepared without audit.
- (b) A statement of any transaction in which an interested person had a material financial interest that individually or cumulatively involved more than \$50,000. This

UNANIMOUS WRITTEN CONSENT
OF DIRECTORS
OF
MERLE WILLIAMSON FOUNDATION
A California Nonprofit Public Benefit Corporation

The undersigned, being all of the Directors of Merle Williamson Foundation, a California nonprofit public benefit corporation, do hereby dispense with the formality of a meeting and adopt the following resolutions:

1. Approval and Adoption of Bylaws.

WHEREAS, the incorporator of this Corporation has not as yet adopted Bylaws for the regulation of its affairs; and

WHEREAS, it is necessary to adopt a set of Bylaws for the regulation of the affairs of this Corporation; and

WHEREAS, the undersigned have reviewed the Bylaws attached as Exhibit A and approve the same without modification; and

NOW, THEREFORE, BE IT RESOLVED, that the Bylaws attached as Exhibit A be, and they hereby are, approved and adopted as and for the Bylaws of this Corporation.

2. Certification and Filing of Charter Documents.

RESOLVED, that the Secretary of this Corporation is hereby authorized and instructed to insert in the Book of Minutes of this Corporation a copy of the Articles of Incorporation as filed in the Office of the California Secretary of State on December 3, 2002, and certified by said Secretary of State.

RESOLVED, FURTHER, that the Secretary of this Corporation is hereby authorized and directed to certify the adoption of said Bylaws and to insert said Bylaws as so certified in the Book of Minutes of this Corporation and to see that a copy of said Bylaws, similarly certified, is kept at the principal executive office for the transaction of business of this Corporation in accordance with Section 213 of the California Corporations Code.

3. Number of Directors.

WHEREAS, Article 4, Section 4.2 of the Bylaws of this Corporation provides that the number of directors shall be between one (1) and five (5), with the exact number of directors to be fixed by the Board of Directors from time to time.

NOW, THEREFORE, BE IT RESOLVED, that the number of directors shall be three (3).

4. Election of Officers.

RESOLVED, that each of the following persons be, and hereby are, duly elected and shall serve in the capacities set forth opposite his or her name below from the date of this resolution until his or her successor shall have been duly elected and qualified:

Godfrey Ike Okonkwo	-	President
Karen Haynes	-	Chief Financial Officer
Karen Haynes	-	Secretary

5. Corporate Seal.

RESOLVED, that the corporate seal in the form, words and figures so affixed hereto be, and the same hereby is, adopted as the seal of this Corporation.

6. Bank Account.

RESOLVED, that funds of this Corporation be deposited in CalFed Bank, Watts branch, subject to the bylaws, rules, regulations and practices of the Bank in force from time to time governing accounts with said Bank, and subject to any and all service charges now or hereafter established, and that either Godfrey Ike Okonkwo or Kendra U. Okonkwo is authorized to sign checks, drafts, or other orders for and on behalf of this Corporation for deposit, encashment, or otherwise, and said Bank is hereby authorized to honor and pay on account of this Corporation any and all checks, drafts, or other orders signed and/or endorsed in accordance herewith.

RESOLVED, FURTHER, that the form resolutions of CalFed Bank, Watts branch, as attached hereto, be, and the same hereby are, adopted and approved as if set forth herein in their entirety.

7. Payment of Organization Expenses.

RESOLVED, that the Chief Financial Officer of this Corporation be, and he hereby is, authorized and directed to pay all fees and expenses, including attorney's fees, incurred in the organization and incorporation of this Corporation.

8. Registration with State Attorney General, Registry of Charitable Trusts.

RESOLVED, that the President of this Corporation is hereby authorized and directed to register the Corporation with the Registry of Charitable Trusts, Office of the Attorney General of the State of California, no later than six months following the receipt of assets for the charitable purposes for which this Corporation was organized.

RESOLVED, FURTHER, that the President of this Corporation is directed to make periodic filings as required by the Attorney General describing the financial activity of the Corporation and the distribution of the assets held for charitable purposes.

9. Exemptions from Federal and State Taxes.

RESOLVED, that the officers of this corporation be, and they are hereby authorized and directed to prepare, execute and file any and all requisite papers and documents, including without limitation applications, reports, surety bonds, irrevocable consents and appointment of agents for service of process, as may be necessary or appropriate to establish the tax-exempt status of this corporation under applicable State and Federal Law; and be it

RESOLVED FURTHER, that the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matter shall conclusively establish their authority therefor from this corporation and the approval and ratification by this corporation of the papers and documents so executed and the actions so taken.

10. Filing with Secretary of State.

RESOLVED, that the appropriate officers of this corporation shall file with the California Secretary of State a statement of the names of the president, secretary and chief financial officer together with a statement of such other information as may be required under Section 1502 of the California Corporations Code; and it is

RESOLVED FURTHER, that this resolution shall constitute continuing authority to the secretary of this corporation to file such statement with the Secretary of State annually or more frequently as required by law.

11. Accounting Year.

RESOLVED, that this corporation adopt an accounting year as follows:

DATE ACCOUNTING YEAR BEGINS: January 1

DATE ACCOUNTING YEAR ENDS: December 31

12. Licenses.

RESOLVED, that the officers of the corporation are directed to obtain in the name of the corporation such licenses and tax permits as may be required for the conduct of business of the corporation by any Federal, State, County, or Municipal government ordinance or regulation, and to do all things necessary or convenient to qualify the corporation to transact business in compliance with the laws and regulations of any appropriate Federal, State or Municipal government authority.

13. Principal Office Location.

RESOLVED, that the principal office for the transaction of the business of this corporation be, and the same hereby is designated and fixed at the following address:

702-706 Manchester
Los Angeles, California 90002

14. Racially Nondiscriminatory Policy.

RESOLVED, that this Corporation re-affirms and re-approves a racially nondiscriminatory policy set forth in the Articles of Incorporation as to students of this Corporation's school and pre-school/after-school programs and authorizes the statement of the racially nondiscriminatory policy as to students to be stated in the Admission Policy/Parent Handbook/Admission Agreement of this Corporation and that any officer of this Corporation be, and he or she is, authorized and directed to publish and to publicize this policy.

This Unanimous Written Consent may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be deemed one and the same Unanimous Written Consent. This Unanimous Written Consent and any executed counterparts shall be filed in the Book of Minutes of this Corporation and become a part of the records of this Corporation.

Dated: December 16, 2002



Godfrey Ike Okonkwo



Karen Haynes



Reverend Brian Eklund

WAIVER OF NOTICE AND CONSENT TO HOLDING OF
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
MERLE WILLIAMSON FOUNDATION

A California Nonprofit Public Benefit Corporation

The undersigned, being all of the directors of Merle Williamson Foundation, a California nonprofit public benefit corporation, do hereby waive notice and consent to the holding of a Special Meeting of Board of Directors of the corporation, held at the time, on the date and at the place as follows:

TIME: 11:40 a.m.


DATE: December 4, 2002

PLACE: St. Mark's Lutheran Church
3651 South Vermont Avenue
Los Angeles, CA 90007

This waiver of notice and consent to said meeting is made in compliance with the terms of Section 5211(a)(3) of the Corporations Code of the State of California, and the undersigned hereby consents that the same may be made part of the record of said meeting, and that any business transacted at said meeting shall be as valid as if held at a meeting regularly called or noticed.

Dated: December 4, 2002


Reverend Brian Eklund


Karen Haynes


Godfrey Ike Okonkwo

000893

MINUTES OF SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF
MERLE WILLIAMSON FOUNDATION
A California Nonprofit Public Benefit Corporation

The Directors of Merle Williamson Foundation, a California nonprofit public benefit corporation (the "Foundation"), held a special meeting at the time, on the day and at the place set forth as follows:

TIME: 11:40 a.m.
DATE: December 4, 2002
PLACE: St. Mark's Lutheran Church
3651 South Vermont Avenue
Los Angeles, CA 90007

There were present at the meeting the following Directors, constituting a quorum of the full board:

Reverend Brian Eklund
Karen Haynes
Godfrey Ike Okonkwo

Also present by conference telephone was Louis E. Michelson, counsel to the Foundation.

The following persons acted as Chairman and Secretary of the meeting:

Acting Chairman: Godfrey Ike Okonkwo
Acting Secretary: Karen Haynes

WAIVER

The Chairman announced that the meeting was held pursuant to a written waiver of notice thereof and consent thereto signed by all of the Directors of the corporation; such waiver and consent was presented to the meeting and upon motion duly made, seconded and unanimously carried was made part of the records of the meeting and now precedes the minutes of this meeting in the Book of Minutes of the corporation.

State of California
Bill Jones
Secretary of State

02-362987

STATEMENT BY DOMESTIC NONPROFIT CORPORATION

Filing Fee \$20.00 — If Amendment, See Instructions

IMPORTANT — Read Instructions Before Completing This Form

1. CORPORATE NAME: (Do not alter if name is preprinted.)

MERLE WILLIAMSON FOUNDATION

C 2476737

ENDORSED - FILED

In the Office of the Secretary of State
of the State of California

DEC 27 2002

BILL JONES, Secretary of State

This Space For Filing Use Only

2. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE IN CALIFORNIA, IF ANY (If none, complete 3) CITY AND STATE ZIP CODE

702-706 East Manchester, Los Angeles, California 90002

3. MAILING ADDRESS CITY AND STATE ZIP CODE

702-706 East Manchester, Los Angeles, California 90002

LIST THE NAMES AND COMPLETE ADDRESSES OF THE FOLLOWING OFFICERS: (This corporation must have these three officers. The appropriate title for the officer may be added but do not alter or obliterate the form.)

4. CHIEF EXECUTIVE OFFICER/ ADDRESS CITY AND STATE ZIP CODE
Godfrey Ike Okonkwo 702-706 East Manchester, Los Angeles, CA 90002

5. SECRETARY/ ADDRESS CITY AND STATE ZIP CODE
Karen Haynes 702-706 East Manchester, Los Angeles, CA 90002

6. CHIEF FINANCIAL OFFICER/ ADDRESS CITY AND STATE ZIP CODE
Karen Haynes 702-706 East Manchester, Los Angeles, CA 90002

7. CHECK THE APPROPRIATE PROVISION BELOW AND NAME THE AGENT FOR SERVICE OF PROCESS:

☒ AN INDIVIDUAL RESIDING IN CALIFORNIA.
☐ A CORPORATION WHICH HAS FILED A CERTIFICATE PURSUANT TO CALIFORNIA CORPORATIONS CODE SECTION 1505.
AGENT'S NAME: Kendra U. Okonkwo

8. ADDRESS OF THE AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL CITY ZIP CODE
702-706 East Manchester, Los Angeles CA 90002

COMMON INTEREST DEVELOPMENT ASSOCIATION (Civil Code Section 1350, et seq.)

9. ☒ THIS CORPORATION IS NOT AN ASSOCIATION FORMED TO MANAGE A COMMON INTEREST DEVELOPMENT (PROCEED TO ITEM 11)

10. ☐ THIS CORPORATION IS AN ASSOCIATION FORMED TO MANAGE A COMMON INTEREST DEVELOPMENT UNDER THE DAVIS-STIRLING COMMON INTEREST DEVELOPMENT ACT. (PROCEED TO ITEM 10A AND 10B)

10A. BUSINESS OFFICE STREET ADDRESS OR PHYSICAL LOCATION OF DEVELOPMENT, INCLUDING NINE-DIGIT ZIP CODE

10B. NAME AND ADDRESS OF THE MANAGING AGENT

11. THIS STATEMENT IS TRUE, CORRECT AND COMPLETE.

Godfrey Ike Okonkwo
TYPE OR PRINT NAME OF OFFICER OR AGENT

SIGNATURE

President
TITLE

12/16/02
DATE

000896

IV

A. This corporation is organized and operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (or corresponding provision of any future United States Internal Revenue Law) or (b) by a corporation contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code (or corresponding provision of any future United States Internal Revenue Law).

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

V

The property of this corporation is irrevocably dedicated to the purposes set forth in Article II above and no part of the net income or assets of this corporation shall ever inure to the benefit of any private person. Upon winding up and dissolution of this corporation, after paying or adequately providing for the debts and obligations of the corporation, the remaining assets shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable or educational purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

Dated: October 22, 2002


Kendra U. Okonkwo, Incorporator



EXHIBIT 19

Board Meeting – May 10, 2011

Item VII. Reports / Study Topics

Report on the *Wisdom Academy for Young Scientists, Grades K-5*
Appeal of a non-renewed Petition by Los Angeles Unified School
District Board of Education

The Wisdom Academy for Young Scientists Charter School renewal petition is presented to the Los Angeles County Board of Education (County Board) pursuant to *Education Code* section 47605. Upon denial by Los Angeles Unified School District Board of Education, the petitioner exercised the statutory right of appeal to the County Board.

Charter renewal is governed by *EC* sections 47607 and 47605:

Section 47607(a)(2) states: Renewals... of charters are governed by the standards and criteria in § 47605, and shall include, but not be limited to, a reasonably comprehensive description of any new requirement of charter schools enacted into law after the charter was originally granted or last renewed.

Section 47605(b) limits the reasons for denying a renewal petition to the following:

- (1) The charter school presents an unsound educational program
- (2) The petitioners are demonstrably unlikely to successfully implement the program
- (3) The petition does not contain an affirmation of specified assurances
- (4) The petition does not contain reasonably comprehensive descriptions of 16 required elements of a charter

The County Board shall evaluate the petition according to the criteria and procedures established in law and may only deny the petition if it provides written findings addressing the reasons for the denial.

Section 47607(b) states: Commencing on January 1, 2005, or after a charter school has been in operation for four years, whichever date occurs later, a charter school shall meet at least one of [5 academic performances] ... criteria prior to receiving a charter renewal....

000898

Board Meeting – May 10, 2011
Report on the Wisdom Academy for Young Scientists Charter
- 2 -

Section 47605(b) states: A school district governing board shall grant a charter for the operation of a school under this part if it is satisfied that granting the charter is consistent with sound educational practice.

The County Board shall evaluate the petition according to the criteria and procedures established in law and may only deny the petition if it provides written findings addressing the reasons for the denial.

Summary of Key Findings:

Finding 1: **WAYS met the academic performance criteria** for renewal under EC § 47607(b)(1) and (2).

Finding 3: **The petitioner is unlikely to successfully implement the program.** The governing board has demonstrated a lack of capacity to oversee the operation of the school by allowing self-dealing transactions and other Conflicts of Interest. In addition, members of the governing board have personal and business ties to the school and/or Executive Director. The board was ineffective in responding to the Conflict of Interest concerns identified in the Notice to Cure; this ultimately led to non-renewal of the charter. Deficiencies in the renewal petition and responses by the board during the Capacity Interview indicate a continued lack of understanding and familiarity with the content of the petition and requirements of law necessary to successfully implement the charter.

Finding 5: **The petition lacks a reasonably comprehensive description of eleven (11) of the 16 required elements.**

- Proposed **educational program** lacks an adequate description of the school's target populations, overestimates the number of students to be served in the first year of the renewal charter, and provides no build-out plan to support this level of enrollment. The petition fails to indicate how the school will identify and respond to the needs of pupils who are not achieving at or above expected levels, students with disabilities, and English learners. The **Measurable Outcomes and Means for Measuring Pupil Progress** do not address the needs of all student subgroups the school proposes to serve.
- The proposed **Governance Structure** fails to provide evidence of an organizational and technical design that reflect a seriousness of purpose necessary to ensure that the school will become and remain a viable enterprise. The governance structure fails to provide adequate oversight of the school's operation and fiscal management. The governing board's lack of effective oversight has jeopardized the school's charter status and there is no

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Board Meeting – May 10, 2011
Report on the Wisdom Academy for Young Scientists Charter
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evidence that the board can implement the proposed educational program stated in the petition. The Organization Chart conflicts with information provided elsewhere in the petition regarding key management positions. The petition does not commit to complying with the Political Reform Act, which is required of all charter schools, and fails to include a Conflict of Interest policy. Certain provisions of the bylaws appear to be in direct conflict with the Brown Act.

- The following Required Elements are not reasonably comprehensive: Employee Qualifications, Means to Achieve a Racial and Ethnic Balance, Admission Requirements, Submission of Annual Independent Audit, Suspension and Expulsion Procedures, and Public School Attendance Alternatives, and Dispute Resolution Procedures.

The full Report on the Findings of Fact for the Wisdom Academy for Young Scientists Charter School is attached.

LACOE staff will present the report to the County Board.

000900

Los Angeles County Office of Education
Charter School Office
Date: May 10, 2011

Report on the *Wisdom Academy for Young Scientists Charter Petition, Grades K-5*
Appeal of a Petition for Charter Renewal Denied by Los Angeles Unified School District
Board of Education

Background Information

The *Wisdom Academy for Young Scientists Charter School* (WAYS) petition seeks an application for renewal of their K-5 charter school in accordance with *Education Code* Section 47607.5. The school's current enrollment is approximately 250 students. The school proposes to grow enrollment to 500 students over the next five (5) years by expanding operations from its two (2) current sites (706 East Manchester 90001 and 8878 South Central Avenue 90002) to a larger facility. WAYS also applied to LAUSD for a Prop 39 site; sites were awarded on April 1, 2011.

The petition states the charter school's mission "is to create a transformational learning climate in which students become 'Empowered to be Leaders Change Agents and True Scientists.'"

The school's vision is "to create an educational program that educates the whole child." Nine (9) goals are stated under the vision.

WAYS first year of operation was 2006-07. Its Academic Performance Index (API) history (calculated as a small school with less than 100 students in Growth API) and enrollment figures are presented below.

Growth API			Enrollment Figures			
Year	Growth API	Number of Valid Scores*	Enrollment on First Day of Testing Grades 2-5	Total Enrollment Grades 2-5	Total Enrollment Grades K-1	Total Enrollment Grades K-5
2009-10	879	90	127	129	108	237
2008-09	843	95	98	97**	76	173**
2007-08	774	78	93	59	87	141
*Number of students included in Growth API. Students must be continuously enrolled since Census day (CBEDS) Source: CDE DataQuest			**4 additional students are included as enrolled in grade 6 although school is authorized for grades K-5 Source: CDE DataQuest			

The CDE states "APIs based on small numbers of students are less reliable and therefore should be carefully interpreted." Schools with less than 100 Valid Scores on the California Standards Test (CST) do not receive Similar School Rankings or comparison schools; therefore, it cannot be determined how WAYS' API compares to schools with similar demographics.

The chart compares the demographics of WAYS and the two (2) closest public non-charter schools.

2009-10 DEMOGRAPHIC Information	WAYS	LAUSD Local District 7	South Park Elem.	93rd Street Elem.
Black or African American	61%	18.6%	17%	24%
Hispanic or Latino	38%	80.4%	82%	76%
Free & Reduced Price Lunch	100		100	100
English Learners	15	Data Not Available or Not Available for 2009-10	52	41
Students with Disabilities	4		8	8
Average Parent Education Level	2.53 *		1.58**	1.57***

* 21% Not HS Grad. / 37% HS Grad. / 9 % Some College / 33% College Grad. ** 59% Not HS Grad. / 28% HS Grad. / 9 % Some College / 2% College Grad. / 2% Grad. School ***60% Not HS Grad. / 25% HS Grad. / 13% Some College / 1% College Grad. / 1% Grad. School

Data Sources: CDE STAR and LAUSD <http://search.lausd.k12.ca.us/cgi-bin/fccgi.exe#racialandethnichistory>

000901

Report on the Wisdom Academy for Young Scientists Charter

Racial and ethnic demographic data shows WAYS does not reflect diversity of the community (LAUSD Local District 7) in which it is located or the two (2) closest LAUSD non-charter elementary schools. WAYS also enrolls fewer students with disabilities and English learners than near-by public non-charter schools. Conversely, its parents have a higher education level, which positively correlates with higher levels of student academic achievement.

Reason for Denial by the Local District

The Los Angeles Unified School District (LAUSD) Board of Education denied the petition based on written Findings of Fact that comply with requirements for denial under the following sections of the Charter School Act:

EC § 47605(b)(2) The petitioners are demonstrably unlikely to successfully implement the program:

Conflict of interest concerns exist pertaining to members of the WAYS Board of Directors and the WAYS Executive Director and Principal. Specifically, the WAYS founder and Executive Director receives both a salary for her position and lease payments for two properties which she owns that are occupied by the school. She negotiated the leases to WAYS charter school. The WAYS governing board was asked to independently address and resolve the conflicts by the mutually agreed upon date of October 15, 2010; the WAYS Board of Directors' response failed to resolve the issues by that deadline. The WAYS governing board was minimally responsive to staff communications; the Executive Director was the primary respondent to address the Conflict of Interest issues. LAUSD considered the governing board's lack of independent and effective response to the Notice of Concern to be inconsistent with its fiduciary responsibility considering that the Executive Director was the subject of the self-dealing Conflict of Interest concerns which called into question the Board's capacity to govern the Charter School and successfully implement the program set forth in the petition. The WAYS Board failed to resolve the Conflict of Interest issues and only minimally attempted to do so in January 27, 2011.

The WAYS governing board is unfamiliar with the content of the petition and/or requirements of law. Cited examples included inconsistencies between the charter petition and the WAYS' corporate bylaws regarding compliance with the Brown Act which called into question whether the Board is familiar with and complies with the requirements of the Brown Act. Additionally, the Board allowed self-dealing transactions to transpire, even though the Board in the charter agreed to comply with LAUSD's charter school policies and regulations regarding Conflict of Interest.

EC § 47605(b)(5) The petition fails to provide a reasonably comprehensive description of 12 of the 16 required elements: The Educational Program, Method for Measuring Pupil Progress, Governance Structure, Health and Safety Procedures, Means for Achieving a Racial and Ethnic Balance, Admission Requirements, Submission of Independent Audit, Suspension and Expulsion Procedures, Identification of Retirement Systems, Public School Alternatives, Dispute Resolution, Closure Procedures.

Any of the above findings alone may be cause for the denial of a charter under EC § 47605(b).

The Findings of Fact state the academic performance criteria for renewal under EC § 47607(b) were met.

Response from the Petitioner

The petitioner provided a written response to the findings of the local board and submitted it as part of the petition package. The response was considered during the review process.

Appeal to the Los Angeles County Board of Education

The Los Angeles County Board of Education (County Board) held a Public Hearing to determine support for the petition on April 19, 2011.

Report on the Wisdom Academy for Young Scientists Charter

LACOE Review Process

The LACOE Charter School Review Team (Review Team) considered the petition according to the requirements of law, *California Administrative Code of Regulations*, County Board Policy and Regulations, and LACOE review procedures.

The Review Team included staff from the Controller's Office, Business Operations and Services, Risk Management, Divisions for School Improvement, Curriculum and Instruction, Special Education, Student Support Services, Human Resource Services, Office of General Counsel, and the Charter School Office.

Findings are based on a review of the same petition submitted to the local district and supporting documents submitted by the petitioner, and information provided through the Capacity Interview and other communications with the petitioner and other representatives of the school. The petitioner also submitted proposed changes (technical adjustments) to the petition necessary to reflect the County Board as the potential authorizer. These changes should reflect the statutory, policy, and structural differences between a county office of education and a local district. These differences include, but are not limited to, the statutory authority of the County Superintendent of Schools to investigate complaints as well as structural differences in the responsibilities with regard to special education services. Proposed changes provided by the petitioner were considered by the Review Team.

Findings also take into account the petition was initially submitted to a local district and contains specific references to that district. The Charter School Office confirmed that LAUSD requires the petitioner to include specific language or content in a petition. This requirement was considered by the Review Team.

Findings of Fact

Finding 1: WAYS met the academic performance criteria for renewal under *EC* § 47607(b)(1) and (2).

WAYS attained its *Academic Performance Index (API)* growth target in the prior year, in two of the last three years, and in the aggregate for the prior three years.

Academic Performance Criteria: Met Assigned Growth Targets				
Year	API Base	Growth Target	API Growth	Actual Growth
2007-08	782*	5	774	-8
2008-09	775*	5	843	68
2009-10	843*	A**	879	36
Aggregate Growth		10		96
*API is calculated for a small school (between 11 and 99 valid scores) which makes it less reliable and should be carefully interpreted. ** No growth target for schools where API is 800 or above.				

WAYS ranked in deciles 4 to 10, inclusive, on the API in the prior year and in two of the last three years.

Academic Performance: Decile Ranks*		
Year	Statewide Rank	Similar Schools Rank
2007-08	6	N/A*
2008-09	5	N/A*
2009-10	8	N/A*
* Not calculated for small schools		

While WAYS met the academic criteria necessary to be considered for renewal, there are concerns that the school has not increased or sustained its percentage of "Valid" CST scores indicating an unstable student enrollment base. Valid scores are based on the number of students tested who were continuously

Report on the Wisdom Academy for Young Scientists Charter

enrolled from norm day (CBEDS) in October through the first day of testing. For 2009-10, only 71% of tested students were continuously enrolled. At South Park Elementary School, 88% of tested students were continuously enrolled. On average, 26% of students who enroll at WAYS withdraw prior to standardized testing based the "Elementary Principal's Statistical Report" for 2007-08 through 2010-11.

Finding 2: The petition provides an unsound educational program for students to be enrolled in the school. [EC § 47605(b)(1)]

The program is determined to be unsound for specific subgroups of students as described under Finding 5: Elements 1 – 3.

Additionally, based on enrollment data for Hispanic/Latino students, English learners, students with disabilities, and data showing the number of students who leave during the year, the school is not providing a *program of educational benefit* for all students the petition states the school intends to serve.

Finding 3: The petitioners are demonstrably unlikely to successfully implement the program. [EC § 47605(b)(2)]

Based on review of the petition, supporting documents provided by the petitioner, documents provided by LAUSD, and the Capacity Interview with the school's leadership team, the petition does not meet the criteria established in *CCR, Title 5, § 11967.5.1(c)*.

1. Review of the renewal petition submitted on behalf of the WAYS board indicates the WAYS governing board lacked the capacity to govern the school.
 - A. The governing board was *unfamiliar with the content of the petition and requirements of law* with respect to Conflict of Interest. The submitted charter states the school will comply with *Government Code 1090*; however, some members of the board had prior relationships with the school and/or the Executive Director and members of her family.
 - i. The board president, a business management consultant, lists Wisdom Academy as a client on her resume, which contradicts her statement on the *Prospective Charter School Board Member Questionnaire* that consulting services were not provided.
 - ii. One board member stated on the *Prospective Charter School Board Member Questionnaire* that she is the Board President for DeDe Dance Studio, owned by the Executive Director's daughter, and is currently used by the charter school; this indicates a Conflict of Interest.
 - B. The governing board failed to comply with the terms of the charter by allowing the school to enter into a self-dealing transaction with its Executive Director regarding the school's facilities. There is no evidence that the governing board considered other sites or conducted an independent assessment of lease rates prior to entering into the agreement with the Executive Director.
 - C. The governing board allowed other conflicts of interest to exist through the hiring of members of the Executive Director's family and by permitting the Executive Director to supervise these family members while the Principal supervised other similarly employed personnel. The Executive Director's son, originally hired to oversee custodial and gardening services was promoted to Director of Operations, which involves financial responsibilities according to the Executive Director. The Executive Director's daughter, who is employed as a teacher and dance instructor, owns the dance studio used by the school.
 - D. The governing board demonstrated its inability to effectively govern the school by its failure to respond fully and in a timely fashion to the September 29, 2010 Notice to Cure regarding Conflicts of Interest issued by LAUSD. The LACOE Review Team reviewed documents received

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from both the district and the charter school. The documents indicate WAYS failed to provide a sufficient cure. WAYS governing board had eight (8) months (September 2010 to April 2011) to remedy the concerns in the Notice to Cure, and failed to do so.

2. The WAYS governing board continues to be *unfamiliar with the content of the petition and requirements of law that would apply to the proposed charter school* and lacks the *necessary background* to effectively govern the school.

A. In its response to the Findings of Fact upon which the LAUSD Board of Education denied charter renewal, WAYS submitted documents pertaining to the governance structure of the school in an effort to demonstrate that the school had taken steps to address Conflict of Interest concerns. Although these documents may not have been considered by the LAUSD Board of Education because they were submitted after the deadline to provide evidence, the LACOE Review Team considered the documents to determine whether they would substantially resolve the conflicts. The Review Team determined the documents were inadequate to resolve the Conflict of Interest concerns based on the facts presented below:

- i. The action taken by the Executive Director, and supported by the WAYS governing board, failed to resolve the conflict regarding her ownership of the property. Documents submitted by WAYS indicate the properties were placed into a revocable trust. WAYS' attorney concurred that this action failed to resolve the conflict in that "the transfer to a holding company through a revocable trust, [was] not transferring the property ownership under California law." (page 3 of the March 25, 2011 Response to LAUSD Findings of Fact) WAYS' governing board allowed the conflict to continue by executing a lease agreement with the holding company rather than requiring the Executive Director to take action that would definitively end the conflict.
- ii. The governing board failed to disclose that the school had been offered Prop 39 facilities, a viable option to resolving the issue. At the April 19, 2011 Capacity Interview, the Review Team inquired about the school's statement that it had requested a Prop 39 site. Neither the Executive Director nor WAYS board members disclosed that LAUSD had offered the school facilities on April 1, 2011. LAUSD received a letter of acceptance signed by the Executive Director on May 2, 2011. LACOE has yet to hear from WAYS regarding their decision.
- iii. Changes to the governance structure proposed after the petition was submitted to LAUSD continue to be inadequate. The Organizational Chart indicates three (3) positions report directly to the board due to the Conflict of Interest posed by the familial relationships: the Executive Director, Principal, and Director of Operations. This structure places an undue burden on the board to manage the day-to-day operations of the school. There is no evidence the current board has the capacity to govern effectively under this structure.
- iv. The governing board failed to demonstrate the ability to avoid future Conflict of Interest situations. When asked at the Capacity Interview about potential conflicts arising from the employment of multiple family members, the chain of command, and continued use of the facilities owned by the Executive Director, the board members did not explain how they would ensure that no future Conflicts of Interest would develop or how they would handle such conflicts if they did occur. The board stated that additional changes to the governance structure are being considered; these options are outside of the scope of this review as they were not available to be considered by the LAUSD Board of Education.
- v. The renewal petition submitted by WAYS fails to comply with *EC § 47607(a)(2)* which requires that *Renewals...of charters are governed by the standards and criteria in 47605, and shall include...a reasonably comprehensive description of any new requirement of charter*

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schools enacted into law after the charter was originally granted or last renewed... The petition contains references to outdated laws, policies, and practices, contains significant contradictions and omissions regarding key positions of employment, and provides elements that are not reasonably comprehensive. These deficiencies, reported under Finding 5, indicate the governing board lacks the knowledge of the laws under which the charter would operate.

3. *The petitioner has a history of involvement in education agencies (public or private) considered as unsuccessful.*
 - A. The Executive Director is listed as the petitioner. Properties she owns and leased to WAYS were previously used to house her private school. CDE records compiled from data supplied by the private school operator indicate that enrollment declined from 60 to 20 students in the three years prior to the school closing.
 - B. The WAYS Executive Director closed her private school with the intent to use the facilities she owned to house a charter school. The chronology of public records and statements made by the Executive Director during the Capacity Interview indicate she closed the private school due to insufficient enrollment. The petitioner stated she inquired about the process of becoming a charter school and was informed that the private school would need to be closed for one year prior to becoming a charter. The petitioner purposely closed the charter school as required and applied for a charter after the one year required waiting period.

The status of the Conflict of Interest issues is unclear. With the acceptance of the Prop 39 sites, the conflict regarding facilities may be resolved only if the school stops leasing its current facilities. The conflicts concerning personnel could only be resolved through a material revision to the governance structure of the charter including, but not limited to, the Executive Director's resignation or release from her current position and with the provision that she hold no future positions funded by the school. Regardless of the potential resolution to the certain Conflict of Interest issues, the Review Team considers the governing board to be ineffective in governing the school and demonstrably unlikely to successfully implement the proposed charter.

Finding 4: The petition contains an affirmation of all specified assurances. [EC § 47605(b)(4); EC § 47605(d)]

Finding 5: The petition does not contain a reasonably comprehensive description of all required elements. [EC § 47605(b)(5)(A)-(P)]

Based on criteria provided by the *California Code of Regulations, Title 5, (5 CCR) eleven (11) of the 16 elements are not reasonably comprehensive.*

Element 1: Description of the Educational Program. *Not reasonably comprehensive*

The 5 CCR § 11967.5.1(f)(1) requires the petition to address eight (8) requirements. The petition fails to meet each of the established criteria rendering aspects of the educational program deficient for specific populations the school proposes to serve: English Learners, low-achieving students, high-achieving students, and students with disabilities. The deficiencies are as follows:

1. *Failure to indicate the proposed charter school's target student population, including, at a minimum, grade levels, approximate numbers of pupils, and specific educational interests, backgrounds, or challenges.*
 - A. The petition overestimates the number of students to be served in the first year of the renewal charter and provides no build-out plan to support this assumption.

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- i. There is no build-out plan to support the proposed enrollment. The petition states (page 31) 520 students will be served in the first year of operation. At the Capacity Interview, the leadership team indicated that number is attainable only if a new site is obtained with increased capacity. The petition lacks an expansion plan except to state "...scheduled expansion to 25 [classrooms]." No plan was provided during the Capacity Interview.
 - ii. WAYS has never increased enrollment by 250 students in a single year. In 2009-10, the school enrolled 237 students, 46% of which were in grades K-1; in 2008-09, the school enrolled 177 students, of which 43% were in K-1; and in 2007-08, the school enrolled 146 students, of which 60% were in K-1. Historically, the school has seen reduced enrollment in its upper grades, although that trend was not as pronounced in 2009-10, the most recent year for which CDE data is available. At the Capacity Interview, the school stated it currently enrolls about 250 students.
 - B. The school failed to meet its goal of serving a target population "similar to that of the surrounding community" defined as 50% Hispanic/Latino and 50% African American (page 34). In 2009-10, 61% of the students were Black or African American and 38% were Hispanic or Latino as compared to LAUSD Local District 7 which was comprised of 18.6% Black or African American students and 80.4% of Hispanic or Latino Students.
 - C. The petition lacks specific information regarding its target population for students with disabilities and English learners. It states (page 33) the student population at the nearest non-charter public school is 63% English learners while the CDE reports 7% of WAYS students are English learners. The CDE reports 4% of WAYS students are identified as having disabilities which is half the rate of the two (2) closest non-charter public elementary schools.
2. *Lacks a framework for instructional design that is aligned with the needs of the pupils that the charter school has identified as its target student population.*
- A. The petition lacks detail regarding the grade levels and outcomes for each grade level and there is no framework for curriculum and/or instructional approach for English learners outlining how this population of students will be provided access to core curriculum.
 - B. While the petition states the school will provide more instructional minutes than required by the state, WAYS has been reducing the number of minutes it provided based on its Independent Audit Reports. The year ended June 30, 2009, shows 72,900 actual minutes and the year ended June 30, 2010, shows 70,200 minutes. The petition proposes 53,500 minutes for year 2011-2012; it does not explain the reason for the reductions or how the school intends to maintain its academic performance as instructional minutes are reduced.
3. *Fails to indicate how the charter school will identify and respond to the needs of pupils who are not achieving at or above expected levels.* The goals (page 47) for low achieving students are not clear and there is no indication of what advanced academic challenges will be provided for gifted and talented students (page 48).
4. *Indicates how the charter school will meet the needs of students with disabilities, English learners, students achieving substantially above or below grade level expectations, and other special student populations.*
- A. The element is deficient with respect to English learners because it fails to:
 - i. Describe adequate basic and supplemental resources to provide English learners equitable access to the core curriculum.

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- ii. Provide the manner in intervention will be given to students who struggle to acquire English language skills outside of the "45 minutes during the school day for focused English language development. This instruction will emphasize vocabulary development, phonemic awareness, and oral and writing English." (page 48)
 - iii. Describe how the Individualized Education Program (IEP) Team determines placement of English learners in need of special education services, state that non-biased assessments used to determine placement must be conducted in the student's primary language under Federal law, and that the IEP must be linguistically appropriate.
 - iv. Demonstrate understanding of the difference between meeting the needs of English learners and meeting the needs of students with disabilities. The petition (page 22) indicates that to ensure the success of English learners, the school will use a collaborative approach that fosters communication between its Resource Specialist and Speech Therapist. These specialists only provide direct services to students identified as having disabilities.
- B. The element is deficient with regard to students with disabilities because it fails to *specify the charter school's special education plan, including the process to be used to identify students who qualify for special education programs and services, how the school will provide or access special education programs and services, the school's understanding of its responsibilities under law for special education pupils, and how the school intends to meet those responsibilities.*
- i. It does not describe accommodations and/or modifications that may be used during standardized assessments or how WAYS is responsible for students with disabilities when the IEP Team exempts them from standardized testing.
 - ii. There is no mention of how parents of students with disabilities are informed about the school's educational program.
 - iii. There are deficiencies with regard to English learners and special education services as stated in "A," above.

Element 2: Measurable Pupil Outcomes. *Not reasonably comprehensive*

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(2) as follows:

- I. It fails to *specify skills, knowledge, and attitudes that reflect the school's educational objectives and can be assessed by objective means that are frequent and sufficiently detailed enough to determine whether pupils are making satisfactory progress.*
 - A. There are no identified measurable outcomes for students in Kindergarten and first grade who do not participate in Standardized Testing and Reporting (STAR).
 - B. There is no ongoing means for measuring English learners' acquisition of English or academic growth in content areas. The petition states the (California English Language Development Test (CELDT) will be administered "periodically" to monitor student progress of English language acquisition; however, it can only be administered annually which is insufficient to *evaluate the effectiveness of and to modify instruction.* The petition indicates Open Court Reading assessments will be used as formative assessments for English learners; however, they are not designed to measure progress towards English language proficiency but rather language arts skills and concepts. It fails to provide assessments to determine academic growth in other content areas.

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- C. Goals cannot be measured as stated. The petition states the percentage of students achieving proficient and advanced in History/Social Science will increase on the CST by 5% each year; there is no History/Social Science CST for grades K-5.
- D. It lacks information on how students with disabilities will be assessed on making progress toward meeting their goals and benchmarks.

Element 3: Method for Measuring Pupil Progress. *Not reasonably comprehensive*

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(3) as follows:

- 1. It does not *utilize a variety of assessment tools that are appropriate to the skills, knowledge, or attitudes being assessed, including, at minimum, tools that employ objective means of assessment consistent with the measurable pupil outcomes.*
 - A. Information is limited on how stated internal assessments (text based, benchmark performance, unit level, etc.) are used *as objective means* to assess student progress *consistent with measurable outcomes* (page 98). Language is vague and fails to indicate how assessments are used in English-Language Arts, math, science, social studies, and English Language Development.
 - B. There is no information regarding assessment of K-1 students who do not participate in STAR. This is of particular concern since about half the school's enrollment is in grades K-1.
 - C. Out of date assessments are proposed in violation of EC § 47606(a)(2). The petition states the school will administer the CAT 6, which is obsolete, and proposes performance objectives based on data from this assessment.
- 2. It does not *outline a plan for collecting, analyzing, and reporting data on achievement of English learners to school staff and to pupils' parents and guardians, and for utilizing the data continuously to monitor and improve the charter school's educational program.* There is no mention of English learner's testing performance or academic monitoring of English language levels beyond use of the CELDT. Nor is there mention of providing accommodations and/or modifications for standardized tests for students with disabilities; tests used to determine eligibility for special education programs and services; the manner and type of data maintained for students with disabilities; or how information will be disseminated to parents of students with disabilities.

Element 4: Governance Structure. *Not reasonably comprehensive*

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(4) as follows:

- 1. There is lack of *evidence of the charter school's incorporation as a non-profit public benefit corporation* for the purpose of running a charter school. While the articles of incorporation and bylaws provide evidence of the charter school's non-profit public benefit corporation status, governing a charter school is not listed as the specific purpose of this corporation. The petitioners have failed to amend these documents to reflect the running of a public charter school. As stated above in Finding 3, 3.B, the WAYS Executive Director purposely closed her private school with the intent to use the facilities she owned to house a charter school.
- 2. There is a lack of *evidence that the organizational and technical designs of the governance structure reflect a seriousness of purpose necessary to ensure that:*
 - A. *The charter school will become and remain a viable enterprise.* The governance structure fails to provide adequate oversight of the school's operation and fiscal management. Failure of the articles of incorporation and bylaws to state the purpose of the corporation is to provide for the

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operation of a publicly funded charter school is further evidence that the structure lacks a *seriousness of purpose*. The bylaws states the board has only one regularly scheduled meeting, which is insufficient to provide for effective governing of a public charter school. The governing board's lack of effective oversight has jeopardized the school's charter status and there is no evidence that the board can implement the proposed educational program stated in the petition.

- B. The petition does not provide a clear description of the governance and management structure. It is difficult to know the duties and responsibilities of management. The Organization Chart (Appendix B) conflicts with information provided elsewhere in the petition.
- C. The petition makes no commitment to complying with the Political Reform Act (PRA), which is required of all charter schools. The petition fails to include a Conflict of Interest policy which is required under the PRA.
- D. The body of the petition states that meetings will comply with the Brown Act (page 109). However, certain provisions of the bylaws appear to be in direct conflict with the Brown Act.
 - i. Section 4.6, Place of Meetings allows for meetings outside California. The Brown Act requires that the Board's meetings be held within the boundaries of the territory within which it has jurisdiction.
 - ii. Section 4.7, Regular Meetings authorizes meetings "without call or notice" in violation of the Brown Act. The Brown Act requires that at least 72 hours before a regular meeting an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting shall be posted.
 - iii. Section 4.11, Telephone Meetings, authorizes teleconferencing and video teleconferencing to constitute presence but fails to state the necessary safeguards that would render it compliant with the Brown Act such as posting agendas at the teleconferencing location and ensuring those locations are fully accessible to members of the public.
 - iv. Section 4.14, Action without Meeting, permits the Board to take an action without a meeting if all the members of the Board consent in writing to such action. This violates the Brown Act requirement that the board not take action on any item of business outside a meeting.
 - v. Section 4.7, the Board of the Merle Williamson Foundation is required to meet only once per year, on the last Friday in June; the Brown Act requires regularly scheduled meetings.
 - vi. The Agenda for the Special Board Meeting held Saturday, April 30, 2011, documents specific violations of the Brown Act with respect to items discussed in Closed Session.

Element 5: Employee Qualifications. *Not reasonably comprehensive*

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(5) as follows:

- 1. There is insufficient information on the *general qualifications for the various categories of employees (e.g., administrative, instructional, instructional support, non-instructional support)* and whether the *qualifications are sufficient to ensure the health, and safety of the school's faculty, staff, and pupils.*
- 2. It fails to *identify those positions that the charter school regards as key in each category and specify the additional qualifications expected of individuals assigned to those positions.*

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- A. The petition fails to provide job descriptions and/or minimum qualifications for the following positions listed in the petition: Special Education Program Coordinator (page 96), Academic Co-Principals (page 112), Coordinator of Operations (page 128), and Academic Consultants and Director of Operations (Appendix B). Qualifications for Executive Director are absent.
 - B. The Organization Chart (Appendix B) is deficient. It fails to include an Executive Director, although there is a job description (page 120) outlining critical duties such as "oversee the school-operating budget...instructional program...classroom management...supervise staff...be an active member of the school board." Based on the job description, it is unclear if the Executive Director is a member of the board. Appendix B lists board members by name; the Executive Director's name is absent. The Organizational Chart includes a "Director of Operations," with no job description or qualifications provided for that position. It is unclear if it is the same as "Coordinator of Operations." The Organizational Chart identifies "Auxiliary Staff," but lacks specific corresponding positions.
3. *Specify that all requirements for employment set forth in applicable provisions of law will be met, including, but not limited to credentials as necessary.* Teacher qualifications (page 122) state the CA SB 2042 teaching credential is required; this will exclude teachers who hold Ryan multiple subject credentials and life elementary credentials with added English language certification.

Element 6: Health and Safety Procedures. *Reasonably comprehensive*

Element 7: Means to Achieve a Reflective Racial and Ethnic Balance. *Not reasonably comprehensive*

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(7) based on evidence that:

1. During the term of its first charter, WAYS failed to *achieve a racial and ethnic balance among its pupils that is reflective of the general population residing within the territorial jurisdiction of the school district in which it is located* as indicated on in the chart on page two (2) of this report. Enrollment of Hispanic/Latino students is not comparable to the two (2) closest LAUSD non-charter elementary schools.
2. The description of the student population (required under Element 1) and the proposed recruitment plan show no indication WAYS is aware that it failed to achieve the required ethnic balance and provides no corrective action in its plan. The recruitment plan is vague and lacks benchmarks that could guide the school toward correcting the deficiency.

Element 8: Admission Requirements. *Not reasonably comprehensive*

The petition fails to meet the requirements of CCR, Title 5, § 11967.5.1(f)(8) as follows:

1. It does not comply with *the requirements of EC § 47605(d) which, by reference, includes EC § 220 and CA Penal Code § 422.55 as the other applicable provision[s] of law* in its statement of non-discrimination of protected classes. The petition additionally violates EC § 47607(a)(2) because the deficiency is the result of failing to update the renewal petition. This failure could result in the school engaging in discriminatory practices in its admissions procedures and policies.
2. *The process for conducting the lottery* is absent from the petition.
3. The preference given to siblings is *likely to negatively impact* the school from attaining its stated *racial and ethnic goal*.

Element 9: Annual Independent Financial Audits. *Not reasonably comprehensive*

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1. Provides an unacceptable description of *how the costs of the dispute resolution process would be funded*. LACOE cannot agree to the provision, "Any party who fails or refuses to submit to arbitration shall bear all costs and expenses incurred by such other party in compelling arbitration of any controversy, claim or dispute."
2. It fails to *recognize that if the substance of a dispute is a matter that could result in the taking of appropriate action, including, but not limited to, revocation of the charter in accordance with EC § 47607, the matter will be addressed at the County Board's discretion in accordance with that provision of law and any regulations pertaining thereto.*
 - A. While the petition states that "any controversy or claim... except [one] that is in any way related to revocation of this Charter must be put in writing," the language does not unequivocally exempt any issue related to revocation from first having to go through Element 14 (Dispute Resolution).
 - B. The Dispute Resolution element provides for unreasonable timelines. For instance, mediation must occur within 120 days to four (4) months after the Issues Conference and there is no timeline within which arbitration, the final step, must occur.

Element 15: Exclusive Public Employer. *Reasonably comprehensive*

Element 16: Closure Procedures. *Reasonably comprehensive with specific deficiencies*

The petition fails to meet the requirements as defined by CCR, Title 5, § 11962 as follows:

1. It does not comply with the requirement for *transfer and maintenance of personnel records in accordance with applicable law or state how the school will return any donated materials and property if closed.*
2. Closure procedures reflect the LAUSD Board of Education as the authorizer; the petitioner did not submit necessary changes to reflect the County Board as the potential authorizer. This is of particular importance with regard to special education as WAYS currently operates as a school of the district for special education services and would be a Local Education Agency (LEA) if authorized by the County Board.

Finding 6: The petition does not satisfy all of the Required Assurances of Education Code section 47605(c), (e) through (j), (l), and (m) as follows:

Standards, Assessments and Parent Consultation. *Does not meet the condition*

The petition does not provide evidence required by EC § 47605(c) that charter schools:

1. *Meet all statewide standards and conduct the pupil assessments required pursuant to EC § 60605 and 60851 and any other statewide standards authorized in statute or pupil assessments applicable to pupils in non-charter public schools.* It fails to meet this condition due to its stated use of outdated tests and failure to specify correct procedures for students with special needs.
2. *The school shall, on a regular basis, consult with their parents and teachers regarding the school's educational programs.* It fails to meet the condition as there is no indication that WAYS provides a method for parents of English learners to provide input on programs specific to English learners and there is no mention of how parents of students with disabilities will be informed about the school's educational program.

Effect on the Authorizer and Financial Projections. *Does not provide the necessary evidence*

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EC § 47605(g) requires the petition to provide information regarding the proposed operation and potential effects of the school on the authorizer. Requirements regarding the budget and facilities currently under lease were met. Concerns are as follows:

1. The petition does not provide evidence that there are no potential civil liability effects. Due to the Conflict of Interest issues raised by LAUSD and WAYS' failure to resolve those conflicts, there are concerns with the potential liability effects that authorizing the charter may bring to the County Board if the charter is authorized and the conflicts continue or recur.
2. While the current budget and projections for the next two years seem reasonable, the cost of facilities is unknown as the current lease expires in June 2011. The budget reflects an increase to lease expenses for expansion, based on current expenditures; however, if the school were to remain at the current site, it is unknown whether the holding company might raise the rate for the current sites, which would impact the out-year budgets.

Teacher Credentialing Requirement. *Does not meet the condition*

EC § 47605(l) requires that *teachers in charter schools shall be required to hold a CCTC certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold...It is the intent of the Legislature that charter schools be given flexibility with regard to noncore, non-college preparatory courses.* The petition fails to meet the condition because there is no mention of the type of credential a teacher would need to teach students with disabilities and teacher qualifications limited to SB 2042 credentials as reported under Element 5.

EXHIBIT 20

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG
SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered,
seconded, and adopted:

"Be it Resolved, that the Board of Directors of this
corporation be and is hereby authorized, empowered, and
directed to enter a Commercial Property Lease 2013-14
Fiscal Year – 7651 South Central Ave Los Angeles, Ca on
behalf of said corporation.

Furthermore, all actions taken regarding this matter are in
accordance with applicable provisions of laws of the State of
California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a
majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

000915

Lease Agreement

This Lease is made as of August 1, 2013, between The Salvation Army, a California corporation, whose address is 180 East Ocean Boulevard, Long Beach, CA 90802 ("Landlord") and Wisdom Academy for Young Scientists, a California nonprofit public benefit corporation, whose address is 706 E. Manchester Avenue, Los Angeles, CA 90001 ("Tenant").

1. DEFINITIONS. The following terms used in this Lease shall have the meanings set forth below.

- 1.1. Base Rent: \$13,387.54 per month (August 2013 – May 2014); \$1,512.75 (June 2014 – July 2014).
- 1.2. Intentionally Omitted.
- 1.3. Commencement Date: August 1, 2013.
- 1.4. Expiration Date: July 31, 2014.
- 1.5. Parking. School may only use assigned parking stalls. Unauthorized use of parking stalls will incur a \$15 per day charge.
- 1.6. Intentionally Omitted.
- 1.7. Premises: Siemon Family Youth & Community Center, 7651 South Central Avenue, Los Angeles, CA 90001, as specified on Exhibit A.
- 1.8. Security Deposit: \$13,492.00
- 1.9. Intentionally Omitted.
- 1.10. Use: Elementary School, Grades K-5
- 1.11. Intentionally Omitted

2. EXHIBITS. The following exhibits are attached to and made a part of this Lease: Schedule of shared space including square footage, supported by Exhibit A layout of the building.

3. LEASE. Landlord leases to Tenant the Premises, and Tenant leases the Premises from Landlord, subject to the terms and conditions of this Lease. Tenant accepts the Premises in "as is" condition and acknowledges that Landlord makes no representation or warranty, express or implied in fact or by law, as to the condition of the Premises. The Lease term ("Term") shall begin on the Commencement Date and end on the Expiration Date unless sooner terminated pursuant to the provisions of this Lease. Landlord shall have the right, at any time upon entering into a contract for the sale of the premises, to cancel this lease, and the term hereby granted, upon giving to the Tenant 30 days' notice of intention to do so, and upon the expiration of said 30 days, the Tenant agrees to vacate the premises and to surrender this lease and the term hereby granted at the end of the then current school year. The term of this lease may be extended for one (1) additional year by Tenant, which option shall not be exercised except but by written notification to Landlord of its election at least sixty (60) days prior to the Expiration Date. Such extension shall be subject to all other terms of this Lease except that the rent will reflect a 3.5% increase.

In addition, this Lease may be terminated by either party in the event that the Tenant's charter school contract with LACOE is, for any reason, revoked or not renewed.

4. USE. Tenant shall use the Premises, at all times during the Term, for the Use and for no other use or purpose. Tenant shall, at its cost, fully comply with all laws, statutes, codes, rules, regulations, ordinances, order, judgments, decrees, write, permits, certificates, licenses, or other authorizations, directions, or requirements. Tenant shall not do or permit any act to be done or to exist upon the Premises, which may (a) be dangerous, unless safeguarded as provided for by Legal Requirements; (b) constitute a public or private nuisance; (c) interfere with landlord's own operations in the building, including loitering or trespassing by its invitees; or (d) make any insurance void or voidable or cause any increase in insurance premiums. Tenant shall neither cause nor permit the Premises to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce, or process Hazardous Materials; neither cause nor permit a release or threatened release of Hazardous Materials onto the Premises or any other property as a result of any intentional or unintentional act or omission on the part of Tenant; comply with all applicable Legal Requirements related to Hazardous Materials; and cooperate with Landlord in compliance with Legal Requirements in regard to the Building including but not limited to any upgrading of life safety systems or removal of asbestos, it being acknowledged that the Building may not have all systems and Improvements which would be required if the Building were newly constructed as of the date of this Lease. Tenant shall faithfully observe and comply with rules and regulations as promulgated by Building Management from time to time. Landlord shall not be responsible for the nonperformance by others of any of such rules and regulations. "Hazardous Materials" are defined as any flammable explosives, radioactive materials, oil or petroleum products and their by-products, asbestos, polychlorobiphenyls, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials as defined under or regulated by any Legal Requirements, including, without limitation, the following statutes and the regulations promulgated under their authority: (a) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. §§ 9601 et seq.); (b) the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§ 1801 et seq.); and (c) the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. §§ 6901 et seq.).

Landlord shall provide Tenant with a copy of the most current Certificate of Occupancy and Fire Inspection Report for the property. Landlord shall notify Tenant immediately in the event of any change in status.

4.1 Tenant Representations and Warranties.

4.1.1. Tenant has conducted its own investigation into the uses permitted by zoning, land use regulations, or other governmental restrictions and regulations, and Tenant is satisfied that it can use the Premises for the Use permitted under the Lease.

4.1.2. Landlord has made no representation to Tenant regarding its intended use or uses permitted for the Premises, and Tenant is relying solely upon its own investigation in determining the suitability of the premises for Tenant's intended use.

4.1.3. Tenant understands that its obligation to pay rent is independent of any restrictions or limitations on its intended uses, such that any restrictions, limitations, or prohibitions of its intended use by any government authority shall not relieve Tenant of its obligation to pay rent.

5. RENT. Tenant shall pay Base Rent and all sums due under this Lease (together, "Rent") when due, without notice or demand. Base Rent is payable monthly in advance on or before the first of each calendar month during the Term (prorated for partial months, if any). Other sums shall be paid upon notification by Landlord. If payment is not received when due, an administrative fee and late charge of 5% of base rent shall be immediately due and payable without notice or demand. This provision is not a grace period; it is not a penalty, but liquidated damages to defray administrative and related expenses. An additional administrative fee and late charge shall become immediately due and payable on the first of each month for which any portion of a payment (or administrative fee and late charge) remains unpaid, and for processing of any check returned unpaid. Tenant acknowledges that Rent payments shall be made by Tenant to Landlord without any claim on the part of Tenant for diminution, setoff, or abatement. Nothing shall suspend, abate, or reduce any Rent.

5.1. Additional Rent. All taxes, insurance costs, utilities, and maintenance costs which Tenant is required to pay by this Lease, and any other sum which Tenant is required to pay to Landlord or third parties shall be additional rent.

6. SECURITY DEPOSIT. Upon the execution of this Lease, Tenant shall deposit with Landlord a Security Deposit in the amount set forth in Section 1.8 above. No interest shall be paid on the Security Deposit. Landlord shall not be required to keep the Security Deposit separate from its other accounts and no trust relationship is created with respect to the Security Deposit.

7. SERVICES. No electric current shall be used except as provided by Landlord; no electric cable or wire shall be brought into the Premises except with Landlord's prior written consent. Tenant shall not use machines that use more than standard current or which shall overload the Building's circuits. Any consumption of electricity in excess of that which is customary for all tenants, or requiring special circuits or equipment, shall require Landlord's prior approval and the cost thereof shall be paid to Landlord. Landlord is not providing security services. Parking shall be provided as described in 1.5.

7.1. Utilities and Other Services. The following utilities are included in the monthly rent: electricity, heat, cooling, and janitorial. The Landlord shall provide janitorial services to clean the Premises, common areas, and restroom facilities in compliance with all applicable laws.

8. REPAIRS AND MAINTENANCE.

8.1. Landlord's Obligations. The following shall be the responsibility of the Landlord:

8.1.1. Repairs and maintenance of the roofs and gutters, exterior walls (including painting), bearing walls, structural members, and foundations.

8.1.2. Repair of sidewalks, driveways, curbs, parking areas, and areas used in common by Tenant and Landlord or tenants of other portions of the Building.

8.1.3. Repair and maintenance of exterior water, sewage, gas, and electrical services up to the point of entry to the Leased Premises.

8.1.4. Repair and maintenance of the heating and air conditioning system.

8.1.5. Repair of interior walls, ceilings, doors, and windows and related hardware, light fixtures, switches, wiring, and plumbing from the point of entry to the Premises.

8.2. Tenant's Obligations. The following shall be the responsibility of Tenant, with respect to the office space it exclusively occupies:

8.2.1. Repair of interior walls, ceilings, doors, windows, and related hardware, light fixtures, switches, and wiring and plumbing from the point of entry to the Premises.

8.2.2. Any repairs necessitated by the negligence of Tenant, its agents, employees, and invitees.

8.3. Landlord's Interference with Tenant. Any repairs, replacements, alterations or other work performed on or around the Premises by Landlord shall be done in such a way as to interfere as little as reasonably possible with use of the Premises by Tenant. Tenant shall have no right to an abatement of rent nor any claim against Landlord for any inconvenience or disturbance resulting from Landlord's activities performed in conformance with the requirement of this provision.

8.4. Reimbursement for Repairs Assumed. If either party fails or refuses to make repairs which are required by this Section 4, the other party may make the repairs and charge the actual costs of repairs to the first party. Such expenditures by Landlord shall be reimbursed by Tenant on demand together with interest at the rate of nine percent per annum from the date of expenditure by Landlord. Such expenditures by Tenant may be deducted from rent and other payments subsequently becoming due or, at Tenant's election, collected directly from Landlord. Except in an emergency creating an immediate risk of personal injury or property damage, neither party may perform repairs which are the obligation of the other party and charge the other party for the resulting expense unless at least 30 days before work is commenced the defaulting party is given notice in writing outlining with reasonable particularity the repairs required, and such party fails within that time to initiate such repairs in good faith.

8.5. Inspection of Premises. Landlord shall have the right to inspect the Premises at any reasonable time or times to determine the necessity of repair. Whether or not such inspection is made, the duty of Landlord to make repairs shall not mature until a reasonable time after Landlord has received from Tenant notice in writing of the repairs that are required.

9. CONDITION OF PREMISES. Tenant shall not make or suffer to be made any alterations, additions, improvements, or utility installations (collectively, "Alterations") to the Premises, including painting, or any part thereof without the prior consent of Landlord. Tenant shall not, without Landlord's prior consent that may be granted or withheld in Landlord's sole discretion, paint, install window treatment, hang shelves or paintings or otherwise alter the Premises. Tenant may not install signs within or without the Premises that can be seen from any other part of the Building, or from outside the Building, without Landlord's prior written consent. Landlord and Landlord's employees and other agents shall have the right, but not the

obligation, upon reasonable notice to Tenant, and at reasonable times, to enter upon and pass through the Premises from time to time in order to (a) make an examination of the Premises, and (b) show the Premises to prospective purchasers, mortgagees, prospective mortgagees, and others. In the event of an emergency, Landlord and Landlord's agents shall have the right, but not the obligation, without any notice to Tenant, to take such actions, whether on or off the Premises, as Landlord shall deem appropriate to respond to the emergency. Tenant shall accept the Premises in its "as-is" condition.

10. INSURANCE AND TAXES.

10.1. Liability Insurance. Tenant shall, at its own cost and expense, maintain commercial general liability insurance protecting against loss of life, bodily injury and property damage, any and all liability occasioned by negligence, occurrence, accident, or disaster with respect to the Premises and Tenant's operations thereon, with such insurable limits as Landlord may from time to time require, but in no event less than Two Million and No/100 Dollars (\$2,000,000.00) combined single limit bodily injury and property damage liability on an occurrence basis with a Two Million and No/100 Dollars (\$2,000,000.00) aggregate. Such insurance shall name Landlord as additional insured, and Tenant shall provide Landlord with an additional insured endorsement, and such insurance shall be primary and not excess to Landlord's insurance. Tenant's insurance shall be with an insurer acceptable to Landlord. Tenant shall provide a copy of the policy, or a binding certificate, to Landlord upon execution of this Lease.

10.2 Property Insurance. Landlord shall keep the Premises insured at Landlord's expense against fire and other risks covered by a standard fire insurance policy with an endorsement for extended coverage. Tenant shall bear the expense of any insurance insuring the Tenant's property on the premises against such risks.

10.3. Waiver of Subrogation. Neither party shall be liable to the other (or to the other's successors or assigns) for any loss or damage caused by fire or any of the risks enumerated in a standard fire insurance policy with an extended coverage endorsement, and in the event of insured loss neither party's insurance company shall have a subrogated claim against the other.

10.4. Taxes. Tenant is exempt for property tax assessment pursuant to Revenue and Taxation Code section 202(a)(3). Tenant and Landlord agree to reasonably cooperate in order to obtain exemption determination from County Tax Assessor. In the event that clearance is not obtained or lost, Tenant shall pay all real property taxes and assessments on the Premises (for Tenant's portion of Premises) when due.

11. INDEMNIFICATION. Tenant agrees to defend, indemnify and save harmless Landlord against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations, arising from Tenant's use of the Premises or the conduct of its business or from any activity, work or thing done, omitted, permitted or suffered by Tenant in or about the Premises, and will further defend, indemnify and save the Landlord harmless against and from any and all claims arising from any breach or default on Tenant's part in the performance of any

covenant or agreement on Tenant's part to be performed, pursuant to the terms of this Lease, or arising from any act or negligence of Tenant, and from and against all costs, counsel fees, experts fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding to be brought against Landlord by reason of any such claim, Tenant upon notice from the Landlord covenants to resist or defend at Tenant's expense such action or proceeding by counsel reasonably satisfactory to Landlord. Tenant as a material part of the consideration to Landlord hereby assumes all risk of damaged to property in, upon, or about the part of the Premises which Tenant exclusively occupies from any source to whomever belonging, and Tenant hereby waives all claims in respect thereof against Landlord and agrees to defend and save Landlord harmless from any action, dispute, complaint or otherwise relation to any violation of the Americans with Disabilities Act of 1990 an all regulations issued thereunder that are within Tenant's responsibility.

Landlord agrees to defend, indemnify and save harmless Tenant against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations, arising from Landlord's use of the Premises or the conduct of its business or from any activity, work or thing done, omitted, permitted or suffered by Landlord in or about the Premises, except to the extent of Tenant's negligence or willful misconduct, and will further defend, indemnify and save the Tenant harmless against and from any and all claims arising from any breach or default on Landlord's part in the performance of any covenant or agreement on Landlord's part to be performed, pursuant to the terms of this Lease, or arising from any act or negligence of Landlord, and from and against all costs, counsel fees, experts fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding to be brought against Tenant by reason of any such claim, Landlord upon notice from the Tenant covenants to resist or defend at Landlord's expense such action or proceeding by counsel reasonably satisfactory to Tenant.

12. CONSTRUCTION LIENS. Except with respect to activities for which Landlord is responsible, Tenant shall pay as due all claims for work done on and for services rendered or material furnished to the Premises and shall keep the Premises free from any liens. If Tenant fails to pay any such claims or to discharge any lien, Landlord may do so and collect the cost as additional rent. Any amount so added shall bear interest at the rate of nine percent per annum from the date expended by Landlord and shall be payable on demand. Such action by Landlord shall not constitute a waiver of any right or remedy which Landlord may have on account of Tenant's default.

13. DAMAGE AND DESTRUCTION.

13.1. Partial Damage. If the Premises are partly damaged and paragraph 13.2 below does not apply, the property shall be repaired by Landlord at Landlord's expense. Repairs shall be accomplished with all reasonable dispatch subject to interruptions and delays from labor disputes and matters beyond the control of Landlord and shall be performed in accordance with the provisions of paragraph 4.3 above.

13.2. Destruction. If the leased Premises are destroyed or damaged such that the cost of repair exceeds 40 percent of the value of the structure before the damage, either party may elect to terminate the lease as of the date of the damage or destruction by notice given to the other in writing not more than 45 days following the date of damage. In such event, all rights and obligations of the parties shall cease as of the date of termination, and Tenant shall be entitled to the reimbursement of any prepaid amounts paid by Tenant and attributable to the anticipated term. If neither party elects to terminate, Landlord shall proceed to restore the leased Premises to substantially the same form as prior to the damage or destruction. Work shall be commenced as soon as reasonably possible and thereafter shall proceed without interruption except for work stoppages on account of labor disputes and matters not under control of Landlord.

13.3. Rent Abatement. Rent shall be abated during the repair of any damage to the extent the Premises are untenantable, except that there shall be no rent abatement where the damage occurred as the result of the fault of Tenant.

14. EMINENT DOMAIN.

14.1. Partial Taking. If a portion of the Premises is condemned and paragraph 9.2 does not apply, the lease shall continue on the following terms:

(a) Landlord shall be entitled to all of the proceeds of condemnation, and Tenant shall have no claim against Landlord as a result of the condemnation.

(b) Landlord shall proceed as soon as reasonably possible to make such repairs and alterations to the Premises as are necessary to restore the remaining Premises to a condition as comparable as reasonably practicable to that existing at the time of the condemnation.

(c) After the date on which title vests in the condemning authority or an earlier date on which alterations or repairs are commenced by Landlord to restore the balance of the property in anticipation of taking, the rent shall be reduced in proportion to the reduction in value of the leased Premises as an economic unit on account of the partial taking. If the parties are unable to agree upon the amount of the reduction of rent, the amount shall be determined by arbitration in the manner as is provided in Section 17.

(d) If a portion of Landlord's property not included in the leased Premises is taken and severance damages are awarded on account of the leased Premises, or an award is made for detriment to the leased Premises as a result of activity by a public body not involving a physical taking of any portion of the leased Premises, this shall be regarded as a partial condemnation to which subparagraphs 9.1(a) and (c) apply, and the rent shall be reduced to the extent of reduction in rental value of the Premises as though a portion had been physically taken.

14.2. Total Taking. If a condemning authority takes all of the leased Premises or a portion sufficient to render the remaining Premises reasonably unsuitable for the use which Tenant was then making of the Premises, the lease shall terminate as of the date the title vests

in the condemning authorities. Such termination shall have the same effect as a termination under paragraph 9.1(a) above. Landlord shall be entitled to all of the proceeds of condemnation, and Tenant shall have no claim against Landlord as a result of the condemnation.

14.3. Sale in Lieu of Condemnation. Sale of all or part of the leased Premises to a purchaser with the power of eminent domain in the face of a threat or probability of the exercise of the power shall be treated for the purposes of this Section 9 as a taking by condemnation.

15. ASSIGNMENT; SUBLETTING. Tenant shall not in any manner make or allow any assignment, subletting, or occupancy arrangement or any encumbrance of the Premises or this Lease. Any attempt to do any of the foregoing without Landlord's prior written consent shall be void. A change in ownership of Tenant shall be deemed an assignment.

16. DEFAULT; REMEDIES.

16.1. An Event of Default shall occur if any payment to be made under this Lease is not made when due; if any obligation of Tenant is not timely performed or Tenant shall otherwise be in default of a provision of this Lease; or if Tenant shall be brought within the purview of a Bankruptcy Court, whether adjudicated a bankrupt or not.

16.2. If there is an Event of Default by Tenant, Landlord, at Landlord's option, may elect to do one or more of the following: (a) accelerate all of the remaining Rent for the Term, in which event all Rent shall become immediately due and payable; (b) terminate this Lease and re-enter the Premises and remove all persons and property from the Premises, by summary proceedings or by any other suitable action or proceeding at law, or otherwise; or, (c) without terminating this Lease, re-enter the Premises and remove all persons and property from the Premises, by summary proceedings or otherwise, and relet the Premises. If Landlord elects to terminate this Lease, Tenant shall quit and peacefully surrender the Premises to Landlord, without any payment by Landlord for doing so, on or before the effective date of termination, and all Rent shall be paid up to the effective date of termination, together with such expenses, including attorneys' fees, as Landlord shall incur in connection with such termination. No receipt of money by Landlord from Tenant after termination of this Lease shall reinstate, or extend the Term, effect any notice previously given by Landlord to Tenant, or operate as a waiver of the right of Landlord to enforce the payment of Rent. If Landlord shall terminate this Lease, Landlord shall be entitled to retain, free of trust, all sums then held by Landlord pursuant to any of the provisions of this Lease. In the event of any re-entry and/or dispossession by summary proceedings or otherwise without termination of this Lease, all Rent shall become due and shall be paid up to the time of such re-entry and/or dispossession, together with such expenses, including attorneys' fees, as Landlord shall incur in connection with such re-entry and/or dispossession by summary proceedings or otherwise; all Rent for the remainder of the Term may be accelerated and due in full; and Landlord may relet all or any part of the Premises, either in the name of Landlord or otherwise, for a term which may, at Landlord's option, be

equal to, less than, or greater than the period which would otherwise have constituted the balance of the Term. Tenant shall pay, as additional Rent, to Landlord, as they are incurred by Landlord, such reasonable expenses as Landlord may incur in connection with reletting including, without limitation, attorneys' fees, brokerage commissions, and expenses incurred in altering, repairing, and putting the Premises in good order and condition and in preparing the Premises for reletting. If Tenant shall not have paid accelerated Rent, Tenant shall pay in monthly installments on the due dates for Rent payments for each month of the balance of the Term, the amount by which any Rent payment exceeds the net amount, if any, of the rents for such period collected on account of the reletting of the Premises; any suit brought to collect such amount for any months shall not prejudice in any way the rights of Landlord to collect the deficiency for any subsequent months by a similar action or proceeding. Landlord shall have as Landlord's absolute property, any sums collected by Landlord upon reletting the Premises after Landlord shall resume possession of the Premises including, without limitation, any amounts by which the sums so collected shall exceed the continuing liability of Tenant under this Lease. If Landlord shall have accelerated and collected Rent payments and subsequently shall have relet the Premises, then Landlord, after deducting all costs related to reletting shall pay to Tenant the amount remaining which is collected as Rent for each month, to the extent Landlord shall have previously received the Rent for such month from Tenant.

17. RELOCATION. Landlord may relocate Tenant to another location in the Building, without releasing Tenant of any obligation under this Lease for the full Term. If Landlord remodels a substantial portion of the Building and deems the Premises to be needed for other purposes than this Lease, Landlord may relocate Tenant in the Building or terminate this Lease.

18. MISCELLANEOUS.

18.1. Neither Landlord nor any disclosed or undisclosed principal of Landlord (or officer, director, stockholder, partner or agent of Landlord or of any such principal), nor any successor of any of them, shall have any personal liability for any such failure under this Lease or otherwise. The provisions of this Section shall apply only to Landlord and the parties above-described. They shall not be for the benefit of any insurance company or other third party. Except as specifically set forth in this Lease, Tenant hereby expressly waives its rights under any and all Laws, to terminate this Lease (whether prior to or after the commencement of the Term) or to withhold any payment owed by Tenant under this Lease, on account of any damage, condemnation, destruction, or state of disrepair of the Premises, or any part thereof, it being the parties' intent that the provisions of this Lease shall govern the parties' rights and obligations with respect to such matters. Any holder(s) of any fee mortgage shall have no obligations whatsoever under this Lease. This Lease shall at all times be subordinate to any fee mortgage encumbering the Property. If the holder of any fee mortgage shall succeed to Landlord's interest in this Lease, Tenant shall, upon request, attorn to such holder in writing. In the event of any transfer of Landlord's interests, Landlord shall be released and relieved from all liability and responsibility thereafter accruing to Tenant and Landlord's successor shall be liable and responsible to Tenant with respect to all obligations of Landlord under this Lease accruing from and after the date of such transfer.

18.2. Tenant shall, on the last day of the Term or upon any termination of this Lease, surrender and deliver up the Premises to Landlord "broom clean" and in good condition and repair, subject to ordinary wear and tear, with all equipment and tenant improvements removed if Landlord so requests. All personal property and other belongings that are left upon the Premises at the time of such surrender shall be deemed to have been abandoned. The cost to Landlord of removal, sale and/or storage of such property shall be paid to Landlord by Tenant.

If Tenant does not immediately surrender the Premises to Landlord at the end of the Term, then Tenant shall pay to Landlord double the amount of the Rent payable by Tenant for the last month of the Term for each month or portion thereof that Tenant holds over, plus all damages that Landlord may suffer on account of Tenant's failure to surrender possession to Landlord, and shall indemnify and save Landlord harmless from and against all claims made by any succeeding tenant of the Premises or broker procuring such tenant, related to delay in delivering possession to such succeeding tenant, so far as such delay is occasioned by failure of Tenant so to surrender the Premises. No receipt of money by Landlord from Tenant after termination of this Lease or the service of notice of suit or judgment for possession shall reinstate or extend the Term or affect any such notice, demand, suit or judgment. No act or thing done by Landlord or its agents, including acceptance of keys to the Premises, during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises shall be valid unless it be made in writing and subscribed by a duly authorized officer or agent of Landlord.

18.3. At any time and from time to time during the Term, within ten (10) days after request by Landlord, Tenant will execute, acknowledge, and deliver to Landlord and its designees, a certificate which states (a) that this Lease is unmodified and in full force and effect, or if there have been modifications, that this Lease is in full force and effect as modified, and identifying the modification agreements; (b) the date to which the Rent has been paid; (c) the nature and extent of any existing default by either party as to which a notice has been given to the other party; (d) whether or not there are any setoffs, defenses, or counterclaims against enforcement of the obligations to be performed under this Lease existing in favor of Tenant; and (e) other matters which Landlord may reasonably request.

18.4. If a claim for brokerage or similar fees in connection with this transaction is made by any other broker, agent, salesman, or finder other than Brokers claiming to have dealt through or on behalf of one of the parties to this Lease, then such party shall indemnify, defend, and hold harmless the other party from all liabilities, damages, claims, costs, fees, and expenses (including reasonable attorneys' fees) with respect to such claim for brokerage. The provisions of this Section shall survive the expiration or termination of this Lease.

18.5. Each Notice shall be deemed to have been given (a) when in writing; (b) when sent by personal delivery, facsimile, Federal Express or other widely recognized overnight delivery service, or registered or certified mail; (c) upon receipt or refusal of receipt by the person to

whom it is addressed; and (d) when addressed to each applicable person at the applicable addresses set forth on the first page of this Lease, or to such other person or address as a party shall in the future designate by giving notice to the other.

18.6. Each party represents to the other that it has full legal right, power, and authority to enter into, execute, and perform this Lease. All the rights and remedies of Landlord under this Lease or pursuant to present or future law shall be deemed to be separate, distinct, and cumulative. No one or more of them, whether exercised or not, nor any mention of or reference to any one or more of them in this Lease, shall be deemed to be in exclusion of, or a waiver of, any of the others, or of any of the rights or remedies which Landlord may have under this Lease, at law, and/or in equity. Landlord shall have, to the fullest extent permitted by law, the right to enforce any rights or remedies separately and to pursue any lawful action or proceedings to exercise or enforce any right or remedy without thereby waiving or being barred or estopped from exercising and enforcing any other rights and remedies by appropriate action or proceedings. No waiver by Landlord of any breach by Tenant of any term or condition of this Lease, and no failure by Landlord to exercise any right or remedy in respect of any such breach, shall constitute a waiver or relinquishment for the future, or bar any right or remedy of Landlord in respect of, any other breach of such term or condition or any breach of any other term or condition of this Lease. No payment by Tenant or receipt of payment by Landlord of an amount less than the full amount then due Landlord under this Lease shall be construed as anything other than a partial payment of such sum then due and owing. No endorsement or statement on any check or letter or any form of payment or accompanying document shall be deemed to be an accord and satisfaction or other form of settlement; Landlord may accept any such payment without prejudice to its rights to recover the balance of sums due and owing under this Lease or to pursue any other remedy permitted under this Lease.

18.7. Whenever under this Lease Landlord's consent or approval is expressly or impliedly required, it may be arbitrarily withheld. If Tenant requests Landlord's consent or approval, and if in connection with such request Landlord seeks the advice of its attorneys, architect and/or other adviser or expert, then Tenant shall pay such persons' costs and fees related to such request and the preparation of related documents, which costs and fees shall be limited to \$750 per request for matters in the normal course of Tenant's business. Such limitation shall not apply for extraordinary matters such as improvements or remodeling, or any work of any nature that might affect the Building's structural integrity or building systems.

18.8. All obligations of Tenant that are or may be intended by their nature to be performed and/or complied with after the expiration or earlier termination of this Lease shall survive such expiration or termination. Express provisions in this Lease that require or permit survival in specific instances, or as to specific obligations, shall not be deemed a limitation upon the generality of this survival clause. Every provision of this Lease shall be valid and be enforced to the fullest extent permitted by law. If any provision of this Lease, or the application of such provision to any person or circumstance, shall be determined by appropriate judicial authority to be illegal, invalid, or unenforceable to any extent, such provision shall, only to such extent, be deemed stricken from this Lease as if never included. The remainder of this Lease,

and the application of such provision to persons or circumstances other than those as to which such provision is held illegal, invalid, or unenforceable, shall not be affected. In this Lease, "attorneys' fees means without limitation, accountants' and attorneys' fees, including fees for the services of paralegals and similar persons, consultant fees, investigation and laboratory fees, court costs, and litigation expenses at the trial and all appellate levels, and through collection.

18.9. The captions and headings contained in this Lease are for convenience and reference only, shall not be deemed to be a part of this Lease or construed as limiting, amplifying, or modifying in any manner the provisions of this Lease, and shall not otherwise affect the interpretation of this Lease. All references to Exhibits or Sections are to Exhibits or Sections of this Lease. Whenever the context of any provision of this Lease so requires, pronouns of any gender shall include the other genders, words in the singular shall include the plural, and words in the plural shall include the singular. This Lease may be executed and delivered in two or more counterparts, each of which shall be deemed to be an original and all of which, taken together, shall be deemed to be one instrument. The parties shall take all such actions and execute all such documents as may be necessary to carry out the purposes of this Lease, whether or not specifically provided for in this Lease. Time is of the essence as to all material terms of this Lease. This Lease shall be construed and governed in accordance with the laws of the State of California without application of conflict of law principles. All of the parties to this Lease have participated fully in its negotiation and preparation. Accordingly, this Lease shall not be more strictly construed against any one of the parties. Landlord shall not be deemed, in any way or for any purpose, to have become, by the execution of this Lease or any of the provisions of this Lease, or any action taken under this Lease, a partner of Tenant, in Tenant's business or otherwise, or a member of any joint enterprise or venture with Tenant.

18.10. This Lease contains the sole and entire agreement, and supersedes all other prior written or oral agreements, between the parties with respect to the subject matter of this Lease. This Lease may be changed, amended, or modified only by an agreement in writing signed by the party against whom such change, amendment, or modification is sought to be enforced. The terms and conditions of this Lease shall bind the parties and their respective successors and assigns, and shall inure to the benefit of the parties and their respective permitted successors and assigns. Any waiver of rights by either party shall be deemed not only to be a waiver of such rights by such party but also a waiver of such rights for and on behalf of such party's successors and assigns.

18.11. Claims, disputes, or other matters in controversy arising out of or related to the lease shall be subject to mediation as a condition precedent to binding dispute resolution.

18.12. The parties shall endeavor to resolve their disputes and claims ("Claims") by mediation, which, unless the parties mutually agree otherwise, shall be administered by the American Arbitration Association in accordance with its applicable procedures in effect on the date of the Agreement. A request for mediation shall be made in writing, delivered to the other party to the Lease, and filed with the person or entity administering the mediation. The request

may be made concurrently with the filing of binding dispute resolution proceedings but, in such event, mediation shall proceed in advance of binding dispute resolution proceedings, which shall be stayed pending mediation for a period of 60 days from the date of filing, unless stayed for a longer period by agreement of the parties or court order. If arbitration is stayed pursuant to this Section 18.13, the parties may nonetheless proceed to the selection of the arbitrator(s) and agree upon a schedule for later proceedings.

18.13. The parties shall share the mediator's fee and any filing fees equally. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

18.14. Any Claim subject to, but not resolved by, mediation shall be subject to arbitration which, unless the parties mutually agree otherwise, shall be administered by the American Arbitration Association in accordance with its applicable rules in effect on the date of the Agreement. A demand for arbitration shall be made in writing, delivered to the other party to the Lease, and filed with the person or entity administering the arbitration. The party filing a notice of demand for arbitration must assert in the demand all Claims then known to that party on which arbitration is permitted to be demanded.

18.15. A demand for arbitration shall be made no earlier than concurrently with the filing of a request for mediation, but in no event shall it be made after the date when the institution of legal or equitable proceedings based on the Claim would be barred by the applicable statute of limitations. For statute of limitations purposes, receipt of a written demand for arbitration by the person or entity administering the arbitration shall constitute the institution of legal or equitable proceedings based on the Claim.

18.16. The award rendered by the arbitrator or arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. The party determined to be the prevailing party in the arbitration shall be entitled to an award of its reasonable costs and fees, including attorneys' fees and expert's fees, incurred therein.

18.17. The foregoing agreement to arbitrate shall be specifically enforceable under applicable law in any court having jurisdiction thereof.

18.18. In case suit shall be rightfully brought for possession of the Premises, the prevailing party shall recover reasonable attorney's fees from the other in each such suit. It is further mutually agreed by and between Landlord and Tenant, that the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Leased Premises, and/or any claim of injury or damage, and any emergency statutory or any other statutory remedy. Should Landlord seek recourse to enforce any of its rights under this Lease, Tenant agrees to waive any defense which it might otherwise

have that Landlord has any adequate remedy at law. Tenant further agrees that it shall not interpose any counterclaim or set off in a summary proceeding or in any action based in whole or in part on nonpayment of rent.

18.19. IT IS MUTUALLY AGREED BY AND BETWEEN LANDLORD AND TENANT THAT THEY SHALL AND THEY HEREBY DO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER LANDLORD OR TENANT AGAINST THE OTHER ON ANY MATTERS ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, AND/OR TENANT'S USE OF OR OCCUPANCY OF THE PREMISES. TENANT FURTHER AGREES THAT IT SHALL NOT INTERPOSE ANY COUNTERCLAIM OR COUNTERCLAIMS (EXCEPT COMPULSORY COUNTERCLAIMS) IN ANY SUMMARY PROCEEDING OR IN ANY ACTION BASED UPON NONPAYMENT OF RENT OR ANY OTHER PAYMENT REQUIRED BY TENANT UNDER THIS LEASE.

18.20. The parties have executed this Lease on the date set forth in the first paragraph.

18.21. Tenant agrees to train all school staff in Landlord's Protecting The Mission policies and procedures.

18.22. Shared Rooms. Tenant agrees that all teachers and school staff must vacate all shared rooms by 3:20 p.m. In addition, Tenant may only use walls in shared rooms which are specifically assigned to them by Landlord.

18.23. Windows and doors must not be covered or blocked, except in cases of emergency.

18.24. Landlord's furniture and equipment must not be moved from their assigned rooms without prior written permission of Landlord.

LANDLORD <u>The Salvation Army,</u> <u>a California Corporation</u>	TENANT <u>Wisdom Academy</u>
BY: <u>[Signature]</u>	BY: <u>[Signature]</u>
ITS: <u>TREASURER</u>	ITS: <u>Executive Director</u>
BY: <u>[Signature]</u>	BY: _____
ITS: <u>ASSISTANT TREASURER</u>	ITS: _____
<u>SOUTHERN CALIFORNIA DIVISION</u>	
<u>FINANCE COUNCIL</u>	

OCT 23 2013

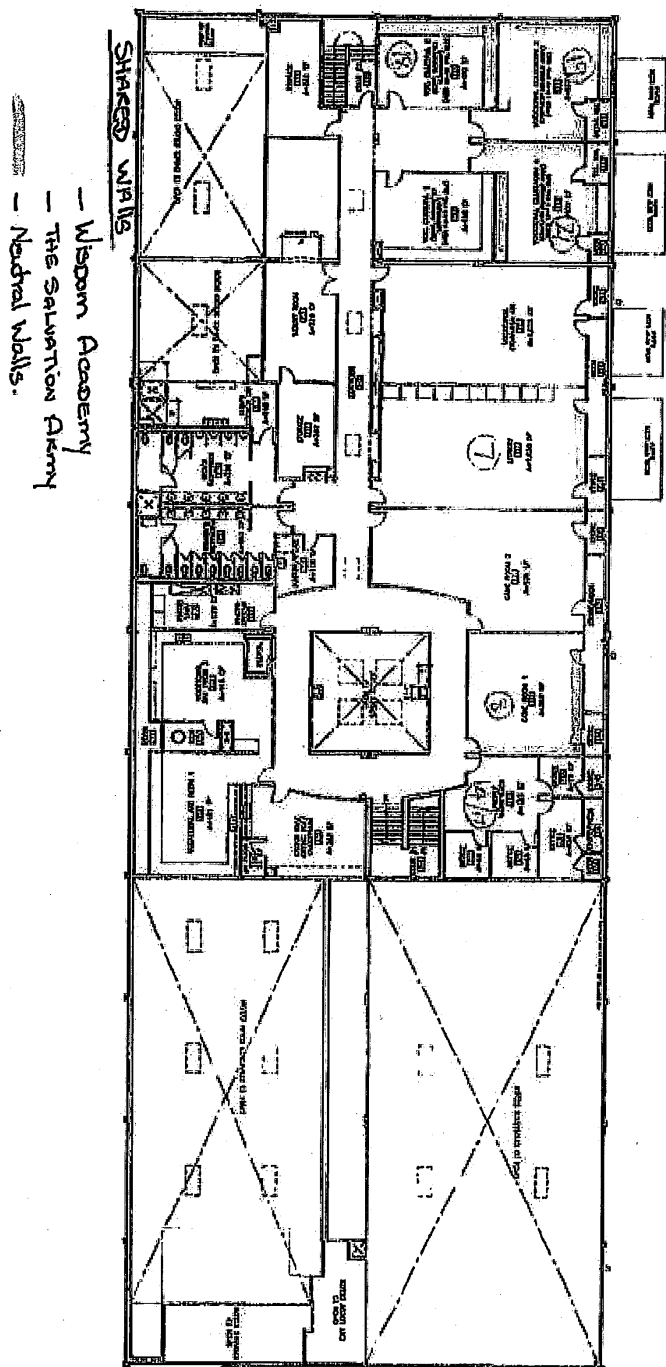
OCT 23 2013

<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Not Approved
<input checked="" type="checkbox"/> Recommended	<input type="checkbox"/> Concept Approval
<input type="checkbox"/> Referred/Noted	<input type="checkbox"/> Deferred
By: _____	

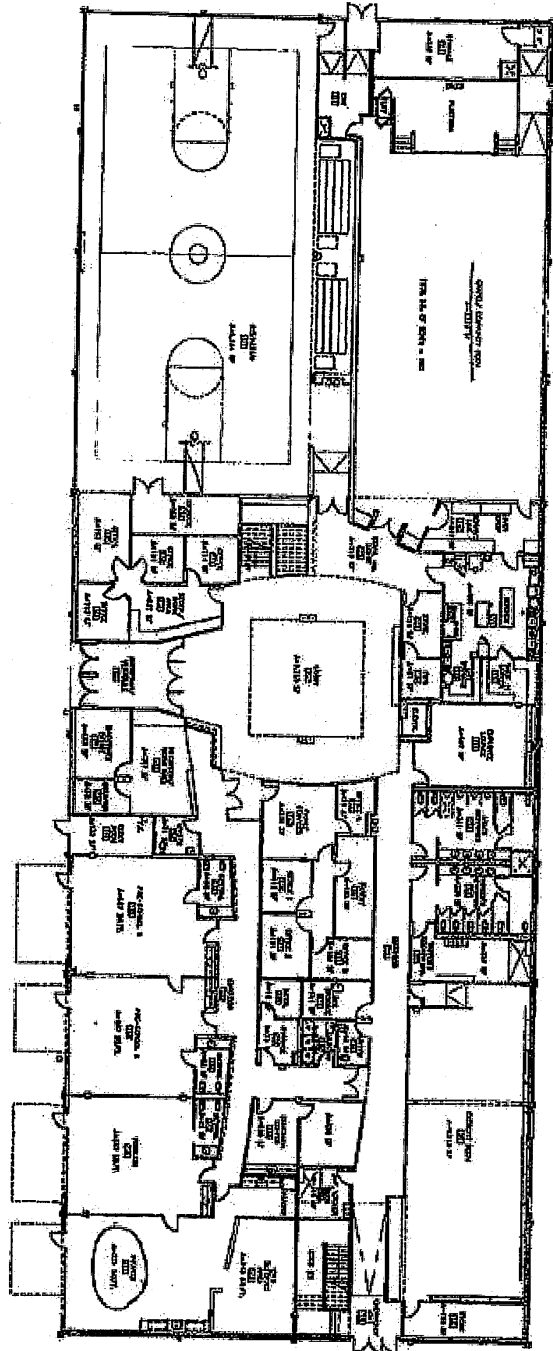
Schedule 1

Education Room 2 (18)	409.14 sq ft	The Salvation Army Monday thru Friday - 3:00 PM onwards	Wisdom Academy Monday thru Friday - 7:00 AM to 2:55 PM
Education Room 3 (19)	519.77 sq ft	Monday thru Friday - 3:00 PM onwards	Monday thru Friday - 7:00 AM to 2:55 PM
Education Room 4 (27)	534.70 sq ft	Monday thru Friday - 3:00 PM onwards	Monday thru Friday - 7:00 AM to 2:55 PM
Library (7)	1022.80 sq ft	Monday thru Friday - 3:00 PM onwards	Monday thru Friday - 7:00 AM to 2:55 PM
Game Room 1 (8)	583.20 sq ft	Monday thru Friday - 3:00 PM onwards	Monday thru Friday - 7:00 AM to 2:55 PM
Infant Room	1309 sq ft	Monday thru Friday - 3:00 PM onwards	Monday thru Friday - 7:00 AM to 2:55 PM
Office Suite (4/17)	696.00 sq ft	Space is not being shared with Wisdom Academy.	Space is being used by Wisdom Academy only
Chapel	2851.00 sq ft	Monday thru Friday - 5:00 PM onwards	Monday thru Friday - 7:00 AM to 4:30 PM
Parking Stalls	14 Stalls		Monday thru Friday - 6:45 AM to 4:00 PM

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EXHIBIT 21

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG
SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered,
seconded, and adopted:

"Be it Resolved, that the Board of Directors of this
corporation be and is hereby authorized, empowered, and
directed to approve the resolution to sell the school vehicle
(2011 Lexus RX350) on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in
accordance with applicable provisions of laws of the State of
California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a
majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

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**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 31 day of JULY, 2012, the following resolution was offered, seconded, and adopted:

"Be it Resolved, that the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to authorize the Executive Director or designee to enter a lease or purchase agreement for a **vehicle for school use** behalf of said corporation.

Furthermore, all actions taken regarding this matter are in accordance with applicable provisions of laws of the State of California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of the Board of Directors of this corporation on the date specified.


(Signature of Board President)

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EXHIBIT 22

Wisdom Academy for Young Scientists
Capital Expense Analysis

Purchase

Item: SUV or Sedan (Vehicle)

Use: Executive Business Transportation

Reason: Merle Williamson Foundation (MWF) may provide the Administrative Personnel an automobile vehicle and operating expenses for the use of conducting MWF business and reasonable personal use. Provided that MWF Administrative Personnel chose to utilize the Executive Business Transportation, this will reduce the automobile use reimbursement costs and wear and tear for individual Personnel property.

Impact: +/- 10,000 annual Personnel transportation expenses

Date: July 2012

Sale

Item: SUV or Sedan (Vehicle)

Use: Executive Business Transportation

Reason: In best interest of the stakeholders of the Merle Williamson Foundation (MWF), selling the Executive Business automobile vehicle should provide the funds to better serve the school. In which those funds may be used to purchase a vehicle for pupil transportation.

Impact: \$26,000 - \$32,000 one-time payment; +/- \$10,000 annual Personnel transportation reimbursements.

Date: August 2013

Purchase

Item: School Bus/Van (Vehicle)

Use: Pupil Transportation, Utility Vehicle

Reason: Subsidize expenses for rentals and chartered school buses for short-distance fieldtrips and destinations. Provide a van for Pupil transportation and select utility use.

Impact: +/- 10,000 annual Pupil transportation expenses

Date: TBD

Escrow.com - Transaction #679061 Details

<https://my.escrow.com/myescrow/Transaction.asp?TID=67>

[My Transactions](#) [New Transaction](#) [My Profile](#)

Transaction #679061 - Jason-Inyoung-RX350
(You are the Seller)

Logged in as: Jason Okonkwo (mrjason7@gmail.com)
[Help](#) | [Sign Out](#)

Status

Select any status for help.

- 1 BUYER AND SELLER AGREE TO TERMS
- 2 BUYER SENDS PAYMENT TO ESCROW.COM
- 3 SELLER SHIPS MOTOR VEHICLE TO BUYER
- 4 BUYER RECEIVES MOTOR VEHICLE
- 5 ESCROW.COM PAYS SELLER

Closing Statement sent

Closing Statement sent via E-Mail

- The Buyer has accepted the merchandise.
- The closing statement was sent to your E-Mail account.
- Did you enjoy using Escrow.com? [Send us your feedback!](#)

Merchandise

No.	Item Description	Quantity	Unit Price	Total Price
1	Lexus RX350 2011	1	\$26,000.00	\$26,000.00
Sub-total				\$26,000.00
Shipping Fee				\$0.00
Fee: Escrow				\$-115.70
Total				
Transaction ID: 679061				\$25,884.30
Escrow ID: 484243				

Terms

Transaction #: 679061
Escrow #: 484243
Transaction Title: Jason-Inyoung-RX350
Buyer: Inyoung Kwon
(lykwon@hotmail.com)
Seller: Jason Okonkwo
(mrjason7@gmail.com)
Inspection Period: 3 calendar days
Escrow Fee to be paid by: Split(Buyer/Seller)
The buyer is responsible for 100% of the escrow fee in the event the transaction is cancelled or the merchandise is returned.
Transaction fulfilled using: Cargo Shipping
Shipping fee to be paid by: Buyer

History

Jan 28 2014
10:09AM PDT
Funds
disbursed.
Final closing
statements
sent to both
parties.

Jan 27 2014
9:26PM PDT
Inspection
period
ended, Buyer
accepts
merchandise.

Jan 27 2014
9:25PM PDT
Buyer
received
merchandise.
Inspection
period starts.

Jan 27 2014
12:02PM PDT
Seller
shipped
goods by
Buyer pick
up (Phone:
4036080016)
with tracking
number -

escrow.com - Transaction #679061 Details

<https://my.escrow.com/myescrow/Transaction.asp?TID=67>

Buyer
Pick-up

Dec 12 2013
2:49PM PDT
Escrow.com
approves
payment.

Dec 12 2013
2:48PM PDT
Buyer paid
by wire
transfer,
awaiting
Escrow.com
approval.

Dec 2 2013
3:12PM PDT
Both parties
have
accepted the
offer,
awaiting
buyer
payment.

Nov 30 2013
2:30PM PDT
Buyer
initiates the
transaction

[Customer Support](#) | [Privacy Policy](#) | [Terms of Use](#)
Copyright © 1999-2013 Escrow.com. All rights reserved.



PROVIDED BY
ESCROW.COM

Internet Escrow Service
Escrow Trust Account
30318 Esperanza
Rancho Santa Margarita, CA 92688
(949) 635-3800

BANK OF AMERICA
119107

Escrow Number: 13-484243

January 28, 2014

Pay TWENTY-FIVE THOUSAND EIGHT HUNDRED EIGHTY-FOUR AND
30/100 ***** US Dollars

25,884.30 USD

TO Merle Williamson Foundation
THE 708 East Manchester Ave
ORDER Los Angeles, CA 90001
OF

INTERNET ESCROW SERVICES, INC.
ESCROW ACCOUNT VOID AFTER 60 DAYS

M. Williamson
E. Fitch

RED CHECK NUMBERING IMAGES THROUGH TO BACK OF SHEET
119107 1123000661 11594.25440

INTERNET ESCROW SERVICES, INC.

Escrow Number: 13-484243

Check No: 119107

Date: 01-28-2014

Amount: 25,884.30

Property:

Buyer : Inyoung Kwon

Seller : Jason Okankwo

MD

119107

Sellers Proceeds

Transaction No. 679061

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EXHIBIT 23

**WILKINSON HADLEY
KING & CO. LLP**
CPAs AND ADVISORS

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA

Aubrey W. King, CPA
Richard K. Savage, CPA

October 22, 2013

To the Governing Board and Management of
Wisdom Academy for Young Scientists
706 E Manchester Ave.
Los Angeles, California 90002

We are pleased to confirm our understanding of the services we are to provide for Wisdom Academy for Young Scientists for the year ended June 30, 2013.

We will audit the financial statements of Wisdom Academy for Young Scientists, which comprise the statement(s) of financial position as of June 30, 2013, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our 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, in accordance with auditing standards generally accepted in the United States of America, and our auditor's report will provide an opinion on it in relation to the financial statements as a whole:

- 1) Schedule of expenditures of federal awards.
- 2) Supplementary information identified in the State Audit Guide

We will also prepare the organization's federal and state information returns for the year ended June 30, 2013.

Audit Objectives

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
- An opinion on state compliance as identified in *Standards and Procedures Audits of California K-12 Local Education Agencies 2012-13* published by the Education Audit Appeals Panel.

The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and with OMB Circular A-133 in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance

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with OMB Circular A-133, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. 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 or add an emphasis-of-matter or other-matter paragraph. If our opinion on the financial statements or the Single Audit compliance opinion is other than unmodified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You will be required to acknowledge in the representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to assume all management responsibilities for the tax services and any other nonattest services we provide; oversee the service by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities; to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us, and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying any significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that 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.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review on November 18, 2013.

You are responsible for preparation of the schedule of expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we reported on the schedule of expenditures of federal awards. You also agree to make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you

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are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us, previous financial audits attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Wisdom Academy for Young Scientists' compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the "OMB Circular A-133 Compliance Supplement" for the types of compliance requirements that could have a direct and material effect on each of the Organization's major programs. The purpose of these procedures will be to express an opinion on Wisdom Academy for Young Scientists' compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditor's reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

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The audit documentation for this engagement is the property of Wilkinson Hadley King & Co LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the California Department of Education or its designee, the California State Controllers Office, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Wilkinson Hadley King & Co LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the California Department of Education or California State Controllers Office. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Aubrey King is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately November 18, 2013 and to issue our reports no later than December 15, 2013, unless extended to another date. We plan on completing your tax returns by the extended due date.

We estimate that our fees for these services will range be \$9,500 for the audit and ~~\$950~~ for the information returns. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

We appreciate the 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 copy and return it to us.

Very truly yours,

Wilkinson Hadley King & Co LLP

Wilkinson Hadley King & Co. LLP

RESPONSE:

This letter correctly sets forth the understanding of Wisdom Academy for Young Scientists.

Management signature: *[Signature]*

Title: Director of Operations

Date: 11/18/13

Governance signature: _____

Title: _____

Date: _____

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EXHIBIT 24

**RESOLUTION OF BOARD OF DIRECTORS
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the Board of Directors of WISDOM ACADEMY for YOUNG SCIENTISTS

706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 3 day of February, 2014, the following resolution was offered, seconded, and adopted:

"Be it Resolved, that the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to approve the auditor selection of Wilkinson Hadley King & Company, LLP on behalf of said corporation.

Furthermore, all actions taken regarding this matter are in accordance with applicable provisions of laws of the State of California."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of the Board of Directors of this corporation on the date specified.


(Signature of Board Secretary)

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EXHIBIT 25

From: Carol Lee Tolbert
To: "Edward Cabil"; dvalenti747@yahoo.com; amanda.esplaza.10@my.csun.edu; johnsoncenter@msn.com; normansk@gmail.com; saundavis@aol.com; kimberly@sdanielslaw.com
Cc: Patel, Neha; "Jason Okonkwo"; "Karen Horowitz"; dcara7@gmail.com; "Ball Business Management"; larry.wisdomacademy@gmail.com
Subject: Hon. Carol Lee Tolbert, President /RE: Board Meeting Postponed
Date: Wednesday, November 20, 2013 11:54:31 PM

Good Evening Mr. Cabil,

On yesterday evening, I read your email unilaterally postponing the Board of Directors' meeting; even though I emailed a draft agenda to you at 4:40PM - in time for you to post it by 5:00PM to meet the 72-hour deadline required by the Brown Act. However, you did find time to send out a scurrilous email requesting that the 'new' board members step down; and identifying me specifically. (I will be responding to your recent emails under separate cover.)

a. Your administrative responsibilities do not give you the prerogative to postpone Board meetings. Case in point, board members do not have the prerogative to cancel staff meetings. Moreover, you were keenly aware of the time-sensitive documents being requested by LACOE. We were to submit these documents below not later than November 22, 2013. I will list them for you:

1. Board Policy on Admissions/Enrollment/Lottery
2. Board Policy on Student Fees
3. Board Policy on Suspension & Expulsion
4. Board Meeting Minutes for September 26, 2013
5. Board Meeting Minutes for October 24, 2013

b. Interestingly enough, LACOE sent an email earlier today indicating staff had emailed these unapproved Board Policies. I requested you to place the above policies on the November 21, 2013 Board agenda for review/modification/approval for the 2013-14 School Year in order to meet the requested deadline. These policies must still be approved by the Board of Directors; similar to Board minutes.

Additionally, other matters that needed to be considered by to the Board at its November 21, 2013 meeting included:

000945

- c. The Single Plan for Student Achievement along w/ the draft Student Achievement Plan outlining the strategies to be implemented that would ensure African-American and Special Education students; who did not meet their 2012-13 AYP growth targets, would meet their 2013-14 AYP growth targets. The final Student Achievement Plan is due to LACOE on December 2, 2013. I am sure Board members would like to have this information presented in a timely manner.
- d. The Title One Budget due to LACOE by November 15, 2013 that was not submitted, and has yet to be reviewed and approved by the Board. This budget identifies the funds to be used to support both the 2013-14 Single Plan for Student Achievement as well as the Student Achievement Plan.
- e. An overdue monthly budget presentation from Bali Business Management explaining to the Board a line item budget increase of \$118,000 from the previous school year in supplies. As you may recall, in August the Board 'conditionally' approved this year's budget in order that some funds could be used to open the school-year, although LACOE would receive a 'conditionally approved' 2013-14 budget. Since August, the Board has not had an opportunity to review the school's budget. In September, the contractor was called and instructed not to come. In October, when the contractor did come, the Board meeting was disrupted and the contractor was unable to present the budget, nor was the Board able to continue with the meeting as we were told to "get out". In fact, was directly yelled at and threatened by the employee to, "Get out and don't come back!" among his other verbal and physically menacing gestures.
- f. Scheduling of Board Retreat that every board member agreed was needed for several reasons. (See Agenda)
- g. Hearing critical Closed Session items
- h. The review/approval of a contract for the Executive Director; if one had been provided. In fact, no contracts for this school year have been presented to the Board for review, approval or denial. Were the teachers' contracts approved prior to the end of school? I know this current Board did approve their Salary Schedule.

Since there is no scheduled Board Meeting in December, I am recommending that the Board schedule a December meeting, due to

'postponement' of its November meeting.
For further illumination, please see the attached agenda.

Needless to say, this and other recent events are disheartening. Board members are **NOT** the problem. Board members govern, approve expenditures and direct administration. Administration implements the policies of the Board, and manages the daily operations of the organization. There is no getting around this fact. No matter who the governing board members are; in public entities, this is known as the system of 'checks and balances'.

Respectfully,
Hon. Carol Lee Tolbert, President
Wisdom Academy for Young Scientists

From: Edward Cabil [mailto:edcabil@sbcglobal.net]
Sent: Tuesday, November 19, 2013 4:45 PM
To: dvalenti747@yahoo.com; armando.espinoza.10@my.csun.edu; johnsoncenter@msn.com; normansk@gmail.com; saundavis@aol.com; Carol Lee Tolbert; kimberly@ksdanielslaw.com
Cc: Patel_Neha@laoe.edu; Jason Okonkwo; Karen Horowitz; deara7@gmail.com; Ball Business Management; larry.wisdomacademy@gmail.com
Subject: Board Meeting Postponed

I am writing you to notify that the November 21, 2013 board meeting has been postponed.

Blessings,
Ed Cabil

000947

EXHIBIT 26

Wisdom Academy for Young Scientists

November 12, 2013

Neha Patel
LACOE Charter Schools Office
9300 Imperial Highway
Downey, California 90242

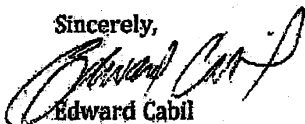
Dear Ms. Patel,

I am writing regarding Wisdom's October 24, 2013, Board Meeting audio recording.

The Wisdom's October 24, 2013, Board Meeting was ended abruptly at 8:40pm at the conclusion of the closed session due to an unanticipated interruption.

The audio enclosed is the only audio there is for the October 24, 2013, Board Meeting.

Sincerely,



Edward Cabil

*Empowering Students to be Leaders,
Change Agents, and True Scientists*

706 E. Manchester Avenue
Los Angeles, CA 90001
(323) 752-6655 + Fax: (323) 752-6644

8778 S. Central Avenue
Los Angeles, CA 90002
(323) 589-6500 + Fax: (323) 589-6550

e-mail: wisdomacademy4ys@yahoo.com + web: www.wisdomacademy.org

000948

EXHIBIT 27

Mitchell_April

From: Mitchell_April
Sent: Tuesday, February 04, 2014 1:03 PM
To: Edward Cabil (edcabil@sbcglobal.net); Jason Okonkwo (mrjason7@gmail.com)
Cc: Memon_Zak; Onanuga_Adebayo; Wilson_Dina; Higelin_Judy; Carol Lee Tolbert (kids@civicpride.net)
Subject: Board Approval of Documents

Hi Edward & Jason,

Can you please let me know if our governing board has approved the following items? If, so can you please send a copy of the agenda(s), and minutes documenting approval:

Items:

1. Approval the annual budget due in July of each year
2. The selection and approving of the auditor and the acceptance of the audit report
3. Approval of Annual Federal 990 filing due in November of each year
4. Annual approval of administrative contracts

Thank you in advance, if you have any questions please don't hesitate to contact me.

April Mitchell
Financial Operations Consultant
Controllers's Office, ECW-120
Los Angeles County Office of Education
Ph: [562] 803-8351
Fax: [562] 401-5789

EXHIBIT 28

Patel Neha

From: Higelin_Judy
Sent: Wednesday, February 05, 2014 11:01 AM
To: Patel_Neha
Subject: FW: Board Approval of Documents
Attachments: WAYS Board Minutes - August 29, 2013.PDF; Board Resolution - Executive Director Contract.PDF; Board Resolution - Auditor and Audit.PDF

For your files

From: Jason Okonkwo [<mailto:mrjason7@gmail.com>]
Sent: Wednesday, February 05, 2014 10:23 AM
To: Mitchell_April
Cc: Edward Cabil (edcabil@sbcglobal.net); Memon_Zak; Onanuga_Adebayo; Wilson_Dina; Higelin_Judy; Carol Lee Tolbert (kids@civicpride.net)
Subject: Re: Board Approval of Documents

Dear April,

Please the following attached:

1. WAYS August 29, 2013 Board Meeting Minutes, including approval of 2013-14 FY Budget
2. WAYS Board Resolution to Select Auditor and Acceptance of Audit Report
3. The WAYS 990 was filed, however, I am unable to locate the Board Resolution. I will address this with the WAYS Executive Director and get back to you soon.
4. WAYS Board Resolution to enter employment agreement with the Executive Director. The contracts for other administrative staff are in place and executed by the Executive Director, the authorized Agent of the WAYS Board. However, we do not have a Board Resolution in place for other administrative contracts. I will address this with the WAYS Executive Director and get back to you soon.

Sincerely,

Jason

On Tue, Feb 4, 2014 at 1:03 PM, Mitchell_April <Mitchell_April@laoe.edu> wrote:
Hi Edward & Jason,

Can you please let me know if our governing board has approved the following items? If, so can you please send a copy of the agenda(s), and minutes documenting approval:

Items:

1. Approval the annual budget due in July of each year
2. The selection and approving of the auditor and the acceptance of the audit report

3. Approval of Annual Federal 990 filing due in November of each year
4. Annual approval of administrative contracts

Thank you in advance, if you have any questions please don't hesitate to contact me.

April Mitchell
Financial Operations Consultant
Controllers's Office, ECW-120
Los Angeles County Office of Education
Ph: [562] 803-8351
Fax: [562] 401-5789

Jason Okonkwo
Direct: 323.253.8907
Email: mrjason7@gmail.com

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EXHIBIT 29

Innovative Ways Academy -

Innovative Ways Academy

*~modeling rigor, innovation
and the pursuit of academic excellence~*



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New School Opening July 2012

Innovative Ways Academy
Independent School (6-8)

Providing A Superior and World-Class Education

Developing Academic Excellence and Exemplary Character

- A uniquely designed middle school where talented and caring faculty and staff will cultivate in each student the passion for learning, self-confidence, social well-being, discipline and the individual talents that each possesses. Dedicated to the development of academic excellence, exemplary character, and self-discovery in each child, Innovative Ways Academy will provide a world-class education for scholars, while focusing on the development of the whole child.

LEARN MORE ABOUT OUR SCHOOL!

[ENGLISH FLYER](#) & [SPANISH FLYER](#)

[REGISTER](#) FOR ORIENTATION

WEDNESDAY, APRIL 4, 2012

Educational Consultant Services

Rigorous academic training

Increasing student achievement

Innovative Ways Academy offers educational consulting services for K-12 schools to improve standardized test results. In partnering with Innovative Ways Academy, we can design a specific Student Achievement Plan tailored to student data and unify the instruction across grade levels to foster academic achievement for all. iWays is a transformational climate that promotes rigorous learning and education of the whole child. We provide consultation in Core Standards of Math, Language Arts and Science.

What's New!

[iWays Blog](#)

Stay tuned with our upcoming events!

Innovative Ways Academy

Middle School Orientation

Wednesday, April 4, 2012

[Register!](#)

Parents for Excellence Meeting

Monday, March 26th 2012 &

Wednesday, March 28th 2012

@ 5:30PM

706 E. Manchester Ave.

LA, CA 90001

Topic: *Next Steps for 5th Graders*

Middle School Options

Click [here](#) for English Flyer

Click [here](#) for Spanish Flyer

For More Information, Contact
Debra Okonkwo, (323) 608 - 1320

Innovative Ways Academy -

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6709 La Tijera Blvd. Suite 274
Los Angeles, CA 90045
ph: (323) 608-1320
info@iwaysacademy.com

Innovative Ways Academy - Tuition

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TUITION

APPLICATION FEE (students applying)..... \$25.00

REGISTRATION FEE (admitted students)..... \$150.00

Registration fee must be paid before or on the May 7th Letter of Intent Deadline.

SUMMER ENRICHMENT..... \$450.00

Summer Enrichment fee must be paid before or on the May 28, 2012.

TUITION..... \$1250.00

****All fees may be subject to change.****

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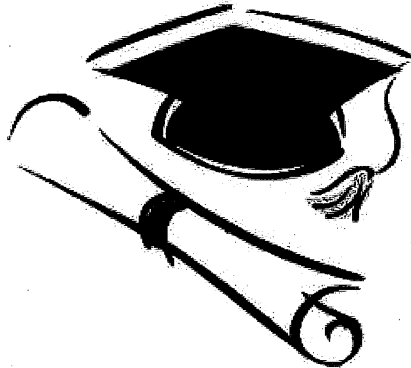
6709 La Tijera Blvd. Suite 274
Los Angeles, CA 90045
ph: (323) 608-1320
info@lwaysacademy.com

Innovative Ways Academy

You want what's best for your child. We do too.
Deciding on an excellent Middle School for your child?
Come join us for a meeting to address Middle Schools Options!

Parents for Excellence Meeting

Monday, March 26th 2012 @ 5:30PM &
Wednesday, March 28th 2012 @ 5:30PM
706 E. Manchester Ave.
Los Angeles, CA 90001



*Topic: Next Steps for 5th Graders
Middle School Options*

For More Information, Contact
Deara Okonkwo, (323) 608- 1320
www.iwaysacademy.com



Innovative Ways Academy

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Innovative Ways Academy

Mailing Address:

6709 La Tijera Blvd, Suite 274

Los Angeles, CA 90045

ph: (323) 608-1320

info@iwaysacademy.com

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About Us

Vision Statement

Equipping students with 21st century skills to become global leaders.

Mission Statement

School Mission: Innovative Ways Academy's mission is to create a transformational climate of lifelong learners where talented and compassionate faculty will nurture students' pursuit of academic excellence, exemplary character, and meaningful contribution to their local, national, and global communities.

Consultant Mission: Our mission is to provide a model framework of rigorous instruction that has practical tools for accomplishing our visionary ends of fostering self-responsible and lifelong learners. We accomplish this by training teachers, engaging students, educating parents and designing curriculum to ensure that student achievement is met for all.

Founder & Executive Director

Deara Okonkwo is an extraordinary 21-year-old woman whose gifts and talents illuminate in the children of her classroom and dance studio. Ms. Okonkwo is a doctoral candidate at the University of Southern California, holding a Master's Degree in Education, Clear Teaching Credential and Bachelor's all obtained from the prestigious University. She is renowned for her outstanding academic accomplishments: at the prime age of fourteen, she graduated from high school with an Associate of Arts Degree; at seventeen, she received her Bachelor's in English with a minor in Psychology and at eighteen she obtained her Master's Degree in Education along with her teaching credential. Deara is the Founder and CEO of DeDe Dance Studio, a 501(c)(3) non-profit that works to empower youth through multicultural performing arts, brotherhood and sisterhood clubs and educational enrichment. Most recently, she established Innovative Ways Academy, a uniquely designed Middle School that provides children with a world-class and elite educational experience. Furthermore, her Academy offers rigorous academic coaching for educators and provides practical modeling in the classrooms to increase student achievement. Her motto is to recycle the knowledge that she obtained and she has sought to achieve these as an urban educator. Her passion lies in her professions, educating children in the classrooms and empowering youth through the performing arts. With only twenty-one years, she demonstrated profound leadership skills through her humanitarian efforts. Deara is a true change agent and leader for the youth that she serves.



Innovative Ways Academy
English Language Arts Syllabus 6A
Trimester 1: August 14th – October 26th 2012

Ms. Deara

deara@iwaysacademy.com
www.iwaysacademy.com/ela

Course Description:

The Reading portion of the Grade 6 California English–Language Arts Standards Test has three strands/ reporting clusters: Word Analysis, Reading Comprehension, and Literary Response and Analysis. In ELA 6A, Word Analysis will be introduced. Each of these strands/clusters is described below. The Writing portion of the Grade 6 California English–Language Arts Standards Test has two strands/reporting clusters: Writing Strategies and Written Conventions. In ELA 6A, Writing Strategies will be introduced.

Strands to Cover: Writing Conventions/Word Analysis

Wk	Standard	Topic	Grade/Percentage
1	All	Pre-Test and Introduction	
2	W.C. 1.1	Sentence Structure	
3	W.C. 1.2	Grammar	
4	W.C. 1.3	Punctuation	
5	W.C.1.4/1.5	Capitalization/Spelling	
6	Previous	Midterm	
7	W.A. 1.2	Figurative Language/Homograph	
8	W.A. 1.3	Word Origins	
9	W.A. 1.4	Using Contextual Clues	
10	W.A. 1.5	"Shades of Meaning"	
11	All	Study Week/Exams/Presentations	

<u>Grading</u>	<u>Percentage</u>	<u>Letter Grade</u>
10% Attendance/Participation	90 – 100	A
10% In-class Assignments	80 – 89	B
10% HW	70 – 79	C
10% Project	60 – 69	D
30% Quizzes	50 – 59	F
30% Mid-term/Exam		

1. Attendance/Participation: Students receive 1 pt for each attended day of school.
2. In – Class Assignments: Students receive 1 pt for each assignment completed.

000958

Innovative Ways Academy - About Us

2/14/13 1:55



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close

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Innovative Ways Academy
English Language Arts Syllabus 6A
Cont.

2

3. HW: Students receive 1 pt for each assignment completed. Hw is always what was not finished in addition to reading a chapter of the class novel and completing one of the 3 choices of comprehension

- I. Summary/critique/ reflection/ connection
- II. Quiz for peer 7-10 questions
- III. visual representation/poem/song

4. Project: More information will be discussed in class.

5/6. Assessments:

I. Pre-Assessment

II. Weekly Quizzes,

Total of 10 questions.

- 2 multiple choice
- 2 true false
- 2 opened ended
- 2 short answer ea. Worth 2 points ea.

III. MidTerm

Total of 30 questions

- 10 multiple choice
- 10 true false
- 6 opened ended
- 4 short answer ea. Worth 2 points ea.

IV. Exam

Total of 30 questions

- 10 multiple choice
- 10 true false
- 6 opened ended
- 4 short answer ea. Worth 2 points ea.

Language Arts Reading List:

**Deposit for each book is \$20; refunded when child returns book in original condition.*

1. August: Arby Jenkins: Mighty Mustang, Sharon Hambrick
2. September: The Dreamer, Pam Munoz Ryan
3. October: The Audacity of Hope, Barack Obama
4. November: Walk Two Moons, Sharon Creech
5. December: The Skin I'm In, Sharon Flake or Slam, Walter Myers
6. January: The Middle Heart, Bette Bao Lord
7. February: The Autobiography of Malcolm X, Malcolm X
8. March: D' Aulaires' Book of Greek Myths, Ingrid d'Aulaire
9. April: The End of Molasses Classes, Ron Clark
10. May: The Candymakers, Wendy Mass

000960

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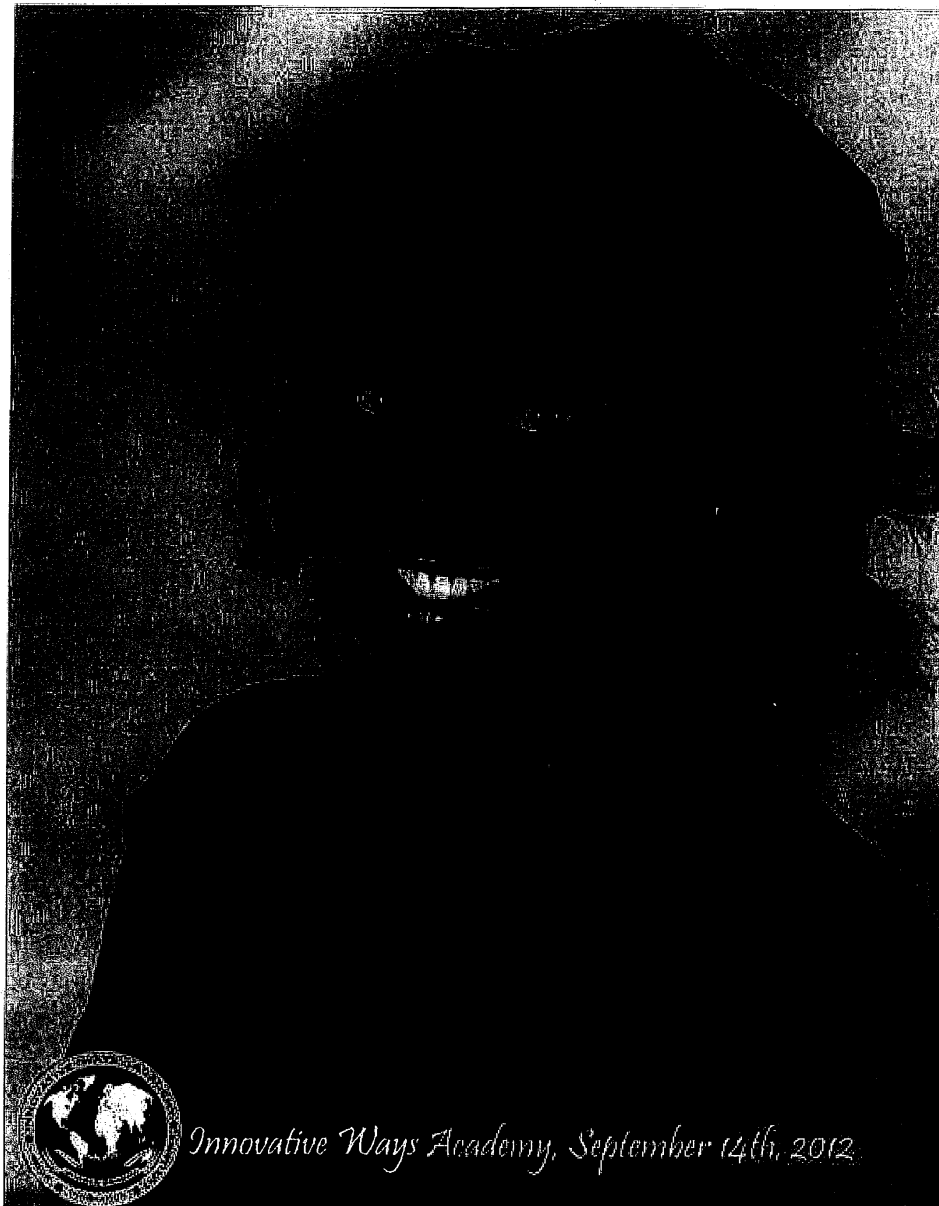
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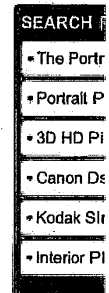
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Deara-Okonkwo-8x10

Comments and faves

Add your comment here.

000963

Innovative Ways Academy - September 2012 Calendar

Sep 12	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
					August 31 st Tuition Payment Due No later than 3pm	1	2
Week 4	3 Labor Day School Closed	4	5	6	7 Back to School Dance Fundraiser	8	9
Week 5	10	11	12 LA Presentation Due	13 Field Trip to LACMA	14 Picture Day!	15	16
Week 6	17 Student Council Campaign Begins	18	19	20	21 Hispanic Heritage Month Celebration Parent Meeting re: STAR Trip 5pm	22	23
Week 7	24 Student Council Voting Day	25	26	27 P.H.E. Mt. Vernon Hill	28 Celebration of September Birthdays *Themed Day of the Week Favorite Sports Team Day	29	30

*All activities may be subject to change without notice.

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Innovative Ways Academy

000964

Innovative Ways Academy November 2012 Calendar

Nov 12	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
				1 Tuition Payment Due Parent Conferencing	2 Parent Conferencing	3	4
Week 13	5	6 iWays Student Government Election	7 *USC Field Trip	8	9	10	11
Week 14	12 Veterans' Day School Closed	13	14	15	16 Thanksgiving Program	17	18
Week 15	19	20 Community Outreach	21 Fall Recess	22 Fall Recess	23 Fall Recess	24	25
Week 16	26	27	28	29 P.H.E. Culver City Stairs	30 Celebration of November Birthdays *Themed Day of the Month College T-Shirt Day		

*All activities may be subject to change without notice.

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Innovative Ways Academy

000965

Deara | Drive All Night

<http://driveallnight.org/2013/06/30/dear>

Deara



In today's hypercompetitive job market, there are few things more desirable than a sterling education. Yet the American educational model is in trouble: public schools are woefully underfunded, graduation rates are falling, and nobody seems willing to agree on a solution. That might change when **Deara** joins the conversation in Washington one day. The 22 year-old South Los Angeles native has specialized in bringing enlivening learning opportunities to her community ever since starting her own nonprofit dance studio at age sixteen. Since then, Deara – who holds masters degree in Education from USC – has changed young lives at two South LA schools. She serves as the vice principal at Wisdom Academy for Young Scientists, and is the founder of Innovative Ways Academy, a private school for middle school-aged students.

Me: I want to start by talking about your dance studio, since it touches on this generation's interest in entre-

Deara | Drive All Night

<http://driveallnight.org/2013/06/30/dea>

preneurial spirit. You got in touch with yours at an earlier age than most Millennials. Tell me the story.

Deara: Well, I've been dancing for most of my life. As a kid, it began with creative movements, and then as I got older, I started doing ballet and tap dance at the Kittsville Youth Foundation; this academy founded by Eartha Kitt, right here in South LA. The director of the program took notice and one day, she suggested to my mother that I audition for Debbie Allen Dance Academy. I tried out and was accepted with a scholarship. And through this whole process, my parents promised that one day they'd help me start a dance studio. The idea was I could use the studio as a way to give back.

So teaching dance had been a dream of yours for some time?

It was already happening. When I was at Debbie Allen, I started giving lessons in our backyard. I had a signup sheet on the front door of my house and we'd rotate between styles: Flamenco this day, Capoeira the next, and so. And I did all that because my friends and neighbors who were interested in dancing weren't going to Debbie Allen with me, but they were interested in enhancing their techniques.

When and how did your parents acquire the space that would become DeDe Dance Studio?

It was mainly through my mother. She's retired now, but at the time, she was the Executive Director at Wisdom Academy for Young Scientists. There was a building there, used mostly for storage, which my mother and my aunt Dolores helped to convert into a studio space. The part that I had a stake in was the wall-to-wall mirrors and ballet bars, which were paid for by fundraising events like dance performances that my team and I would perform.

Is it safe to say this early experience set you on a path towards education as a profession?

My interest was present from the beginning, but one event that transformed my idea of starting and running a school into a reality happened during the first year of my doctoral program at USC. I was enrolled in a leadership course with Dr. Rudy Castruita, and we had to design an outlook plan in which we hypothesized our own leadership evolving over ten years. And I remember noting that by Year Eight, I wanted to found a school. But it actually began happening much sooner than that.

When, exactly? What were the circumstances?

Shortly after finishing the leadership course, the executive director at Wisdom Academy introduced me to an individual from the Church of Scientology named Isaac Asberry. I wound up meeting him right in South LA, at this big, beautiful building that I soon learned was the church's own community center. Only, it was abandoned. And I remember seeing it and thinking, "This is it. This is going to be the school."

Follow

000967

4/8/2014 10:04 AM

Dear | Drive All Night

<http://driveallnight.org/2013/06/30/dea>

And when you say "the school", you mean Innovative Ways Academy. What were the next steps? How does one pilot a new school?

First, you have to project the idea of the school to the surrounding community. I had a vision of this world-class, elite, college-oriented institution for students right here in South Central LA, in a building that was already steeped with history. And it was always intended to be a middle school, because that's the age range when a lot of kids tend to drop out of school. I wanted to start a program that would engage students to a level where they'd manage to hang on through the toughest times.

So you have the dream, out in the open. What comes next?

Next, you need a budget, and that's where my mother's brains come in. I'm very fortunate to have a mother who supports everything I do, and she also happens to be a sound businesswoman. The two of us sat down and began by outlining all the necessary supplies we'd need to get the school up and running. Then we tackled operations and hiring faculty. Salaries are easily the biggest financial consideration behind getting a school up and running. My mother financed these setup costs, but we also conducted a lot of neighborhood fundraising to pay for things like student meals and field trips for the first year.

How many students were enrolled at Innovative Ways Academy during the first school year?

Only 13. I wanted to make sure that the curriculum worked before applying it to a larger group of students. But it did, and now that it's been a success, I've been looking at trying to apply our learning model to a bigger public school environment. And right now, we've actually got one middle school nearby that's interested in giving it a test run for the 2013-2014 school year. A lot of my recent time has been spent facilitating that.

Hearing about all of this, it's easy to overlook the fact that you're also working as the vice principal at Wisdom Academy for Young Scientists! What does a day in the life of a VP look like?

The whole day begins at 7 AM. The students have some time to eat breakfast as our staff and teachers roll in. Then at 7:50, we have a student-led assembly. And that really speaks to the type of leadership communication we employ at Wisdom.

A more communal approach?

Right. I like to avoid top-down school management where the principals just give commands. It's better to communicate your expectations in a way that can be echoed by students and teachers. People buy that. It's like...if I'm Marc Jacobs, and I have Beyonce model my clothes, they're much more likely to sell than if Marc Jacobs simply appears on TV and urges everyone to try out his latest designs! I prefer to

Follow

Dear | Drive All Night

<http://driveallnight.org/2013/06/30/dea>

ing a humble leader because it gives the students more room to shine.

As the vice principal, do you also instruct students in the classroom?

Oh, definitely. At 8 AM on any given day, you might see me teaching a language arts class. And I'll usually put a spin on the lesson by working dance into the presentation. For instance, I'll use a pirouette to convey synonyms, and a jete for antonyms. It gets the kids excited about what they're learning.

Is this outside-the-box instruction approach applied in most classes at Wisdom?

We use it in almost all classroom situations. One approach that's been really popular is incorporating rap into math lessons. The students get to hear their favorite songs from their favorite rap artists, but the lyrics are reworked to teach concepts like multiplication. And it's a lot of fun for them. They look forward to the next lesson, they get involved.

And it's probably a more compelling incentive to ace their homework assignments than a standard review session the next morning.

Exactly. Not only that, but when our teachers eventually hold assessment tests to see how the students are retaining all this new information, we see very positive results. And that's extremely important when you think about the standardized testing that these students are going to negotiate; testing that will affect their academic future.

What about the students whose career expectations aren't reached by a four-year college education?

I think it's really important to have a dual emphasis on college and career when you're working with young students. Because, like you said, not every career is reached through college. Let's say you want to be a policeman or a pilot. You'll need advanced studies, but not the same as the majority of your classmates. I mean, not everyone can become the president of the United States! If a student says they like to help people, we'll sit down with them and make a list of all the professions they could pursue that would allow them to help people. And from there, we help each student work towards a higher education that applies to their career interests.

Speaking of the future, where do you see yourself five to ten years down the road from right now?

Right now, I'm at a point where I've begun to think about starting a family and the joys that come with it. So that will definitely be a priority. Career-wise, I see myself working in politics or international education.

Define "politics".

Follow

Dear | Drive All Night

<http://driveallnight.org/2013/06/30/dea>

My ideal career goal – for a long time coming – has been to become the US Secretary of Education. And of course, there are many roads to that point. I could work in Sacramento for the state's standardized testing program, or serve as a superintendent. But ultimately, there are some new ideas and policies I'd like incorporate into the American public education system.

Let's hear some.

Foreign language. I'd like to see it become a mandatory subject in primary education curriculums. Another one, more of a fantasy, ~~would be an extended school day.~~ And when most people hear this, they go, "Ahh! No way!" But here's the twist: you'd extend the school day, and then cut out Friday. That way, students could use that free day to participate in internships, community service, sports...you name it.

That would certainly give students an early leg up in today's job market!

It would! You could almost look at Friday as an "application day." Monday and Thursday can remain devoted to theory, but Friday would allow some real world practicum. Because otherwise, you're likely to still have lots of students getting frustrated with school and dropping out early to go find a job somewhere.

In case any members of President Obama's education department are reading this, are there any other ideas you'd like to throw out there?

Sure – I'd like to see our country increase the value and esteem of the teaching profession. If we impose qualification requirements for educators – and offer them much better salaries than we do right now, we're likely to see a competitive pool of teaching applicants, who will in turn be better teachers for our students. Most of us want the best doctors presiding over us, or the best engineers designing our cities. Why shouldn't we expect the same standard when it comes to the professionals educating our children?

What challenges do you see yourself facing as you move towards your professional goals?

I think relocating will be hard for me. My neighborhood, USC, and my family are very important to me, and while I know that eventually I'll have to move...hopefully to Washington DC one day...it's tough for me to just leave, start a new clique somewhere else, and adapt to an entirely new environment.

Blowing that question open, what challenges do you think Millennials are likely to face as they enter their 30s and 40s?

Of course, employment and healthcare will probably be two of the biggest challenges for most

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But there's always a way to solve challenges, and that's what I think we need to channel our energy into. If you can't find a job that allows you to do something you enjoy and do well, maybe it's time to start thinking about how you could create that job. If I didn't have either of the opportunities I do have for teaching, I'd find like-minded individuals and create a charter school. Or a tutoring program. It's possible to create an outlet for your skills: but it requires a lot of hustling, living within your means, and being very specific about your goals. Write them down or put them in a flow chart if you have to!

I'm especially curious to hear your take on this one: I've asked everyone involved with this project how they identify with the term Millennial and its mainstream connotations. (The entitled, lazy young adult.) What does the term mean to you?



Based on my experience and those of my colleagues... I think "Millennial" means a 21st century individual who's very adaptable and open to new ideas and demands of the times we're living in. It's a very positive word to me. I think the popular, more unflattering definition comes from people our age being studied alongside the next generation of young adults, the ones who are in high school now. Because I've worked with a lot of these students, and some of them do tend to embody the negative Millennial stereotype: you know, sending unpolished resumes via their iPhones and expecting an interview.

Interesting. And troubling too. Why do you reckon that is?

Technology, maybe? Most Millennials didn't have Facebook, Twitter, or smartphones until high school at the *earliest*. I sometimes wonder if all these devices are handicapping the next generation; weakening their initiative. And that's part of my job as an educator – showing high school juniors how to finesse a cover letter with a nice, professional signature, or brainstorming ways that a student could hedge their bets on landing a job they want by networking with the company they want to join, or even doing some volunteer work there *before* applying.

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<http://driveallnight.org/2013/06/30/dea>

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Aimee & Jesse

Mary

An Introduction

This entry was posted in Uncategorized on June 30, 2013 [<http://driveallnight.org/2013/06/30/deara/>].

One thought on "Deara"



kashmira omar

January 30, 2014 at 9:27 pm

AMAZZZZZZING STORY!!!!!! The LORD Most High have DEFINITELY put you on this earth to be an

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AMAZZZZZZING BLESSING to us ALL!!!!!! CONTINUED SUCCESS Dear DEARA!!!!!! YOU ARE
AWESOME!!!!!! Peace & Blessings!!!!!!

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EXHIBIT 30

Form **990**

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

2012

Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

A For the 2012 calendar year, or tax year beginning

, 2012, and ending

B Check if applicable:

- ☐ Address change
☐ Name change
☐ Initial return
☐ Terminated
☐ Amended return
☐ Application pending

C MERLE WILLIAMSON FOUNDATION
706 E MANCHESTER AVE
LOS ANGELES, CA 90001

D Employer Identification Number

71-0919256

E Telephone number

323-752-6655

G Gross receipts \$ 3,596,007.

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) Are all affiliates included? ☐ Yes ☒ No
If "No," attach a list (see instructions).

H(c) Group exemption number

I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: N/A

K Form of organization ☐ Corporation ☐ Trust ☐ Association ☐ Other

L Year of Formation

M State of legal domicile

Part I Summary

1 Briefly describe the organization's mission or most significant activities: THE ORGANIZATION IS COMMITTED TO DEVELOPING A MODEL COMPREHENSIVE ELEMENTARY PROGRAM THAT MEETS THE UNIQUE NEEDS OF THE 21ST CENTURY STUDENTS.

2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a)	3	6
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	6
5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	56
6 Total number of volunteers (estimate if necessary)	6	0
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
7b Net unrelated business taxable income from Form 990-T, line 34	7b	0.

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	3,129,932.	3,571,020.
9 Program service revenue (Part VIII, line 2g)		
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)		
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		24,987.
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,129,932.	3,596,007.
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		
14 Benefits paid to or for members (Part IX, column (A), line 4)		
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	1,592,145.	2,335,574.
16a Professional fundraising fees (Part IX, column (A), line 11e)		
b Total fundraising expenses (Part IX, column (D), line 25)		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	1,333,356.	1,579,205.
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	2,925,501.	3,914,779.
19 Revenue less expenses Subtract line 18 from line 12	204,431.	-318,772.
20 Total assets (Part X, line 16)	Beginning of Current Year 1,508,335.	End of Year 1,171,102.
21 Total liabilities (Part X, line 26)	270,590.	252,129.
22 Net assets or fund balances Subtract line 21 from line 20	1,237,745.	918,973.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature of officer: Edward Cabil Date: 11/14/13
Type or print name and title: EDWARD CABIL Executive Dir.

Paid Preparer Use Only
Print/type preparer's name: Bali Business Management Preparer's signature: Bali Business Management Date: 11/14/13 Check ☐ if self-employed PTIN: P01382667
Firm's name: Bali Business Management
Firm's address: 4221 Wilshire Blvd, Suite #350 Los Angeles, CA 90010
Firm's EIN: 75-3041799
Phone no: (323) 935-4220

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

BAA For Paperwork Reduction Act Notice, see the separate instructions.

TEEA0113L 12/18/12

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FRESNO, CA

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Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III ☐

1 Briefly describe the organization's mission:

THE ORGANIZATION IS COMMITTED TO DEVELOPING A MODEL COMPREHENSIVE ELEMENTARY PROGRAM THAT MEETS THE UNIQUE NEEDS OF THE 21ST CENTURY STUDENTS.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If 'Yes,' describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If 'Yes,' describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported:

4a (Code:) (Expenses \$ 3,600,878. including grants of \$) (Revenue \$ 3,596,007.)
CREATED A TRANSFORMATIONAL LEARNING CLIMATE IN WHICH STUDENTS BECOME EMPOWERED TO BE LEADERS, SELF RESPONSIBLE LEARNERS, AGENTS OF CHANGE AND TRUE SCIENTISTS.

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 3,600,878.

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Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If 'Yes,' complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?		X
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I		X
4 Section 501(c)(3) organizations Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If 'Yes,' complete Schedule C, Part II		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If 'Yes,' complete Schedule C, Part III		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If 'Yes,' complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If 'Yes,' complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If 'Yes,' complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management credit repair, or debt negotiation services? If 'Yes,' complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If 'Yes,' complete Schedule D, Part V		X
11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings and equipment in Part X, line 10? If 'Yes,' complete Schedule D, Part VI	X	
b Did the organization report an amount for investments — other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VII		X
c Did the organization report an amount for investments — program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VIII		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part IX		X
e Did the organization report an amount for other liabilities in Part X, line 25? If 'Yes,' complete Schedule D, Part X		X
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If 'Yes,' complete Schedule D, Part X		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? If 'Yes,' complete Schedule D, Parts XI, and XII		X
b Was the organization included in consolidated, independent audited financial statements for the tax year? If 'Yes,' and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI and XII is optional		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E	X	
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If 'Yes,' complete Schedule F, Parts I and IV		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If 'Yes,' complete Schedule F, Parts II and IV		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If 'Yes,' complete Schedule F, Parts III and IV		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If 'Yes,' complete Schedule G, Part I (see instructions)		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If 'Yes,' complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If 'Yes,' complete Schedule G, Part III		X
20a Did the organization operate one or more hospital facilities? If 'Yes,' complete Schedule H		X
b If 'Yes' to line 20a, did the organization attach a copy of its audited financial statements to this return?		

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Part VII Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If 'Yes,' complete Schedule I, Parts I and II		X
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If 'Yes,' complete Schedule I, Parts I and III		X
23 Did the organization answer 'Yes' to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If 'Yes,' complete Schedule J		X
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, and that was issued after December 31, 2002? If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25		X
24b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
24c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
24d Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If 'Yes,' complete Schedule L, Part I		X
25b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If 'Yes,' complete Schedule L, Part I		X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If 'Yes,' complete Schedule L, Part II		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If 'Yes,' complete Schedule L, Part III		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
28a A current or former officer, director, trustee, or key employee? If 'Yes,' complete Schedule L, Part IV		X
28b A family member of a current or former officer, director, trustee, or key employee? If 'Yes,' complete Schedule L, Part IV		X
28c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If 'Yes,' complete Schedule L, Part IV		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If 'Yes,' complete Schedule M		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If 'Yes,' complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If 'Yes,' complete Schedule N, Part I		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If 'Yes,' complete Schedule N, Part II		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Schedule R, Part I		X
34 Was the organization related to any tax-exempt or taxable entity? If 'Yes,' complete Schedule R, Parts II, III, IV, and V, line 1		X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
35b If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If 'Yes,' complete Schedule R, Part V, line 2		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If 'Yes,' complete Schedule R, Part V, line 2		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If 'Yes,' complete Schedule R, Part VI		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	X	

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Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V ☐

	1a	1b	1c	2a	2b	3a	3b	4a	5a	5b	5c	6a	6b	7a	7b	7c	7d	7e	7f	7g	7h	8	9a	9b	10a	10b	11a	11b	12a	12b	13a	13b	13c	14a	14b	
1 a Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	0																																			
b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	0																																			
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?																																				
2 a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return				56																																
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)						X																														
3 a Did the organization have unrelated business gross income of \$1,000 or more during the year?																																				
b If 'Yes' has it filed a Form 990-T for this year? If 'No,' provide an explanation in Schedule O																																				
4 a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? b If 'Yes,' enter the name of the foreign country																																				
See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts																																				
5 a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?																																				
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?																																				
c If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T?																																				
6 a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?																																				
b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?																																				
7 Organizations that may receive deductible contributions under section 170(c).																																				
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?																																				
b If 'Yes,' did the organization notify the donor of the value of the goods or services provided?																																				
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?																																				
d If 'Yes,' indicate the number of Forms 8282 filed during the year																																				
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?																																				
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?																																				
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?																																				
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?																																				
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?																																				
9 Sponsoring organizations maintaining donor advised funds.																																				
a Did the organization make any taxable distributions under section 4966?																																				
b Did the organization make a distribution to a donor, donor advisor, or related person?																																				
10 Section 501(c)(7) organizations. Enter																																				
a Initiation fees and capital contributions included on Part VIII, line 12																																				
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities																																				
11 Section 501(c)(12) organizations. Enter																																				
a Gross income from members or shareholders																																				
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)																																				
12 a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?																																				
b If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year																																				
13 Section 501(c)(29) qualified nonprofit health insurance issuers.																																				
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.																																				
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans																																				
c Enter the amount of reserves on hand																																				
14 a Did the organization receive any payments for indoor tanning services during the tax year?																																				
b If 'Yes,' has it filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O																																				

BAA

TELETYPE 08/08/12

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Part VI Governance, Management and Disclosure For each 'Yes' response to lines 2 through 7b below, and for a 'No' response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI ☒

Section A. Governing Body and Management

	Yes	No
1 a Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O	6	
1 b Enter the number of voting members included in line 1a, above, who are independent	6	
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee? See Schedule O	2	X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?	5	X
6 Did the organization have members or stockholders?	6	X
7 a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	X
7 b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or other persons other than the governing body?	7b	X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body?	8a	X
b Each committee with authority to act on behalf of the governing body?	8b	X
9 Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If 'Yes,' provide the names and addresses in Schedule O	9	X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
10 a Did the organization have local chapters, branches, or affiliates?	10a	X
b If 'Yes,' did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11 a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X
b Describe in Schedule O the process, if any, used by the organization to review this Form 990 See Schedule O		
12 a Did the organization have a written conflict of interest policy? If 'No,' go to line 13	12a	X
b Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If 'Yes,' describe in Schedule O how this is done	12c	X
13 Did the organization have a written whistleblower policy?	13	X
14 Did the organization have a written document retention and destruction policy?	14	X
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official See Schedule O	15a	X
b Other officers of key employees of the organization See Schedule O	15b	X
If 'Yes' to line 15a or 15b, describe the process in Schedule O (See instructions)		
16 a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	X
b If 'Yes,' did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ None

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.

☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public during the tax year. See Schedule O

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶ HALILU HARUNA 4221 WILSHIRE BLVD #320 LOS ANGELES CA 90010 323-9354220

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Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1 a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of 'key employee.'
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☒ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) NORMAN GOLDEN Director	0							0.	0.	0.
(2) DOROTHY VALENTI Director	0							0.	0.	0.
(3) CHERYL JOHNSON Director	0							0.	0.	0.
(4) KAREN HAYNES Secretary	0							0.	0.	0.
(5) ARMANDO ESPINOZA Director	0							0.	0.	0.
(6) ALEANOR JONES Director	0							0.	0.	0.
(7) EDWARD CABIL Executive Dir.	0							0.	0.	0.
(8)										
(9)										
(10)										
(11)										
(12)										
(13)										
(14)										

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Part VII Section A: Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (cont)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below titled area)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2 1099-MISC)	(E) Reportable compensation from related organizations (W-2 1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Key employee	Highest compensated employee	Former officer	Former trustee			
(15)									
(16)									
(17)									
(18)									
(19)									
(20)									
(21)									
(22)									
(23)									
(24)									
(25)									
1b Total							0.	0.	0.
c Total number of individuals reported on lines 1a through 1b							0.	0.	0.
d Total number of individuals reported on lines 1a through 1b and 1c							0.	0.	0.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **0**

3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? If 'Yes,' complete Schedule J for such individual

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If 'Yes' complete Schedule J for such individual

5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If 'Yes,' complete Schedule J for such person

	Yes	No
3		X
4		X
5		X

Section B: Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **0**

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Part VIII Statement of Revenue

Check if Schedule O contains a response to any question in this Part VIII ☐

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
CONTRIBUTIONS, GIFTS, GRANTS, AND OTHER SIMILAR AMOUNTS	1 a Federated campaigns	1 a			
	b Membership dues	1 b			
	c Fundraising events	1 c			
	d Related organizations	1 d			
	e Government grants (contributions)	1 e 3,546,927.			
	f All other contributions, gifts, grants, and similar amounts not included above	1 f 24,093.			
	g Noncash contributions included in lns 1a-1f \$				
	h Total. Add lines 1a-1f	3,571,020.			
PROGRAM SERVICE REVENUE	2 a Business Code				
	b				
	c				
	d				
	e				
	f All other program service revenue				
	g Total. Add lines 2a-2f				
OTHER REVENUE	3 Investment income (including dividends, interest and other similar amounts)				
	4 Income from investment of tax-exempt bond proceeds				
	5 Royalties				
	6 a Gross rents	(i) Real (ii) Personal			
	b Less rental expenses				
	c Rental income or (loss)				
	d Net rental income or (loss)				
	7 a Gross amount from sales of assets other than inventory	(i) Securities (ii) Other			
	b Less: cost or other basis and sales expenses				
	c Gain or (loss)				
	d Net gain or (loss)				
	8 a Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	a			
	b Less direct expenses	b			
	c Net income or (loss) from fundraising events				
	9 a Gross income from gaming activities. See Part IV, line 19	a			
	b Less direct expenses	b			
	c Net income or (loss) from gaming activities				
	10 a Gross sales of inventory, less returns and allowances	a			
	b Less cost of goods sold	b			
	c Net income or (loss) from sales of inventory				
Miscellaneous Revenue		Business Code			
11 a MISCELLANEOUS FEES	611600	24,987.			24,987.
b					
c					
d All other revenue					
e Total. Add lines 11a-11d		24,987.			
12 Total revenue. See instructions		3,596,007.	0.	0.	24,987.

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Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response to any question in this Part IX ☒

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	0.	0.	0.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(b)(1)) and persons described in section 4958(c)(3)(B)	0.	0.	0.	0.
7 Other salaries and wages	1,999,431.	1,799,488.	199,943.	
8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions)	97,510.	87,759.	9,751.	
9 Other employee benefits	142,173.	127,956.	14,217.	
10 Payroll taxes	96,460.	86,814.	9,646.	
11 Fees for services (non-employees).				
a Management				
b Legal	50,200.	45,180.	5,020.	
c Accounting	65,634.	59,071.	6,563.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amt exceeds 10% of line 25, column (A) amt, list line 11g expenses on Sch O) Sch O	573,297.	573,297.		
12 Advertising and promotion	2,220.	1,998.	222.	
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy	438,264.	394,438.	43,826.	
17 Travel	170.	153.	17.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	4,514.	4,063.	451.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance	27,528.	24,775.	2,753.	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a Books & Supplies	202,449.	202,449.		
b Other Services & Operating Exp	194,191.	174,772.	19,419.	
c Telephone	19,504.	17,554.	1,950.	
d Postage and Shipping	1,234.	1,111.	123.	
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	3,914,779.	3,600,878.	313,901.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

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Part X Balance Sheet

Check if Schedule O contains a response to any question in this Part X ☐

	(A) Beginning of year		(B) End of year
1 Cash — non-interest-bearing	112,607.	1	198,120.
2 Savings and temporary cash investments		2	
3 Pledges and grants receivable, net		3	
4 Accounts receivable, net	929,293.	4	380,733.
5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6	
7 Notes and loans receivable, net		7	
8 Inventories for sale or use		8	
9 Prepaid expenses and deferred charges	65,120.	9	116,578.
10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 560,763.		
b Less: accumulated depreciation	10b 85,093.		
	401,315.	10c	475,670.
11 Investments — publicly traded securities		11	
12 Investments — other securities. See Part IV, line 11		12	
13 Investments — program-related. See Part IV, line 11		13	
14 Intangible assets		14	
15 Other assets. See Part IV, line 11		15	1.
16 Total assets. Add lines 1 through 15 (must equal line 34)	1,508,335.	16	1,171,102.
17 Accounts payable and accrued expenses	168,672.	17	252,129.
18 Grants payable		18	
19 Deferred revenue		19	
20 Tax-exempt bond liabilities		20	
21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
23 Secured mortgages and notes payable to unrelated third parties		23	
24 Unsecured notes and loans payable to unrelated third parties		24	
25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	101,918.	25	
26 Total liabilities. Add lines 17 through 25	270,590.	26	252,129.
27 Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
28 Unrestricted net assets	1,237,745.	27	918,973.
29 Temporarily restricted net assets		28	
30 Permanently restricted net assets		29	
31 Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
32 Capital stock or trust principal, or current funds		30	
33 Paid-in or capital surplus, or land, building, or equipment fund		31	
34 Retained earnings, endowment, accumulated income, or other funds		32	
35 Total net assets or fund balances	1,237,745.	33	918,973.
36 Total liabilities and net assets/fund balances	1,508,335.	34	1,171,102.

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Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	3,596,007.
2	Total expenses (must equal Part IX, column (A), line 25)	2	3,914,779.
3	Revenue less expenses Subtract line 2 from line 1	3	-318,772.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)).	4	1,237,745.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B)).	10	918,973.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII ☐

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____		
If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both			
<input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis			
2b	Were the organization's financial statements audited by an independent accountant?		X
If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:			
<input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis			
2c	If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?		
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
3b	If 'Yes,' did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

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Form 990 (2012)

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

2012

Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
MERLE WILLIAMSON FOUNDATION

Employer identification number
71-0919256

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches or association of churches described in section 170(b)(1)(A)(i).
- 2 ☒ A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 ☐ A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 ☐ A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state.
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 ☐ A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 ☐ An organization that normally receives: (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Non-functionally integrated
 - e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
 - f If the organization received a written determination from the IRS that is a Type I, Type II or Type III supporting organization, check this box ☐
 - g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (i) and (ii) below, the governing body of the supported organization?	<input type="checkbox"/>	<input type="checkbox"/>
(ii) A family member of a person described in (i) above?	<input type="checkbox"/>	<input type="checkbox"/>
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	<input type="checkbox"/>	<input type="checkbox"/>

- h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRS section 509(a)(3))	(iv) Is the organization in column (i) listed in your governing document?		(v) Did you notify the organization in column (i) of your support?		(vi) Is the organization in column (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2012

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Schedule A (Form 990 or 990-EZ) 2012 **MERLE WILLIAMSON FOUNDATION**

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Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2011 Schedule A, Part II, line 14	15	%
16a 33-1/3% support test – 2012. If the organization did not check the box on line 13, and the line 14 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
b 33-1/3% support test – 2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
17a 10%-facts-and-circumstances test – 2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
b 10%-facts-and-circumstances test – 2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ <input type="checkbox"/>		

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Schedule A (Form 990 or 990-EZ) 2012

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Schedule A (Form 990 or 990-EZ) 2012

MERLE WILLIAMSON FOUNDATION

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Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal yr beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal yr beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets. (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here. ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f)).	15	%
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f)).	17	%
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	%
19a 33-1/3% support tests – 2012. If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
b 33-1/3% support tests – 2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33-1/3%, and line 18 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions. ▶ <input type="checkbox"/>		

BAA

TEEA0403L 08/09/12

Schedule A (Form 990 or 990-EZ) 2012

000988

Schedule A (Form 990 or 990-EZ) 2012

MERLE WILLIAMSON FOUNDATION

71-0919256

Page 4

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10;
Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information.
(See instructions).

Supplemental information area with horizontal lines for text entry.

BAA

Schedule A (Form 990 or 990-EZ) 2012

TEEA0004L 08/10/12

000989

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

► Complete if the organization answered 'Yes' to Form 990,
Part IV, lines 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 12a, or 12b.
► Attach to Form 990. ► See separate instructions.

OMB No. 1545-0047

2012

Open to Public
Inspection

MERLE WILLIAMSON FOUNDATION

Employer identification number
71-0919256

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered 'Yes' to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered 'Yes' to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ►

4 Number of states where property subject to conservation easement is located ►

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year
► \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered 'Yes' to Form 990, Part IV, line 8.

1 a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1	► \$
(ii) Assets included in Form 990, Part X	► \$

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenues included in Form 990, Part VIII, line 1	► \$
b Assets included in Form 990, Part X	► \$

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TEEAJ3301L 09/18/12

Schedule D (Form 990) 2012

000990

Schedule D (Form 990) 2012 **MERLE WILLIAMSON FOUNDATION** 71-0919256 Page 2

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply).

- a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange programs
e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered 'Yes' to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1 a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If 'Yes,' explain the arrangement in Part XIII and complete the following table.

- c Beginning balance
d Additions during the year
e Distributions during the year
f Ending balance

	Amount
1 c	
1 d	
1 e	
1 f	

2 a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If 'Yes,' explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII ☐

Part V Endowment Funds. Complete if the organization answered 'Yes' to Form 990, Part IV, line 10.

	(a) Current	(b) Prior year	(c) Two years	(d) Three years	(e) Four years
1 a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment %
b Permanent endowment %
c Temporarily restricted endowment %
The percentages in lines 2a, 2b, and 2c should equal 100%.

3 a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations
(ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If 'Yes' to 3a(i), are the related organizations listed as required on Schedule R?

4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1 a Land				
b Buildings				
c Leasehold improvements		380,787.	57,863.	322,924.
d Equipment		179,976.	27,230.	152,746.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				475,670.

BAA

Schedule D (Form 990) 2012

Schedule D (Form 990) 2012 MERLE WILLIAMSON FOUNDATION

71-0919256

Page 3

Part VII Investments – Other Securities. See Form 990, Part X, line 12. N/A

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
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Schedule D (Form 990) 2012 **MERLE WILLIAMSON FOUNDATION**

71-0919256

Page 4

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return N/A

1 Total revenue, gains, and other support per audited financial statements		1	
2 Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a Net unrealized gains on investments	2a		
b Donated services and use of facilities	2b		
c Recoveries of prior year grants	2c		
d Other (Describe in Part XIII.)	2d		
e Add lines 2a through 2d		2e	
3 Subtract line 2e from line 1		3	
4 Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
a Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b Other (Describe in Part XIII.)	4b		
c Add lines 4a and 4b		4c	
5 Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)		5	

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return N/A

1 Total expenses and losses per audited financial statements		1	
2 Amounts included on line 1 but not on Form 990, Part IX, line 25			
a Donated services and use of facilities	2a		
b Prior year adjustments	2b		
c Other losses	2c		
d Other (Describe in Part XIII.)	2d		
e Add lines 2a through 2d		2e	
3 Subtract line 2e from line 1		3	
4 Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b Other (Describe in Part XIII.)	4b		
c Add lines 4a and 4b		4c	
5 Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)		5	

Part XIII Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

BAA

Schedule D (Form 990) 2012

**SCHEDULE E (Form
990 or 990-EZ)**

Department of the Treasury
Internal Revenue Service

Schools

► Complete if the organization answered 'Yes' to Form 990,
Part IV, line 13, or Form 990-EZ, Part VI, line 48.
► Attach to Form 990 or Form 990-EZ.

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization
MERLE WILLIAMSON FOUNDATION

Employer identification number
71-0919256

Part I

	YES	NO
1 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	1 X	
2 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	2 X	
3 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If 'Yes,' please describe. If 'No,' please explain. If you need more space, use Part II	3 X	
4 Does the organization maintain the following?		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	4a X	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	4b X	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	4c X	
d Copies of all material used by the organization or on its behalf to solicit contributions?	4d X	
If you answered 'No' to any of the above, please explain. If you need more space, use Part II		
5 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?	5a	X
b Admissions policies?	5b	X
c Employment of faculty or administrative staff?	5c	X
d Scholarships or other financial assistance?	5d	X
e Educational policies?	5e	X
f Use of facilities?	5f	X
g Athletic programs?	5g	X
h Other extracurricular activities?	5h	X
If you answered 'Yes' to any of the above, please explain. If you need more space, use Part II		
6a Does the organization receive any financial aid or assistance from a governmental agency?		
b Has the organization's right to such aid ever been revoked or suspended?	6a	X
If you answered 'Yes' to either line 6a or line 6b, explain on Part II		
7 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If 'No,' explain on Part II	7 X	

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule E (Form 990 or 990-EZ) 2012

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000994

Schedule E (Form 990 or 990-EZ) 2012 **MERLE WILLIAMSON FOUNDATION**

71-0919256

Page 2

Part III **Supplemental Information.** Complete this part to provide the explanations required by Part I, lines 3, 4d, 5h, 6b, and 7, as applicable. Also complete this part to provide any other additional information (see instructions).

Supplemental information area with horizontal dashed lines for text entry.

BAA

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Schedule E (Form 990 or 990-EZ) 2012

000995

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

2012

Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

Name of the organization

MERLE WILLIAMSON FOUNDATION

Employer identification number

71-0919256

Form 990, Part VI, Line 1a - Explanation of Material Differences of Voting Rights

NO MATERIAL DIFFERENCE IN VOTING RIGHTS GOVERNING BODY

Form 990, Part VI, Line 2 - Business or Family Relationship of Officers, Directors, Etc.

BROTHER AND SISTER PART OF KEY EMPLOYEES

Form 990, Part VI, Line 11b - Form 990 Review Process

PREPARED BY ACCOUNTANT REVIEWED BY EXECUTIVE DIRECTOR AND BOARD AND SIGNED BY

EXECUTIVE DIRECTOR

Form 990, Part VI, Line 15a - Compensation Review & Approval Process - CEO, Top Management

APPROVED BY THE BOARD OF DIRECTORS AFTER SALARY SURVEY COMPARING COMPENSATION TO

OTHER SIMILAR SCHOOLS AND SIZE

Form 990, Part VI, Line 15b - Compensation Review & Approval Process - Officers & Key Employees

APPROVED BY THE BOARD AFTER SALARY SURVEY OF COMPARABLE SCHOOLS IN SIMILAR SITUATION

AND SIZE

Form 990, Part VI, Line 19 - Other Organization Documents Publicly Available

DISCLOSURE IS AVAILABLE IN THE CORPORATE OFFICE UPON REQUEST

2012

Schedule O - Supplemental Information

Page 2

MERLE WILLIAMSON FOUNDATION

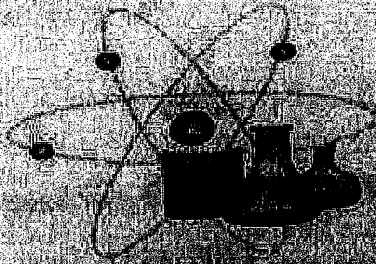
71-0919256

**Form 990, Part IX, Line 11g
Other Fees For Services**

	(A) Total	(B) Program Services	(C) Management & General	(D) Fund- raising
FOOD SERVICE CONTRACTOR	326,461.	326,461.		
INSTRUCTIONAL CONST	109,160.	109,160.		
SPECIAL ED CONSULTANTS	137,676.	137,676.		
Total	\$ 573,297.	\$ 573,297.	\$ 0.	\$ 0.

000997

EXHIBIT 31



Wisdom Academy for Young Scientists
School Site Council Agenda
January 23, 2014 at 3pm

- I. Call to order: Quorum Time _____
- II. Review Minutes from December meeting
- III. New business- Resolve regarding WWS governance
- IV. Adjournment

Next meeting: February 12, 2pm

EXHIBIT 32

**RESOLUTION OF SCHOOL SITE COUNCIL
OF WISDOM ACADEMY FOR YOUNG SCIENTISTS**

At a meeting of the School Site Council of

WISDOM ACADEMY for YOUNG SCIENTISTS
706 EAST MANCHESTER AVE
LOS ANGELES, CALIFORNIA 90001

Duly called and held on the 23rd day of January, 2014, the following resolution was offered, seconded, and adopted:

Summary: The School Site Council of Wisdom Academy for Young Scientists considered the Board of Directors membership of Board Members Carol Lee Tolbert and Sandra Davis. The said board members were elected to serve on the Board of Wisdom Academy on July 26, 2013. The said board members took an oath to consistently strive to promote the best interests of the school as a whole and follow ethical standards. However, since that time, their actions have proven to serve their own interests only and not the interests of the students or the school. The said board members have made gross violations of the Brown Act and their fiduciary responsibility to the organization and children, which has only been a distraction from growth of the school and the enhancement of the educational program to which they originally took an oath to uphold. After thorough consideration the SSC Members resolved that the aforementioned board members actions are not in the best interest of the said organization.

"Be it resolved, that the School Site Council of Wisdom Academy for Young Scientists be and is hereby authorized, empowered, and directed to recommend the removal of Board Member and President Carol Lee Tolbert and Board Member Sandra Davis from the Wisdom Academy for Young Scientists Board of Directors on behalf of the parents, students, staff, and friends of the said organization."

Furthermore, all actions taken regarding this matter are in accordance with applicable provisions of laws of the State of California."

hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of School Site Council Members of this organization on the date specified.

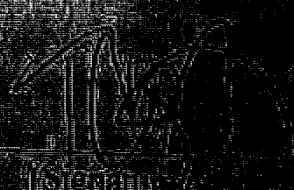

(Signature)

EXHIBIT 33

Wisdom Academy for Young Scientists

Communication from Mr. Cabil, Executive Director

Parents, Staff, and Friends of WAYS

We must save our school!

WAYS may be forced to close its doors to the community
because of the malicious actions of two Board Members.

These Board Members will be present at the Board Meeting
tomorrow held at the 77th Street District Police Station.

Address: 7600 Broadway Ave. Los Angeles, Ca 90003

Time: 6pm

Date: Wednesday, 1/29/2014

Please join us at the meeting to send a message to the WAYS
Board of Directors.

**Carol Lee Tolbert
and
Saundra Davis**

MUST GO!

001000

EXHIBIT 34



Los Angeles County Office of Education

Leading Educators • Supporting Students • Serving Communities

September 27, 2013

*Via First Class Mail, Facsimile to
(323) 752-6644 & (323) 537-8209
Email: edcabil@sbcglobal.net*

Arturo Delgado, Ed.D.
Superintendent

Los Angeles County
Board of Education

Rebecca J. Turrentine
President

Katie Braude
Vice President

Douglas R. Boyd

José Z. Calderón

Rudell S. Freer

Thomas A. Saenz

Mr. Edward Cabil, Executive Director
Wisdom Academy for Young Scientists Board
Dr. Dorothy Valenti, President
Ms. Kimberly Daniels
Ms. Sandra Davis
Mr. Armando Espinosa
Mr. Norman Golden
Ms. Cherly Johnson
Ms. Eleanor Jones
Ms. Carol Lee Tolbert
706 E. Manchester Ave.
Los Angeles, CA 90001

Dear Mr. Cabil and Members of the Wisdom Academy for Young Scientists Board:

Notice of Concern Regarding Student Achievement

The California Department of Education (CDE) released the Annual Performance Index (API) and Adequate Yearly Progress (AYP) Reports for 2012-13 through the Accountability Progress Reporting (APR) website of DataQuest (<http://dq.cde.ca.gov/dataquest/>).

The reports indicate that Wisdom Academy for Young Scientists (WAYS) attained a 2013 Growth API of 768 schoolwide, an increase of 53 points from its 2012 Base. The school also met its growth targets for two (2) of its two (2) numerically significant student groups: Hispanic or Latino (+71) and Socioeconomically Disadvantaged (+53).

WAYS did not make AYP under the No Child Left Behind (NCLB) Act. For 2013, the school did not meet proficiency rate criteria for English-Language Arts and Mathematics school-wide and for one (1) student group in English-Language Arts and two (2) student groups in Mathematics.

The LACOE Monitoring and Oversight Memorandum of Understanding (MOU) states in part:

2.2 Student Achievement Plan

If the Charter School fails to meet API and/or AYP targets school-wide or by numerically significant subgroups, it shall be required to submit a Student Achievement Plan to LACOE according to the following dates:

October 1¹ - Draft Student Achievement Plan
December 1 - Final Student Achievement Plan

The Charter School shall implement its final Student Achievement Plan that sets forth school

¹ For the 2013-14 school year, this due date has been extended to October 25, 2013.

Mr. Edward Cabil, Executive Director
Wisdom Academy for Young Scientists Board
September 27, 2013
Page 2

specific goals, how progress towards and achievement of each goal shall be measured, and plans for addressing areas identified as needing improvement. The Student Achievement Plan shall build upon the assessment measures, educational goals, and student outcomes described in the charter petition, and shall provide for more stringent assessment measures, educational goals, and student outcomes than those described in the charter petition. If the final Student Achievement Plan is less stringent than the charter, this shall be considered a material revision to the charter and shall be subject to County Board of Education review and approval. The specific requirements of the Student Achievement Plan are described in Attachment A, Student Achievement Plan Guidelines.

To comply with the MOU, WAYS shall submit a draft of the Student Achievement Plan by **October 25, 2013**.

The May 31, 2005, *Impact of Title I Requirements, under the No Child Left Behind (NCLB) Act of 2001, on Charter Schools* and the subsequent January 11, 2006, clarification letter requires a charter school authorizer to "...work with the charter school to ensure that it has taken the appropriate steps in compliance with NCLB..."

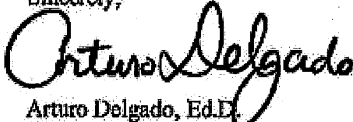
In order to fulfill the authorizer's responsibilities and provide support as needed, please submit a copy of the school's *Single Plan for Student Achievement (SPSA)* or *Single School District Plan (SSDP)*.

In addition, submit a copy of the school's Title I budget to the Charter School Office (CSO) by **November 15, 2013**. LACOE will review the budget to ensure funds are correctly allocated and monitor expenditures to ensure they are aligned with the SPSA/SSDP.

The final Student Achievement Plan and SPSA/SSDP will be submitted to LACOE as components of the Annual Report to the County Board/School Accountability Report Card due to the CSO on **December 2, 2013**.

If WAYS would like technical assistance to complete the Student Achievement Plan or Title I requirements, please do not hesitate to contact the CSO at (562) 922-8806.

Sincerely,



Arturo Delgado, Ed.D.
Superintendent

AD/JH:ls

c: Los Angeles County Board of Education
Yolanda M. Benitez, Assistant Superintendent, Educational Services, LACOE
Olivia Fuentes, Director, Division of Accountability, Support and Monitoring, LACOE
Judy Higelin, Project Director III, Charter School Office, LACOE

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EXHIBIT 35

WISDOM ACADEMY FOR YOUNG SCIENTISTS
REPORT TO THE BOARD OF DIRECTORS

Meeting Date:
February 27, 2013

Board Meeting Agenda Item Description:
b. Performance Based 2013-14 School Year Stipends First Half of Year

Recommendation:
Approve the Performance Based 2013-14 School Year Stipends Round One

Background:
Per the Board approved Salary Table for 2013-14 School Year, discretionary performance based stipends are awarded to select employees of Wisdom Academy upon recommendation from the Executive Director.

Implication:
Select Wisdom Academy employees are awarded stipends by performing extra curricular tasks, taking on leadership roles, and good attendance habits. Recognizing these select staff will give them an intrinsic and monetary reward; and furthermore encourage staff to go beyond their call to duty to make a positive contribution to the WAYS community, in efforts to further enrich the lives of the children we serve.

Fiscal Impact:
\$14,600 Expense in Employee Bonuses

Prepared by:
Ed Cabil

Attachments:
Performance Based Stipends 2013-14 Round One of Two Summary

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Notes:

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EXHIBIT 36

WISDOM ACADEMY FOR YOUNG SCIENTISTS

FINANCIAL REPORTS AND NARRATIVES

DECEMBER 2012



BALI BUSINESS MANAGEMENT

WE MAKE YOUR \$S GO FURTHER

WWW.BALIBUSINESS.NET

4221 WILSHIRE BOULEVARD SUITE 350

LOS ANGELES, CA 90010

PHONE 323-935-4220

FAX 323-935-4230

001006

**WISDOM ACADEMY FOR YOUNG SCIENTISTS
SNAP SHOT SUMMARY OF FINANCIAL CONDITION OF
THE SCHOOL AS OF DECEMBER 31, 2012**

- ◆ We received in excess of \$1,000,000 from various State and Federal Agencies that deferred our revenue for 2011-2012 fiscal year. These funds were used to meet the cash flow needs of the school in view of the deferrals of revenue in the current fiscal year 2012-2013. Additionally we used some of the money to pay for former employee settlement of over \$200,000. At the end of December we had cash of \$182,383 and accounts receivable of \$255,458. Our financial statement ratios still show our current ratio (our ability to pay our bills) at seven to one compared with industry average of two to one. The ratio is very good compared to industry average. Our financial health measured by the relationship between our assets and our liabilities is 14 to one, which is way above industry average. This means for every \$1 of liability there are \$14 of assets to cover the liability.
- ◆ For this fiscal year the July payment has been deferred to September and January so there was no payment for the month of July. 60% of August money has been deferred to January so we only received 40% of August money in September. 45% of October apportionment was deferred to January 2013. This means that about \$128,108 is being deferred to January.
- ◆ We had major expenditures in capital outlay specifically the air conditioning.
- ◆ Salaries and benefits is expected to be over budget by about \$30,000 based on the level of spending to date. Books and supplies is over budget by \$38,000 and is expected to be over budget at the end of the year by about \$70,000. Most of the over expenditures are in other supplies, instructional supplies and non capitalized equipment. Management need to review

2

these line items and revise the budget or cut back in these areas. Our cash flow projection shows that we will be ok given the large receivables received after the end of the year and our line of credit which we are asking the bank to increase to \$750,000 from the current \$250,000.

- ♦ It is however advised to proceed with caution as the state budget picture is still very fluid and may change any time.

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WISDOM ACADEMY FOR YOUNG SCIENTISTS
FINANCIAL STATEMENT NARRATIVES
December 31, 2012
(FISCAL YEAR TO DATE)

BALANCE SHEET:

Wisdom Academy for Young Scientists continues to show strong financial position and performance in line with historical records of the school over the past six years. This is an indication that the school is one of the best fiscally managed schools. Some of the ratios indicating strong financial position include current ratio, (the ability to pay current liabilities when due) of 6 to 1 compared with accepted industry average of 2 to 1. Other ratios include coverage ratio of total debt to total assets of 8%, meaning the school can withstand losses in the future without worrying about paying its bills. Finally the financial health ratio, which is the relationship between the school's assets and liabilities, is 13 to 1. The industry average is one or higher.

The accounts receivable balance is \$255,458 which comprises deferred payments related to apportionment and other revenue.

Other Assets represents prepayments of rent, insurance and other expenses.

The book value of the fixed assets is \$463,822.

Accounts Payable and Accrued expenses: This reflect accrued expenses at end of the period.

INCOME STATEMENT:

For the period ending December 31, 2012, Net Income (loss) is (\$559,715) versus budgeted net loss of (\$824,237). The difference is as a result of state deferral of revenues.

REVENUE:

For the period ending December 31, 2012 total revenue is \$1,253,824 this is \$436,336 over budgeted revenue for the period.

EXPENDITURES:

- For the period ending December 31, 2012, total expenses are \$1,813,539. This is \$171k over budget. This is due to timing of expenditures.
- Salaries and Benefits: The School expended \$210k over budget in salaries and benefits. This is due to early start of the school year than expected spending and timing of expenditures.
- Books and Supplies are \$38k over budget for the period. This is because of timing of expenditures. Services and Other Operating Expenses are under budget by \$25k due to timing of expenditures.

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4
WISDOM ACADEMY FOR YOUNG SCIENTISTS

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012**

ASSETS

CURRENT ASSETS:

Cash	\$ 182,383
Accounts receivable	255,458
Other assets	92,835
Total current assets	530,676

PROPERTY AND EQUIPMENT:

Leasehold improvements-Erate	35,483
Leasehold improvements	340,040
Furniture & fixtures	141,990
Less: accumulated depreciation	(53,691)
Total property and equipment	463,822
Total assets	\$ 994,498

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Cash Overdraft	
Accounts payable	\$ 55,601
Payroll and related liabilities	35,550
Wells Fargo Bank- Line of Credit	-
Total current liabilities	71,151

NET ASSETS

Net assets beginning	1,483,062
Increase/(decrease) in net assets	(559,715)
Total net assets	923,347
Total liabilities and net assets	\$ 994,498

001010

Wisdom Academy for Young Scientists
Budget Variance Report
From 7/1/2012 through 12/31/2012
In Whole Numbers

		Current Period Actual	Current Period Budget	YTD Actual	YTD Budget	Total Budget	Budget Remaining
8015	A. REVENUES						
	FEDERAL REVENUES						
8281	Title I		0			200,000	
8298	Title II		0			14,297	
8356	Title IV		0			0	
8220	Child Nutrition		0			347,242	
8229	Facilities Incentive Grant		0			0	
8221	Education Jobs Fund		0			0	
8226	Other Federal Revenues Prior Year		0			0	
	OTHER STATE REVENUES						
8311	Special Education	5,616	0	43,942	0	221,589	168,301
8480	Chicago State Block Grant	27,191	0	53,075	0	319,220	157,101
8480	Ill. Dept. of Transportation Impact Aid	0	0	0	0	0	0
8369	Child Nutrition State	0	0	0	0	2,264	2,264
8566	PE Teachers Incentive	0	0	0	0	0	0
8563	Art and Music Block Grant	0	0	0	0	0	0
8544	After School Education and Safety	0	0	0	0	0	0
8104	Class Size Reduction	43,084	0	67,400	0	112,500	112,500
8580	State Library	13,906	0	44,084	0	176,394	136,707
8481	Chicago State Facilities Grant	0	0	13,906	0	56,922	43,016
8590	All Other Revenues	0	0	12,486	0	153,000	140,514

Prepared by Ball Business Management

001011

Wisdom Academy for Young Scientists
Budget Variance Report
From 7/1/2012 through 12/31/2012
In Whole Numbers

	Current Period Actuals 12/31/2012	Current Period Budget	YTD Actuals 12/31/2012	YTD Budget	Total Budget	Budget Remaining
OTHER LOCAL REVENUES						
8780 In Rec of Property Tax	27,088	27,088	27,088	27,088	602,431	387,523
8789 Fundraising	0	0	0	0		(12,172)
8790 Other Local Income	2,234	2,234	2,234	2,234	23,042	(4,299)
8785 Prior Year Revenue						
SUBSIDISE - INCOME						
B. EXPENDITURES						
CERTIFICATED SALARIES						
1100 Teachers' Salaries	163,823	163,823	163,823	163,823	969,232	478,374
1200 Substitute Salaries	3,059	3,059	3,059	3,059	30,388	30,388
1300 Teachers Excl'n Duty	20,317	20,317	20,317	20,317	78,000	46,805
1300 School Administrators Salaries					243,808	
CLASSIFIED SALARIES						
2100 Instructional Aides	12,276	12,276	12,276	12,276	220,972	231,972
2200 Classified Support Salaries	6,057	6,057	6,057	6,057	80,000	37,290
2300 Classified Administrator	4,800	4,800	4,800	4,800	55,000	(105,005)
2400 Clerical/Office Salaries	3,216	3,216	3,216	3,216	59,084	39,017
2500 Other Classified Salaries						

Prepared by Ball Business Management

001012

Wisdom Academy for Young Scientists
Budget Variance Report
From 7/1/2012 through 12/31/2012
In Whole Numbers

	Current Period Actuals 12/31/2012	Current Period Budget	YTD Actuals 12/31/2012	YTD Budget	Total Budget	Budget Remaining
EMPLOYEE BENEFITS						
3101 Svs	10,492				10,492	66,504
3202 Pnd	0				0	0
3301 Costl - Regular	1,685				34,931	138
3302 Costl - Medicare	3,234				28,517	14,643
3400 Health & Welfare Benefits	12,635				154,063	104,899
3401 Unemployment Insurance	4,732				57,262	49,799
3402 Workers Compensation	4,877				58,761	50,930
3902 Other Benefits	66				597	570
TOTAL EMPLOYEE BENEFITS	36,981		36,981		333,024	228,874
BOOKS & SUPPLIES						
4110 Textbooks	0				30,000	17,154
4210 Books & Other High Textbooks	0				5,000	(5,048)
4300 Instructional Materials & Supplies	1,667				20,000	11,144
4400 Non-capitalized Equipment	1,667				20,000	(2,597)
4500 Other Supplies	1,667				20,000	(8,748)
4550 Office Supplies	1,250				15,000	5,322
4710 Food Supplies	167				3,000	(4,986)
TOTAL BOOKS & SUPPLIES	6,250		6,250		128,000	71,229
SERVICES, OTHER OPERATING EXP.						
5220 Travel & Conferences	417				5,000	5,000
5310 Dues & Fees	583				7,000	4,298
5450 Insurance	3,750				30,000	17,673
5500 Utilities & Housekeeping	4,567				45,000	34,432
5610 Remittances & Repairs	34,054				30,000	205,933
5812 Fuel Transportation	1,081				204,920	
5831 Student Activities	3,333				4,000	
5840 LACOE Expense Reimbursement	837				20,000	
5853 Business Consultant	5,000				10,010	
TOTAL SERVICES, OTHER OPERATING EXP.	48,109		48,109		60,000	28,839

Prepared by: Ball Business Management

001013

Wisdom Academy for Young Scientists
Budget Variance Report
From 7/1/2012 through 12/31/2012
In Whole Numbers

	Current Period 7/1/2012-12/31/2012	Current Period Budget	Variance	YTD	YTD Budget	Variance	Total Budget	Budget Remaining
5850 Non-Instructional Consultants	0	0	0	0	0	0	50,000	370,000
5851 Instructional Consultants	4,167	4,167	0	25,000	25,000	0	5,000	0
5853 Professional Development	417	417	0	2,500	2,500	0	370,000	0
5854 Consultant/Prod Services	30,833	30,833	0	185,000	185,000	0	0	0
5810 Field Trips	0	0	0	0	0	0	0	0
5820 Legal & Audit	2,864	2,864	0	15,000	15,000	0	31,999	16,144
5852 Special Ed Consultants	8,333	8,333	0	50,000	50,000	0	100,000	47,265
5890 Other Services (Hiring Coord)	0	0	0	0	0	0	0	0
5900 Communications	0	0	0	0	0	0	0	0
5920 Postage (UPS, FedEx, US Mail)	417	417	0	2,500	2,500	0	0	0
5920 Other Services & Operating Expenses	3,340	3,340	0	10,660	10,660	0	95,227	(23,674)
5998 LAUSD Special/Ed Bus	0	0	0	0	0	0	0	0
5998 Suspense Expense	0	0	0	0	0	0	0	0
CAPITAL OUTLAY								
6200 Building and Improvements	2,500	2,500	0	15,000	15,000	0	50,000	0
6410 Capitalized Equipment	2,500	2,500	0	15,000	15,000	0	50,000	0
6900 Furniture	0	0	0	0	0	0	0	0
OTHER OUTLAY								
7000	0	0	0	0	0	0	0	0
7090	0	0	0	0	0	0	0	0
7438	0	0	0	0	0	0	0	0
Net Income (Loss)	(40,298)	(40,298)	(35,053)	(559,715)	(824,247)	(264,532)	62,145	956,088
Change in Net Assets	(40,298)	(40,298)	(35,053)	(559,715)	(824,247)	(264,532)	62,145	956,088

Prepared by: Ball Business Management

001014

WISDOM ACADEMY FOR YOUNG SCIENTISTS
CASH FLOW - ACTUAL & PROJECTED
JULY 2012 - JUNE 2013

ACCOUNT	CHRG	MAI-12	JUN-12	SEP-12	DEC-12	MAR-13	JUN-13	SEP-13	DEC-13	MAR-14	JUN-14	Accrual
BEGINNING CASH BALANCE												
ADJUSTMENTS												
SOURCES OF CASH:												
GENERAL PURPOSE												
FEDERAL FUNDING												
CHILD NUTRITION PROGRAM												
CATEGORICAL BLOCK GRANT												
IN-LIEU OF PROPERTY TAX												
SPECIAL EDUCATION												
CHILD NUTRITION - STATE												
CLASS SIZE REDUCTION												
STATE LOTTERY												
CHARTER SCHOOL FACILITY (SEE TAB)												
CHARTER SCHOOL FACILITIES INCENT												
PE TEACHERS INCENTIVE												
ARTS & MUSIC BLOCK GRANT												

001015

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	2045-46	2046-47	2047-48	2048-49	2049-50	2050-51	2051-52	2052-53	2053-54	2054-55	2055-56	2056-57	2057-58	2058-59	2059-60	2060-61	2061-62	2062-63	2063-64	2064-65	2065-66	2066-67	2067-68	2068-69	2069-70	2070-71	2071-72	2072-73	2073-74	2074-75	2075-76	2076-77	2077-78	2078-79	2079-80	2080-81	2081-82	2082-83	2083-84	2084-85	2085-86	2086-87	2087-88	2088-89	2089-90	2090-91	2091-92	2092-93	2093-94	2094-95	2095-96	2096-97	2097-98	2098-99	2099-00	2100-01	2101-02	2102-03	2103-04	2104-05	2105-06	2106-07	2107-08	2108-09	2109-10	2110-11	2111-12	2112-13	2113-14	2114-15	2115-16	2116-17	2117-18	2118-19	2119-20	2120-21	2121-22	2122-23	2123-24	2124-25	2125-26	2126-27	2127-28	2128-29	2129-30	2130-31	2131-32	2132-33	2133-34	2134-35	2135-36	2136-37	2137-38	2138-39	2139-40	2140-41	2141-42	2142-43	2143-44	2144-45	2145-46	2146-47	2147-48	2148-49	2149-50	2150-51	2151-52	2152-53	2153-54	2154-55	2155-56	2156-57	2157-58	2158-59	2159-60	2160-61	2161-62	2162-63	2163-64	2164-65	2165-66	2166-67	2167-68	2168-69	2169-70	2170-71	2171-72	2172-73	2173-74	2174-75	2175-76	2176-77	2177-78	2178-79	2179-80	2180-81	2181-82	2182-83	2183-84	2184-85	2185-86	2186-87	2187-88	2188-89	2189-90	2190-91	2191-92	2192-93	2193-94	2194-95	2195-96	2196-97	2197-98	2198-99	2199-00	2200-01	2201-02	2202-03	2203-04	2204-05	2205-06	2206-07	2207-08	2208-09	2209-10	2210-11	2211-12	2212-13	2213-14	2214-15	2215-16	2216-17	2217-18	2218-19	2219-20	2220-21	2221-22	2222-23	2223-24	2224-25	2225-26	2226-27	2227-28	2228-29	2229-30	2230-31	2231-32	2232-33	2233-34	2234-35	2235-36	2236-37	2237-38	2238-39	2239-40	2240-41	2241-42	2242-43	2243-44	2244-45	2245-46	2246-47	2247-48	2248-49	2249-50	2250-51	2251-52	2252-53	2253-54	2254-55	2255-56	2256-57	2257-58	2258-59	2259-60	2260-61	2261-62	2262-63	2263-64	2264-65	2265-66	2266-67	2267-68	2268-69	2269-70	2270-71	2271-72	2272-73	2273-74	2274-75	2275-76	2276-77	2277-78	2278-79	2279-80	2280-81	2281-82	2282-83	2283-84	2284-85	2285-86	2286-87	2287-88	2288-89	2289-90	2290-91	2291-92	2292-93	2293-94	2294-95	2295-96	2296-97	2297-98	2298-99	2299-00	2300-01	2301-02	2302-03	2303-04	2304-05	2305-06	2306-07	2307-08	2308-09	2309-10	2310-11	2311-12	2312-13	2313-14	2314-15	2315-16	2316-17	2317-18	2318-19	2319-20	2320-21	2321-22	2322-23	2323-24	2324-25	2325-26	2326-27	2327-28	2328-29	2329-30	2330-31	2331-32	2332-33	2333-34	2334-35	2335-36	2336-37	2337-38	2338-39	2339-40	2340-41	2341-42	2342-43	2343-44	2344-45	2345-46	2346-47	2347-48	2348-49	2349-50	2350-51	2351-52
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**WISDOM ACADEMY FOR YOUNG SCIENTISTS
CASH FLOW - ACTUAL & PROJECTED
JULY 2012- JUNE 2013**

	2012-13	JAN-12	FEB-12	MAR-12	APR-12	MAY-12	JUN-12	JUL-12	AUG-12	SEP-12	OCT-12	NOV-12	DEC-12	JAN-13	FEB-13	MAR-13	APR-13	MAY-13	JUN-13	Actual
ACCOUNTS PAYABLE/ANSD																				
OVERSIGHT FEE														5,331	5,331	5,331	5,331	5,331	5,331	
PAYROLL LIABILITIES																				
CREDIT CARD PAYMENT																				
LOANS PAYABLE																				
INTEREST														3,500	3,500	3,500				
ADVANCE																				
ADJUSTMENTS																				
CASH APPLICATIONS FOR THE PERIOD														312,603	553,497	327,319	102,370	916,672	516,973	47,157
NET CASH FLOW FOR THE PERIOD														7,553	13,133	-4,942	-12,670	4,101	-7,105	134,701
ENDING CASH BALANCE														189,877	273,112	520,170	105,194	127,295	100,190	134,701

Bank Statement Balance 120,151 871,060 470,771 387,381 13,825 102,383

Balance Sheet - (Cash in Bank) 0 0 0 0 0 0

001017

EXHIBIT 37

WISDOM ACADEMY FOR YOUNG SCIENTISTS

**BUDGET VARIANCE REPORT, BALANCE SHEET, CASH
FLOW PROJECTION AND ACTUAL, SNAP SHORT
NARRATIVE**

FOR FISCAL YEAR 2012-2013 AS OF APRIL 30, 2013



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001018

WISDOM ACADEMY FOR YOUNG SCIENTISTS

Snap Shot Summary of Financial Condition of the School

As of April 30, 2013

- ◆ The school received (2011-2012) deferred revenue in excess of \$1,200,000 from various State and Federal Agencies. These funds were used to meet the cash flow needs of the school in view of the revenue deferrals in the current fiscal year 2012-2013. Additionally, we used some of the money to pay for former employee settlement of over \$200,000.
- ◆ At the end of April, the school had cash of \$212,131 and accounts receivable of \$432,232. The school's financial statement ratios still show a *current ratio* (our ability to pay our bills) of *3 to one* compared with the industry average of *two to one*. This ratio is very good when compared to industry average. The *financial health ratio* of the school measured by the relationship between assets and liabilities is *10 to one*, which is way above industry average. This means for every \$1 of liability there is \$10 of assets to cover the liability.
- ◆ For this fiscal year the July payment has been deferred to September and January so there was no payment for the month of July. 60% of August money has been deferred to January so we only received 40% of August money in September. 45% of October apportionment was deferred to January 2013. This means that about \$128,108 is being deferred to January. Additionally 31% of February payment which is \$52,100 is being deferred to July, 60% of March (\$100,873) is being deferred to August. 35% of April (58,275) is being deferred to July and 45% of April (74,839) is being deferred to August, 100% of May (\$166,885) is being deferred to July. We will receive only \$214,568 between February and June, while, about \$600,000 of general

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apportionment will be deferred to July and August. We also are expecting that the credential issue of one of our former staff person may reduce the amount of our ADA and therefore affecting our funding for this fiscal year.

- ◆ We had major expenditures in capital outlay specifically the air conditioning.
- ◆ Salaries and Benefits are expected to be over budget by about \$30,000 based on the level of spending to date. Books and supplies are already over budget by \$50,000 and are expected to be over budget at the end of the year by about \$70,000.
- ◆ Most of the expenditures are in other supplies, instructional supplies and non capitalized equipment. Management need to review these line items and revise the budget or cut back in these areas.
- ◆ Our cash flow projection shows that the school will be okay given the large receivables received after the end of the year. The school is also currently working with the bank to increase its line of credit from \$250,000 to \$750,000.
- ◆ Management is advised to proceed with caution as the state budget picture is still very fluid and may change at any time.

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**WISDOM ACADEMY FOR YOUNG SCIENTISTS
FINANCIAL STATEMENT NARRATIVES
April 30, 2013
(FISCAL YEAR TO DATE)**

BALANCE SHEET:

Wisdom Academy for Young Scientists continues to show strong financial position and performance in line with historical records of the school over the past six years. This is an indication that the school is one of the best fiscally managed schools. Some of the ratios indicating strong financial position include current ratio, (the ability to pay current liabilities when due) of 3 to 1 which is the accepted industry average of 2 to 1. Other ratios include coverage ratio of total debt to total assets of 2%, meaning the school can withstand losses in the future without worrying about paying its bills. Finally the financial health ratio, which is the relationship between the school's assets and liabilities, is 4 to 1. The industry average is one or higher.

The accounts receivable balance is \$432,232 which comprises deferred payments related to apportionment and other revenue.

Other Assets represents prepayments of rent, insurance and other expenses.

The book value of the fixed assets is \$471,677.

Accounts Payable and Accrued expenses: This reflect accrued expenses at end of the period.

INCOME STATEMENT:

For the period ending April 30, 2013, Net Income (loss) is (\$258,742) versus budgeted net loss of (\$961,014). The difference is as a result of state deferral of revenues.

REVENUE:

For the period ending April 30, 2013 total revenue is \$2,796,395 this is \$819,789 over budgeted revenue for the period.

EXPENDITURES:

- For the period ending April 30, 2013, total expenses are \$3,055,136. This is \$117k under budget. This is due to timing of expenditures.
- Salaries and Benefits: The School expended \$22k over budget in salaries and benefits. This is due to the timing of expenditures.
- Books and Supplies are \$57k over budget for the period. Services and Other Operating Expenses are over-budget by \$176k.

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WISDOM ACADEMY FOR YOUNG SCIENTISTS

STATEMENT OF FINANCIAL POSITION
APRIL 30, 2013

ASSETS

CURRENT ASSETS:

Cash	\$	212,131
Accounts receivable		432,232
Other assets		94,190
Total current assets		738,552

PROPERTY AND EQUIPMENT:

Leasehold improvements-Erate	35,483
Leasehold improvements	341,310
Furniture & fixtures	141,990
Equipment - Computers	37,987
Less: accumulated depreciation	(85,093)
Total property and equipment	471,677

Total assets	\$ 1,210,229
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Cash Overdraft	-
Accounts payable	\$ 178,241
Payroll and related liabilities	73,424
Wells Fargo Bank- Line of Credit	-
Total current liabilities	251,665

NET ASSETS

Net assets-beginning	1,217,307
Increase/(decrease) in net assets	(258,742)
Total net assets	958,564
Total liabilities and net assets	\$ 1,210,229

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Wisdom Academy for Young Scientists
STATEMENT OF ACTIVITIES
For the Period Ended April 30, 2013

A. REVENUES

TOTAL, REVENUE LIMIT SOURCES	1,112,905
TOTAL, FEDERAL REVENUES	305,613
TOTAL, OTHER STATE REVENUES	759,533
TOTAL, OTHER LOCAL REVENUES	618,343
Grants/Donations for operating/programs	12,172
In Lieu of Property Tax	559,829
Other Local Revenues	40,782
Suspense	5,560
TOTAL REVENUES	2,796,394

B. EXPENDITURES

TOTAL, CERTIFICATED SALARIES	910,638
TOTAL, CLASSIFIED SALARIES	487,079
TOTAL, EMPLOYEE BENEFITS	287,319
TOTAL, BOOKS & SUPPLIES	157,612
TOTAL, SERVICES & OTH OPER. EXP.	1,209,055
TOTAL, OTHER OUTGO	3,433
TOTAL EXPENDITURES	3,055,136
EXCESS REVENUE OVER (UNDER)	(258,742)
EXPENDITURE	

EXCESS INCOME OVER EXPENDITURES (258,742)

Grounds for Revocation and Supporting Substantial Evidence in the
Notice of Violation

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Wisdom Academy for Young Scientists
Budget Variance Report
From 7/1/2012 through 04/30/2013
In Whole Numbers

	Current Period Actual 4/30/2013	Current Period Budget	Variance	YTD Actual 4/30/2013	YTD Budget	Variance	Total Budget	Budget Remaining
A. REVENUES								
FEDERAL REVENUES								
8291 Title I	20,035	0	20,035	18,185	80,000	61,815	200,000	14,515
8298 Title II	506	0	506	506	5,719	5,213	14,297	13,791
8296 Title IV	0	0	0	0	0	0	0	0
8220 Child Nutrition	0	37,000	37,000	36,234	148,000	111,766	370,000	303,770
8229 Facilities Incentive Grant	0	0	0	0	0	0	0	0
8221 Education Jobs Fund	0	0	0	0	0	0	0	0
8226 Other Federal Revenues/Prior Year	0	0	0	0	0	0	0	0
8228 Special Education IDEA	0	0	0	5,410	0	5,410	0	0
OTHER STATE REVENUES								
8311 Special Education AB602	20,770	31,671	10,901	100,318	126,576	26,258	221,589	0
8480 Categorical Block Grant	3,612	0	3,612	103,243	184,476	81,233	319,223	115,201
8480 In Lieu of Economic Impact Aid	12,685	0	12,685	24,402	0	24,402	0	16,980
8569 Child Nutrition-State	0	226	226	1,519	906	755	2,264	(34,742)
8566 PE Teachers Incentive	0	0	0	0	0	0	0	(5,414)
8563 Art and Music Block Grant	0	0	0	0	0	0	0	0
8564 After School Education and Safety	28,125	0	28,125	113,230	67,500	45,730	112,500	0
8434 Class Size Reduction	0	0	0	91,248	44,084	47,164	176,334	82,086
8560 State Lottery	16,973	0	16,973	100,891	27,813	73,078	55,625	(31,065)
8481 Charter School Facilities Grant	0	0	0	0	0	0	135,000	135,000
8590 All Other Revenues	0	0	0	0	0	0	2,979	(3,114)

Prepared by Bail Business Management

001024

Grounds for Revocation and Supporting Substantial Evidence in the
Notice of Violation

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Wisdom Academy for Young Scientists
Budget Variance Report
From 7/1/2012 through 04/30/2013
In Whole Numbers

	Current Period Actual 4/30/2013	Current Period Budget	YTD Actual 4/30/2013	YTD Budget	Variance	Total Budget	Budget Remaining
OTHER LOCAL REVENUES							
8780 In lieu of Property Tax	49,005	53,792	53,029	351,057	297,772	602,433	42,404
8779 Fundraising	0	0	12,172	0	12,172	0	(12,172)
8700 Other Local Income	2,661	2,234	40,902	18,535	22,367	23,042	(17,740)
8785 Prior Year Revenue							
SUSPENSE - INCOME	3,560		5,500				
B. EXPENDITURES							
CERTIFICATED SALARIES							
1100 Teachers' Salaries	88,589	103,823	97,597	830,586	62,989	963,232	195,635
1220 Substitute Salaries	0	3,039	0	24,310	24,310	30,388	30,388
1300 Teachers Extra Duty	0	0	0	0	0	75,000	75,000
School Administrators' Salaries	14,884	20,317	14,841	162,533	10,692	243,800	100,759
CLASSIFIED SALARIES							
2100 Instructional Aides	8,352	24,552	0	171,867	163,515	220,972	220,972
2200 Classified Support Salaries	113,339	0	113,339	0	113,339	80,000	(8,922)
2300 Classified Administrator	30,616	6,667	27,420	66,667	39,247	55,200	(219,770)
2400 Clerical /Office Salaries	3,663	4,600	11,521	46,000	34,479	59,664	15,927
2900 Other Classified Salaries		6,632		46,421	46,421		

Grounds for Revocation and Supporting Substantial Evidence in the
Notice of Violation

Wisdom Academy for Young Scientists
Budget Variance Report
From 7/1/2012 through 04/30/2013
In Whole Numbers

	Current Period Actuals 4/30/2013	Current Period Budget	Variance	YTD Actuals 4/30/2013	YTD Budget	Variance	Total Budget	Budget Remaining
EMPLOYEE BENEFITS								
3101 Sick	8,615	10,492	(1,877)	10,385	83,938	(73,553)	108,275	32,918
3202 PERS	0	0	0	0	0	0	0	0
3301 Oasdi - Regular	2,068	2,632	(564)	20,912	20,519	393	24,931	(4,631)
3302 Oasdi - Medicare	2,272	2,460	(188)	20,244	19,552	692	28,517	8,303
3400 Health & Welfare Benefits	18,836	12,839	5,997	111,762	128,386	(16,624)	154,063	(41,211)
3501 Unemployment Insurance	1,640	4,772	(3,132)	26,302	47,720	(21,418)	57,262	30,560
3601 Workers' Compensation	2,062	4,897	(2,835)	22,913	58,761	(35,848)	58,761	35,848
3902 Other Benefits	10	66	(56)	29	464	(435)	597	518
TOTAL EMPLOYEE BENEFITS	26,413	33,158	(6,745)	207,839	239,310	(31,471)	437,426	145,107
BOOKS & SUPPLIES								
4110 Textbooks	0	0	0	0	30,000	(30,000)	30,000	13,677
4210 Books & Other Than Textbooks	0	0	0	19,693	5,000	14,693	5,000	(5,693)
4300 Instructional Materials & Supplies	5,518	1,667	3,851	34,394	16,667	17,727	20,000	(14,194)
4400 Non-capitalized Equipment	0	1,667	(1,667)	24,247	16,667	7,580	20,000	(4,247)
4390 Office Supplies	2,574	1,667	897	19,667	16,667	3,000	20,000	(19,165)
4350 Office Supplies	81	1,259	(1,178)	4,392	12,500	(8,108)	15,000	808
4710 Food Supplies	85	333	(248)	2,195	2,333	(138)	3,000	(15,799)
TOTAL BOOKS & SUPPLIES	8,478	5,526	2,952	60,281	73,160	(12,879)	71,000	1,121
SERVICES, OTHER OPERATING EXP.								
5220 Travel & Conferences	705	417	288	314	4,167	(3,853)	5,000	4,586
5310 Dues & Fees	0	583	(583)	2,928	5,833	(2,905)	7,000	4,072
5450 Insurance	362	3,750	(3,388)	4,642	45,000	(40,358)	45,000	10,058
5500 Utilities & Housekeeping	2,018	4,167	(2,149)	3,002	41,667	(38,665)	50,000	(9,002)
5610 Rentals, Leases & Repairs	56,325	34,654	21,671	101,200	343,533	(242,333)	399,990	29,870
5812 Pupil Transportation	2,811	1,000	1,811	9,073	8,000	1,073		
5831 Student Activities	1,585	3,333	(1,748)	16,405	33,333	(16,928)		
5840 LACOB Expense Reimbursement	0	837	(837)	1,203	8,367	(7,164)	10,010	
5853 Business Consultant	5,183	5,000	183	51,492	50,000	1,492	60,000	8,508

Prepared by Bail Business Management

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Grounds for Revocation and Supporting Substantial Evidence in the
Notice of Violation

Wisdom Academy for Young Scientists
Budget Variance Report
From 7/1/2012 through 04/30/2013
In Whole Numbers

	Current Period Actuals 4/30/2013	Current Period Budget	YTD Actuals 4/30/2013	YTD Budget	Variance	Total Budget	Budget Remaining
5850 Non-Instructional Consultants	8,229	0	39,931	0	39,931	50,000	
5851 Instructional Consultants	0	4,167	60,434	41,667	18,846	5,000	121,554
5863 Professional Development	94	415	5,132	4,167	1,265	379,000	0
5854 Consultant-Food Services	0	30,833	448,446	308,333	139,833	0	0
5810 Field Trips	0	0	0	0	0	0	0
5820 Legal & Audit	0	2,666	11,627	26,662	15,035	100,000	14,367
5852 Special Ed Consultants	6,888	8,333	11,633	83,333	71,699	0	(16,932)
5890 Other Services (Hiring Cost)	2,192	0	26,429	0	26,259	0	(26,259)
5900 Communications	2,458	417	3,069	4,167	1,098	0	0
5920 Postage (UPS, Fedex, US Mail)	1,388	2,346	18,701	17,482	9,319	95,227	(19,144)
5890 Other Services & Operating Expenses	16,005	0	50,005	6,373	(43,633)		
5898 LAUSD Special Ed Fees							
5898 Suspense Expense							
6200 CAPITAL OUTLAY							
6410 Building and Improvements	0	2,500	0	25,000	25,000	30,000	0
6900 Capitalized Equipment	0	2,500	0	25,000	25,000	30,000	0
6900 Furniture	0	0	0	0	0	0	0
7000 OTHER OUTGO							
7299 District Overnight Fees	0	3,631	0	36,310	36,310	43,568	0
7438 Debt Service - Interest	0	0	0	11,668	11,668	30,000	0
Net Income/(Loss)	68,184	(170,978)	239,162	(258,741)	702,273	62,145	618,922
Change in Net Assets	68,184	(170,978)	239,162	(258,741)	702,273	62,145	618,922

Prepared by Bail Business Management

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Grounds for Revocation and Supporting Substantial Evidence in the
Notice of Violation

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WISDOM ACADEMY FOR YOUNG SCIENTISTS
CASH FLOW - ACTUAL & PROJECTED
JULY 2012- JUNE 2013

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Actual
	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Actual
ACCOUNTS PAYABLE/AUSD													
OVERSIGHT FEE											3,831	3,831	
PAYROLL LIABILITIES													
CREDIT CARD PAYMENT													
LOANS PAYABLE													
INTEREST													
ADVANCE													
ADJUSTMENTS													
CASH APPLICATIONS FOR THE PERIOD											316,673	316,673	47,197
NET CASH FLOW FOR THE PERIOD											4,101	-7,105	834,701
ENDING CASH BALANCE											216,232	209,127	834,701
Bank Statements Balance	(20,157)	671,069	470,771	487,091	13,825	182,383	186,688	211,130	169,958	212,131			
Balance Sheet - (Cash in Bank)	0	0	0	0	0	0	0	0	0	0			

EXHIBIT 38

Jan Isenberg, Charter School Office
Los Angeles County Office of Education
9300 Imperial Highway
Downey, California 90242

Re: Board Resignation.

Dear Jan Isenberg:

In light of recent occurrences, I regretfully submit my resignation from the Governing Board of Wisdom Academy for Young Scientists as of September 30, 2011. I am fully committed to the education of our children, however after the September 16, 2011 meeting I am discouraged by the many attempts from misguided disgruntled parties to dissuade the educational process.

On June 30, 2011, I was asked by the Board President, Board Secretary and the new Executive Director to give the Board ninety days before rendering my decision to resign from the Board. However, at this time I do not see any positive movement in correcting past issues.

The September 16, 2011 meeting was an abusive assault on the Board President. I was so disgusted of by the negative atmosphere I walked out of the meeting with the audience yelling at me from the top of there lungs. When I walked out of the meeting I saw faces of anger and militant behavior by these disgruntled parties. A professional business meeting should not be driven down to this level of misbehaving. The misguided and disgruntled parties involved in this gang warfare are unable to see the big picture of educating our children, what they see is an agenda guided by personal issues.

I wish the school luck.

Sincerely,

Loretta McDonald

Loretta McDonald, Sergeant of Arms
WAYS Governing Board

001031

From: Cathy Roby [cathy_robby@yahoo.com]
Sent: Tuesday, September 20, 2011 5:36 PM
To: Isenberg_Jan
Cc: michael_cureton; alexlove93; kandeele; Adell Walker; Loretta McDonald; Alake Watson
Subject: Letter of Resignation

Attachments: LETTER OF RESIGNATION final.pdf
Please see my letter of resignation attached.

I am appalled by the behavior and tactics of the former executive director, her family, those members of the board who support this nonsense, and the people who have attended our meetings under the disguise of "concerned parents and friends" who are now forcing a hostile take-over of the Wisdom Academy for Young Scientists. Driven by false promises and misinformation, they do not appear to have the best interests of the students in mind.

Conflict of interest, nepotism, chaos, intimidation, verbal abuse, dictatorship, uncooperative, uncommunicative, misleading, withholding information – these are just a few of the reprehensible strategies that have held the Governing Board of WAYS hostage and prevented an orderly transition for Administrators and students to embrace a new school year.

I wish the best for Principal Alake Watson and Principle Lawrence Wynder, and the Faculty of WAYS. I hope that under these circumstances they will be able to impart a sense of peace and fairness in the impressionable young minds of their students.

Cathy G. Roby
Governing Board Treasurer

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Cathy G. Roby
4640 Admiralty Way #500
Marina Del Rey, CA 90292
Tel. 310-215-1770
Email: cathy_robby@yahoo.com

September 19, 2011

Jan Isenberg
Los Angeles County Office of Education
9300 Imperial Highway
Downey, CA 90242 - 2890

RE: LETTER OF RESIGNATION

Dear Jan Isenberg,

I am deeply troubled by the conflict and chaos displayed by the founder and former executive director of Wisdom Academy for Young Scientists who continues to be a disruptive force against the Executive Director's, Administrators' and Governing Board's every attempt to move forward for the betterment of the students, faculty and administrators we are charged to support.

The founder prefers to meddle and manipulate rather than comply with the decrees of the authorizing agency, while quoting the Brown Act to us as if she believed in its principles.

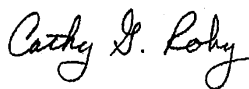
Instead of coming forward in a community spirit for the good of the students, Okonkwo and her supporters prefer to steamroll over established Charter Rules with in-your-face verbal abuse.

The entire situation is appalling.

There can be no orderly transition in this climate of discord. As a volunteer who has already invested excessive time, energy and personal resources to fight this unending battle - to the extent that I jeopardize my own livelihood and now fear for my own personal safety as well as that of parents with young students at meetings-turned-violent - I see that to continue in this vein is an exercise in futility.

As the Board elected Treasurer, I refuse to lend my name to this madness and misconduct. Therefore, I hereby submit my resignation effective immediately.

Yours truly,



Cathy G. Roby
WAYS Board Treasurer

001033

From: Jazz4azz@aol.com
Sent: Tuesday, September 20, 2011 2:47 PM
To: Isenberg_Jan; michael_cureton@att.net; alake23@yahoo.com
Cc: alexlove93@hotmail.com; cathy_robby@yahoo.com; lmcDonald@lbmbs.com; kandeale@aol.com
Subject: Letter of Resignation

Attachments: September 20 resignation.doc

Hello all,

Please see attachment.

At this juncture I must submit my letter of resignation effective immediately from the Wisdom Academy for Young Scientists Governing Board. In light of the present situation of gang-like attack on board members, outbursts of disruptive behavior, just plain lack of civility, respect, and responsibility brings me to this conclusion.

I wish WAYS all the best in their endeavor to empower good, responsible, educated leaders of this global world and growth for a brighter future for our youth, our legacy.

Sincerely,

Adell Walker
WAYS Governing Board Secretary
Los Angeles, CA 90008

September 20, 2011

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

To: Jan Isenberg, WAYS' Administration and WAYS' Board of Directors

The role of an educational board member is such a serious undertaking and requires commitment and dedication to the system of making sure our children's learning is always at the forefront. The future of the school (WAYS) is at stake and the board is the essential element in assuring the mission of the school is carried out. A board needs information to perform effectively and committees need forming to operate efficiently. The ability of a charter school to carry out its mission and vision depend on the strength of its organizational foundation. A critical element of this foundation is the charter school board itself—it is important to the health of the charter school and its financial base is primary.

When I joined the WAYS' board I witnessed no written description of board roles and responsibilities (there were two members who performed many functions and wore many hats)—no R&Rs in place at the time; there was no Board Development Committee supported by the full board of directors (there were only two functioning members); no recruitment priorities based on analysis of current board and future skills and knowledge assessed; no formal orientation training sessions offered; no written board manual in place; no annual board self-evaluation process in place (was not sure of the process by which the annual review of administrators performance were assessed); well written charter school bylaws and other governance documents; commitment to and active role in strategic planning, and more could be named.

There's no getting around it—it takes time to build an effective charter school board; and, the investment of time and energy creates a board that becomes a self-renewing resource that adds value to the charter school—these are my beliefs as a qualified member and this is what I envision coming on as a WAYS Board member. Learning to govern well requires effort and dedication and is a matter of consistency and discipline.

One of the roles of the board is to ensure a safe and appropriate educational environment is provided to all students and another major role is to set policies and procedures and follow-through. These tasks require a cohesive and strong board with emphasis on supporting the school and its mission to empower students to be all that they can be for successful citizens in a global world.

At this juncture, I can no longer give of my time (As a volunteer board member I have not missed a board meeting since inception), expertise, knowledge, and energy to meetings that are disruptive, chaotic and forced fed with manipulation, hate, and bitterness. Manipulations are not a good practice and I will not be manipulated. The meetings are now appalling and stressful—they are abusive assaults on board members—I am beginning to fear for safety—meetings are not in a spirit that is "forward moving" for the good of the students, families, and community. Our efforts should be about supporting the school and its mission to empower children to become leaders. In light of the present situation at WAYS (gang warfare- like meetings, misguided, disgruntled parties, and personal issues even though they are not on the agenda)-and due to the nature of the many conflicts still in existence, I regretfully resign my position on the WAYS board effective immediately.

Best regards,

Adell Walker

Adell Walker, Secretary
WAYS Governing Board

001035

From: kandeele@aol.com
To: mriason7@gmail.com; edcabill@sbcglobal.net; dvalent747@yahoo.com; yetundeedd@gmail.com;
lwnderli@gmail.com; Kateant@aol.com; jonathanfields55@yahoo.com; normanskx@gmail.com;
amanda.espinosa.10@my.csun.edu; johnsoncenter@msn.net
Cc: wisdomacademy4ys@yahoo.com; Patel, Neha; Isenberg, Jan
Subject: Letter of Resignation
Date: Thursday, October 20, 2011 11:15:28 PM
Attachments: [Letter of Resignation - WAYS.doc](#)

Please accept this letter of my immediate resignation.

Kandee Lewis

001036

October 20, 2011

Kandee Lewis
Los Angeles, CA 90044

Wisdom Academy for Young Scientists
706 E. Manchester Avenue
Los Angeles, CA 90001

To Whom It May Concern,

Please accept my immediate resignation from the Board of Directors for Wisdom Academy of Young Scientist, as Vice President of the Board. It is with great sadness that I must tender this letter.

I wish the best for Principal Alake Watson and Principle Lawrence Wynder, as well as the children, parents, faculty and staff of WAYS. I hope the school and the board members are able execute a professional, positive, nurturing and encouraging environment in which everyone involved learns, grows and develops into positive, enlightened community leaders.

My best wishes to you, Mr. Cabil. As Executive Director, you have taken on a serious responsibility. I know you are well qualified for the job. I pray that you continue to act with the same integrity, resilience and consideration, I briefly witnessed during my short tenure.

To the Board, I wish you the best as well. Please don't just sit in your chairs and attend a meeting once a month. Go to the school; engage the students, parents and staff. Watch, listen and learn.

To the students. Take every opportunity afforded to you. Never let anyone or anything stop you from achieving your dreams! You are a blessing and a miracle! You are worthy and you have the world at your fingertips! Reach for the stars and you just may grab hold of the universe! It's your choice, win it all or lose everything for fear of taking a chance on yourself! Be a Winner!

Best regards,

Kandee Lewis

Kandee Lewis,
Ex-Vice President
WAYS Governing Board

001037

Isenberg Jan

From: Epps Cheri
Sent: Monday, September 19, 2011 9:07 AM
To: Isenberg Jan
Cc: Yamamoto Brian
Subject: FW: Contact Msg: To Jan Isenberg

Hi Jan,

Please assist patron below. Reply to the "E-mail Address" provided by the requester.

-----Original Message-----

From: alexlove93@hotmail.com [mailto:alexlove93@hotmail.com]
Sent: Monday, September 19, 2011 8:44 AM
To: Webmaster
Subject: Contact Msg: To Jan Isenberg

Organization: Los Angeles County Office of Education
Org Acronym: LACOE
Org Id: 1
Email Address: alexlove93@hotmail.com

Message:
"September 19, 2011

Re: Letter of Resignation

To: Jan Isenberg

Due to the extreme disfunction created by non participating or some participating board members who serve only to stir up chaos and dissention, the ignorant and judgmental thought processes of a large sum of misguided parents, and a the flat out lack of support which created an environment so negative that in one day this school lost two board members and the current Executive Director (Michael Cureton). Prior to that WAYS had already been red flagged for a conflict of interest that should have been obvious to any person who bother to read the elements in the definition of Conflict of Interest.

I maybe could have handle some of those things, and still been able to function. However, the combination of all of these things with the understanding that this experience is the same ,day in...and day out, which makes any type of positive steps forward not possible.

It is with this knowledge that I realize what I came on board to accomplish here, can not be done here, and WAYS will remain in disarray no matter how much time passes because they only want to enforce what they want but WAYS is not sensible enough to realize that is not what they actually need (There is an obvious difference between the two).

Effective immediately I am resigning from my position on this board (Wisdom Academy of Young Scientist). I am not the first person to resign and it is my belief that I will not be, the last.

Good-bye and Good-luck,

Alexandria Love"

Web Applications Services TIP:

Consider adding frequently requested information to your LACOE.edu website. Assistance in doing this, or in launching a LACOE.edu website for your workgroup, can be obtained from WAS Customer Support at SmartSupport@lacoe.edu, or by contacting Cheri Epps at extension 6668.

Board Meeting – June 3, 2014

Item VI. Reports / Study Topics

- B. Los Angeles County Office of Education's Proposed 2014-2015
Budget Study Session (Enclosure)

The Proposed 2014-2015 budget for Educational Programs and
Educational Services will be presented.

Los Angeles County Office of Education

Educational Programs

Assistant Superintendent

Cal-SAFE Program

County Community Schools

Independent Study

International Polytechnic High School (I-Poly)

Los Angeles County High School for the Arts (LACHSA)

Juvenile Court Schools

LACOE SELPA

Pupil Transportation

SELPA

Special Education

Assistant Superintendent - Educational Programs

Description

Educational Programs provides curricular, instructional, and socially appropriate resources for students at risk or in crisis. The Divisions of Special Education, Student Programs, Pupil Services and the LACOE SELPA comprise Educational Programs. Services are provided to students in a number of the 80 school districts in Los Angeles County and are aligned not only with state content standards, but also connected with LACOE divisions to enhance student achievement.

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 144,972	\$ 151,716	\$ 6,744	Salary Increase
Classified Salaries	86,848	87,222	374	
Employee Benefits	83,902	86,977	3,075	
Materials & Supplies	3,439	3,439	-	
Services & Other Exp	13,000	12,800	(200)	
Capital Outlay	-	-	-	
Other Outgo	-	-	-	
Total Expenditures	\$ 332,161	\$ 342,154	\$ 9,993	

Cost Center Area by Cabinet Member
Administrator: Cuauhtémoc Avila, Ed.D.

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
3101: Assistant Superintendent - Educational Programs Educational Programs provides curricular, instructional, and socially appropriate resources for students at risk or in crisis. The Divisions of Special Education, Student Programs, Pupil Services and the LACOE SELPA comprise Educational Programs. Services are provided to students in a number of the 80 school districts in Los Angeles County and are aligned not only with state content standards, but also connected with LACOE divisions to enhance student achievement.		X		X	A I*	- 350,081	- 2.50	- 335,187	- 332,161	- 2.50	342,154 -	2.50 -
Total Parts A and I*						350,081	2.50	335,187	332,161	2.50	342,154	2.50

*Part I moved to Part A.



The logo consists of a black crosshair symbol. A horizontal blue bar is positioned to the right of the vertical line of the crosshair, containing the text "Los Angeles County Office of Education".

Los Angeles County Office of Education

Division of Student Programs

Description

The Division of Student Programs includes Juvenile Court Schools and various Alternative Education programs including County Community Schools, Independent Study, International Polytechnic High School (I-Poly) and the Los Angeles County High School for the Arts (LACHSA).

Los Angeles County Office of Education

Cal-SAFE Program

2014-15 Proposed Budget - Expenditures

Description

Established in 2000, the California School Age Families Education (Cal-SAFE) Program is a comprehensive, continuous, community-linked, school-based program that focuses on youth development and dropout prevention for expecting and parenting students, both female and male. The program provides teens with the opportunity to complete their high school requirements while providing child care and development services for their children.

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 396,628	\$ 482,662	\$ 86,034	Various Positions added and closed. Net increase .48 FTE; Added Limited term Teachers
Classified Salaries	113,195	116,775	3,580	
Employee Benefits	166,013	184,415	18,402	Textbooks and Non-capitalized equipt. - Common Core Implementation Building Lease; Contract Services; Alt. Ed. Admin.
Materials & Supplies	28,927	59,636	30,709	
Services & Other Exp	479,385	546,352	66,967	
Capital Outlay	-	-	-	
Other Outgo	101,661	104,782	3,121	
Total Expenditures	\$ 1,285,809	\$ 1,494,622	\$ 208,813	

Cost Center Area by Cabinet Member
Administrator: Mary Laihee, Ed.D.

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
37XX: California School Age Families Education (Cal-SAFE) Goal 31000 and Resource 06093.0 Established in 2000, the Cal-SAFE Program is a comprehensive, continuous, community linked, school-based program that focuses on youth development and dropout prevention for pregnant and parenting students, both female and male. The program provides teen parents with the opportunity to complete their high school requirements and provides child care and development services for their children.				X	C	1,123,730	5.89	990,491	1,285,809	6.22	1,494,622	6.70
Total Part C						1,123,730	5.89	990,491	1,285,809	6.22	1,494,622	6.70

Los Angeles County Office of Education

County Community Schools

2014-15 Proposed Budget - Expenditures

Description

County Community Schools operate with the cooperation of school districts, law enforcement agencies, probation department, and human services agencies to serve at-risk youth. County Community Schools offer a 300-instructional minute day, which allows for six class periods and enables the students to earn extra credits toward graduation. The program consists of low pupil-to-teacher classroom ratios, individualized instruction and assessment, and support services from community-based organizations and appropriate LACOE personnel.

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 3,156,987	\$ 3,031,812	\$ (125,175)	Various Positions added and closed. Net decrease 1.51 FTE
Classified Salaries	621,630	650,876	29,246	Substitute Paraeducator Increase
Employee Benefits	1,178,743	1,169,776	(8,967)	
Materials & Supplies	319,256	230,396	(88,860)	Expenditure reduction due to decrease in Lottery Funding
Services & Other Exp	3,675,170	3,698,687	23,517	Alt. Ed. Admin. Chargeback not absorbed by program due to reduction
Capital Outlay	-	-	-	
Other Outgo	857,011	646,443	(210,568)	Reduced expenses and indirect
Total Expenditures	\$ 9,808,797	\$ 9,427,990	\$ (380,807)	

Cost Center Area by Cabinet Member
Administrator: Mary Laihee, Ed.D.

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
37XX: County Community Schools Goal 35500 and Resource 65002.0 County Community Schools operate with the cooperation of school districts, law enforcement agencies, probation department, and human service agencies to serve at-risk youth. County Community Schools offer a 300 instructional minute day, which allows for six class periods and enables the students to earn extra credits toward graduation. The program consists of low pupil-to-teacher ratio classrooms, individualized instruction and assessment, and support services from community-based organizations and appropriate LACOE personnel.				X	C	10,209,014	49.29	9,290,827	9,808,797	43.53	9,427,990	42.02
Total Part C						10,209,014	49.29	9,290,827	9,808,797	43.53	9,427,990	42.02

Los Angeles County Office of Education

Independent Study

2014-15 Proposed Budget - Expenditures

Description

The Division of Student Programs operates Independent Study Strategies (ISS), which is ideal for students who cannot return to school or access other education options provided by local school districts because of work or family obligations. Students meet at least one hour per week to work individually with teachers for tutoring, counseling, and instruction.

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 1,048,688	\$ 1,171,873	\$ 123,185	Various Positions added and closed. Net increase 1.85
Classified Salaries	190,470	228,861	38,391	Realignment of Positions
Employee Benefits	356,093	429,145	73,052	
Materials & Supplies	133,397	25,534	(107,863)	Decline in Lottery Funds due to lower ADA
Services & Other Exp	472,360	488,030	15,670	Realignment
Capital Outlay	-	-	-	
Other Outgo	184,019	179,956	(4,063)	
Total Expenditures	\$ 2,385,027	\$ 2,523,399	\$ 138,372	

Cost Center Area by Cabinet Member
Administrator: Mary Laihee, Ed.D.

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
Alternative Education—Other Programs 37XX: Independent Study Program Goal 35001 Independent Study Strategies (ISS) is ideal for students who cannot return to school or access other education options provided by local school districts because of work or family obligations. Students meet at least one hour per week individually with teachers for tutoring, counseling, and instruction.				X	C	1,987,452	12.36	2,024,951	2,385,027	13.54	2,523,399	15.39
Total Part C						<u>1,987,452</u>	<u>12.36</u>	<u>2,024,951</u>	<u>2,385,027</u>	<u>13.54</u>	<u>2,523,399</u>	<u>15.39</u>

Los Angeles County Office of Education

International Polytechnic High School

2014-15 Proposed Budget - Expenditures

Description

The Los Angeles County International Polytechnic High School, known as I-Poly, provides academic and elective courses needed for high school graduation and college entrance requirements in a unique integrated project-based format.

Located on the campus of California State Polytechnic University, Pomona, I-Poly is accredited by the Western Association of Schools and Colleges (WASC). More than 90 percent of the graduates continue their education at a higher level.

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 1,853,585	\$ 2,004,695	\$ 151,110	Teachers' Extended Hours, Limited Term Contract Consultant
Classified Salaries	272,508	294,866	22,358	Added Paraeducator .75 FTE
Employee Benefits	671,871	739,379	67,508	Increase in H&W
Materials & Supplies	116,696	202,430	85,734	Textbooks, Materials and Supplies
Services & Other Exp	540,232	644,485	104,253	Utilities and Housekeeping Services
Capital Outlay	-	-	-	
Other Outgo	297,746	-	(297,746)	Indirect discontinued for FY 2014-15
Total Expenditures	\$ 3,752,638	\$ 3,885,855	\$ 133,217	

Cost Center Area by Cabinet Member
Administrator: Mary Laihee, Ed.D.

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
3704: International Polytechnic High School (I-POLY HS) Goal 37002, 60000 I-Poly provides academic and elective courses needed for high school graduation and college entrance requirements in a unique integrated project-based format. Located on the campus of California State Polytechnic University, Pomona, I-Poly offers tuition-free public education for students in grades 9 through 12 and is accredited by the Western Association of Schools and Colleges. More than 90% of the graduates continue their education at a higher level.				X	C	3,716,818	28.10	3,647,538	3,752,638	28.10	3,885,855	28.85
Total Part C						3,716,818	28.10	3,647,538	3,752,638	28.10	3,885,855	28.85

Los Angeles County Office of Education

Los Angeles County High School for the Arts 2014-15 Proposed Budget - Expenditures

Description

The Los Angeles County High School for the Arts (LACHSA), located on the campus of California State University, Los Angeles, is a specialized high school providing education to highly motivated students grades 9 through 12 throughout Los Angeles County since 1985. Also known as Arts High or LACHSA, this tuition-free public school, named a California Distinguished School by the California Department of Education for its excellent academic programs, also offers specialized training in dance, music, theater, and visual arts. More than 90 percent of the graduates continue their education at a higher level.

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 3,100,855	\$ 3,364,731	\$ 263,876	Various Positions added and closed. Net decrease 2 FTE; Increase in Add'l Hours for Common Core Implementation; Add'l Non-FTE Staffing for Young Orchestra Los Angeles (YOLA) and Caroline's Loft Programs
Classified Salaries	501,111	533,733	32,622	
Employee Benefits	971,497	1,012,941	41,444	Textbooks and Non-capitalized equipt. Realignment; Costs for YOLA and Caroline's Loft Additional costs related to new facility
Materials & Supplies	284,458	318,046	33,588	
Services & Other Exp	997,606	1,053,281	55,675	Indirect discontinued for FY 2014-15
Capital Outlay	-	-	-	
Other Outgo	507,151	-	(507,151)	
Total Expenditures	\$ 6,362,678	\$ 6,282,732	\$ (79,946)	

Cost Center Area by Cabinet Member
Administrator: Mary Laihee, Ed.D.

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
37XX: Los Angeles County High School for the Arts (LACHSA) Goal 37001, 60000 LACHSA, located on the campus of California State University, Los Angeles, is a specialized high school providing education to highly motivated students grades 9 through 12 throughout Los Angeles County since 1985. In addition to its academic programs, LACHSA offers specialized training in dance, music, theater, and visual arts. More than 90% of the graduates continue their education at a higher level.				X	C	5,998,220	39.43	5,621,757	6,362,678	35.10	6,282,732	33.10
Total Part C						<u>5,998,220</u>	<u>39.43</u>	<u>5,621,757</u>	<u>6,362,678</u>	<u>35.10</u>	<u>6,282,732</u>	<u>33.10</u>

Los Angeles County Office of Education

Juvenile Court Schools

2014-15 Proposed Budget - Expenditures

Description

Juvenile Court Schools (JCS) is the largest court school program in the nation. JCS is designed to deliver educational programs to incarcerated students who are under the authority of the juvenile court system and otherwise would not be included in school district programs. While in the juvenile halls and camps, the goal is to return successful students back into the public school system upon completion of the court system. Emphasis is on creating a stimulating learning atmosphere while mitigating existing learning problems. Students attend Language Arts, Math, Reading, Science, Social Studies and elective classes. Attendance is a condition of each student's program while in the probation system. Each of the JCS Principal's Administrative Unit (PAU) is fully accredited by the Western Association of Schools and Colleges (WASC).

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 18,391,067	\$ 20,001,426	\$ 1,610,359	Various Positions added and closed. Net increase
Classified Salaries	2,872,203	2,968,106	95,903	11.86 FTE's
Employee Benefits	6,047,216	6,570,913	523,697	Increase in H&W; PERS Reduction discontinued
Materials & Supplies	769,449	1,156,352	386,903	Alignment with Carry-over Grants:
Services & Other Exp	2,166,159	2,234,414	68,255	Road-to-Success Academy Grant and
Capital Outlay	10,000	16,000	6,000	Common Core Implementation
Other Outgo	2,680,718	2,415,948	(264,770)	Reduced expenses and indirect
Total Expenditures	\$ 32,936,812	\$ 35,363,159	\$ 2,426,347	

Cost Center Area by Cabinet Member
Administrator: Mary Laihee, Ed.D.

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
3901 & 3905 : Juvenile Court Schools (JCS) Administration and Support Services Goal 31000, 35000, 35500, 36000, and 60000 Provides leadership and support to the largest court and community program in the nation.	X				C	2,876,443	20.27	2,093,339	2,398,879	17.46	4,047,896	22.57
39XX: JCS Halls Goal 36008 Delivers Educational Programs to students who are under the authority of the juvenile court system.	X				C	11,411,558	78.50	11,256,336	12,125,428	85.26	12,585,099	86.58
39XX: JCS Camps Goal 36005 Delivers Educational Programs to students who are under the authority of the juvenile court system.	X				C	14,517,057	90.10	13,083,741	15,617,659	102.85	16,062,933	104.95
39XX: Residential Community Education Centers (RCECs) Goal 36007					C	1,601,746	8.00	1,622,107	2,142,046	12.84	2,287,140	13.42
3975: ACLU Settlement Goal 36000					C	1,003,385	-	247,332	652,800	-	380,091	2.75
Total Part C						31,410,189	196.87	28,302,855	32,936,812	218.41	35,363,159	230.27

Los Angeles County Office of Education

Special Education - LACOE SELPA

2014-15 Proposed Budget - Expenditures

Description

The LACOE SELPA serves students with disabilities who are in juvenile halls, juvenile detention camps, residential community education centers, community day schools, Independent Study Strategies (ISS), California School Age Families Education program (Cal-SAFE), Los Angeles County High School for the Arts (LACHSA), International Polytechnic High School (I-Poly), and Soledad Enrichment Action Charter School (SEA).

The services include resource specialist assistance, special day classes, psychological counseling, speech and language therapy, adaptive physical education, visually impaired services, orientation and mobility, translators / interpreters for the deaf, and any other services students may need.

Students are assessed for special educational needs and receive services in accordance with their Individual Education Plan (IEP).

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 6,986,703	\$ 7,112,806	\$ 126,103	Various Positions changed net decrease 1.7 FTE; Realignment of Sub. Teachers' and Sub. Paraeducators'
Classified Salaries	2,302,606	2,460,129	157,523	
Employee Benefits	3,036,483	3,148,853	112,370	
Materials & Supplies	39,000	41,793	2,793	
Services & Other Exp	1,247,328	1,406,218	158,890	
Capital Outlay	-	-	-	Contract Consultants
Other Outgo	1,206,012	1,054,118	(151,894)	
Total Expenditures	\$ 14,818,132	\$ 15,223,917	\$ 405,785	Indirect

Cost Center Area by Cabinet Member
Administrator: Jim Anderson

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
35XX - LACOE SELPA The LACOE SELPA serves students with disabilities who are in juvenile halls, juvenile detention camps, residential community education centers, community day schools, Independent Study Programs, and Soledad Enrichment Action (SEA) Charter School.	X				C	11,148,232	97.55	12,733,799	14,818,132	114.05	15,223,917	112.35
Total Part C						11,148,232	97.55	12,733,799	14,818,132	114.05	15,223,917	112.35

Los Angeles County Office of Education

Special Education - Pupil Transportation

2014-15 Proposed Budget - Expenditures

Description

Beginning in 2002-03 all SELPAs, except the East San Gabriel Valley SELPA, receive Special Education Transportation funding directly from the state. School districts that contract with LACOE for Special Education services are billed for the costs incurred to transport pupils with special needs.

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ -	\$ -	\$ -	Various Positions added and closed. Net decrease 8.26 FTE
Classified Salaries	488,347	230,708	(257,639)	
Employee Benefits	302,946	144,144	(158,802)	
Materials & Supplies	-	-	-	Reduction in Transportation Services due to Compton and E. San Gabriel Valley take back
Services & Other Exp	11,098,218	2,773,496	(8,324,722)	
Capital Outlay	-	-	-	
Other Outgo	224,664	94,839	(129,825)	
Total Expenditures	\$ 12,114,175	\$ 3,243,187	\$ (8,870,988)	

Cost Center Area by Cabinet Member
Administrator: Kim Hopko

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
5615: Pupil Transportation - Special Education Reimbursement for these services is based on prior year state funding, adjusted upward by an authorized inflation factor, if any.				X	C	16,303,762	15.71	11,527,808	12,114,175	14.82	3,243,187	6.56
Total Part C						16,303,762	15.71	11,527,808	12,114,175	14.82	3,243,187	6.56

Los Angeles County Office of Education

Special Education - SELPAs

2014-15 Proposed Budget - Expenditures

Description

Special Education Local Plan Areas (SELPAs) provide programs to Special Education students within their respective area:

Low Incidence - provides funds for specialized books, materials and equipment for pupils with low incidence disabilities of a severe handicapping nature, such as hearing and vision and orthopedic impairments.

Regionalized Services - include data collection and maintenance of management information systems, coordination of administrative services, development and administration of required interagency agreements, development and maintenance of each SELPA budget, curriculum and staff development, program evaluation, complaint and due process services.

Regionalized Services - Program Specialist funds are used to employ teachers and program specialists, fund additional classes, and provide other services as approved by the SELPA.

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 431,356	\$ 463,960	\$ 32,604	Various Positions added and closed. Net decrease 2.04 FTE
Classified Salaries	383,330	179,181	(204,149)	
Employee Benefits	235,319	185,693	(49,626)	
Materials & Supplies	376,450	469,645	93,195	Non-capitalized equipt.
Services & Other Exp	396,611	418,058	21,447	Contract Svcs - Training
Capital Outlay	43,719	50,477	6,758	Reduced expenses and indirect
Other Outgo	160,431	133,180	(27,251)	
Total Expenditures	\$ 2,027,216	\$ 1,900,194	\$ (127,022)	

Cost Center Area by Cabinet Member
Administrator: Cuauhtémoc Avila, Ed.D.

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
SELPA's												
3590: Southwest				X	C	1,015,426	3.20	549,442	1,012,758	3.20	934,730	2.20
3591: Charter School				X	C	104,483	0.65	87,376	112,001	0.74	129,430	0.70
3593: Downey Montebello				X	C	400,037	1.40	453,237	325,554	1.40	352,148	1.40
3595: East San Gabriel				X	C	255,064	2.00	830	167,462	1.00	-	-
3597: Mid-Cities				X	C	504,912	2.00	365,217	409,441	1.50	455,704	1.50
3599: Compton				X	C	-	-	-	-	-	28,182	-
Total Part C						<u>2,279,922</u>	<u>9.25</u>	<u>1,456,102</u>	<u>2,027,216</u>	<u>7.84</u>	<u>1,900,194</u>	<u>5.80</u>

Los Angeles County Office of Education

Special Education - Unrestricted

2014-15 Proposed Budget - Expenditures

Description

The Division of Special Education provides programs and services to students with disabilities from birth through age 22, in 53 school districts. Services are provided through agreements with 7 of the 16 Special Education Local Plan Areas (SELPA's) in Los Angeles County.

Students with severe disabilities are enrolled in special day classes located at various school sites in Los Angeles County. Students receive designated related services from LACOE and may be enrolled in school district special education programs.

Each classroom is staffed with a teacher and one or more paraeducators, with support services provided by psychologists, audiologists, nurses, administrators, other support staff, and clerical staff.

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 52,327,006	\$ 28,109,212	\$ (24,217,794)	Compton, West and East San Gabriel take backs; Various Positions added and closed. Net decrease 310.3 Certificated FTE's and 364.67 Classified FTE's
Classified Salaries	26,714,049	14,787,835	(11,926,214)	
Employee Benefits	30,771,205	16,455,108	(14,316,097)	
Materials & Supplies	788,487	887,464	98,977	
Services & Other Exp	13,296,304	6,924,605	(6,371,699)	
Capital Outlay	-	-	-	
Other Outgo	11,624,130	5,612,791	(6,011,339)	
Total Expenditures	\$ 135,521,181	\$ 72,777,015	\$ (62,744,166)	

Cost Center Area by Cabinet Member
Administrator: Kim Hopko

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
Special Education												
Instruction Function 1XXXX, 7XXXX, 8XXXX, 9XXXX Instruction is provided to students with the following disabilities: autism, blindness, deafness, severe orthopedic impairments, emotional disturbances, and mental retardation.				X	C	97,809,521	1,089.92	83,751,433	97,448,340	1,037.53	49,696,443	487.36
Instructional Related Services Function 2XXXX Includes administrative, technical, and logistical support to facilitate and enhance instruction to disabled students.				X	C	14,358,209	105.48	11,748,471	14,146,900	107.49	8,923,832	55.19
Pupil Services Function 3XXXX Includes behavior management services, individual and group counseling, guidance services, parent counseling, psychological services, assessment testing, physical therapy, vision services, health and nursing services, and pupil testing.				X	C	27,421,595	208.10	18,760,863	23,925,941	184.20	14,156,740	111.70
Total Part C						<u>139,589,325</u>	<u>1,403.50</u>	<u>114,260,767</u>	<u>135,521,181</u>	<u>1,329.22</u>	<u>72,777,015</u>	<u>654.25</u>





Los Angeles County Office of Education

Educational Services

Assistant Superintendent

Accountability, Support, and Monitoring
Career Technical Education
Curriculum and Instructional Services
Student Support Services
Williams Legislation

Los Angeles County Office of Education

Assistant Superintendent - Educational Services

Description

This cost center provides support for school improvement initiatives; guidance and training to teachers in content and academic standards and student assessment; promotes safe schools through partnerships, programs, and services; assists parents to become full partners in the education process; provides opportunities for young children to prepare for K-12 education; helps students prepare for successful careers in the workforce; provides migrant students with skills and knowledge needed for academic success; promotes economic self-sufficiency through welfare-to-work initiatives.

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 163,056	\$ 169,584	\$ 6,528	Salary increase PERS reduction discontinued
Classified Salaries	67,336	67,658	322	
Employee Benefits	65,300	69,234	3,934	
Materials & Supplies	7,150	7,150	-	
Services & Other Exp	22,525	21,300	(1,225)	
Capital Outlay	-	-	-	
Other Outgo	-	-	-	
Total Expenditures	\$ 325,367	\$ 334,926	\$ 9,559	

Grounds for Revocation and Supporting Substantial Evidence in the
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Cost Center Area by Cabinet Member
Administrator: Yolanda Benitez

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
6101: Assistant Superintendent - Educational Services The Assistant Superintendent provides leadership and organization to seven divisions: Head Start-State Preschool (HS), Student Support Services (SSS), Division for School Improvement (DSI), Career and Workforce Development/Regional Occupational Program (CWD/ROP), Parent and Community Services (PCS), Curriculum and Instructional Services (CIS), and Greater Avenues for Independence (GAIN).	X		X	X	A I*	167,213 153,025	1.00 1.00	165,930 152,573	162,896 162,471	1.00 1.00	334,926 -	2.00 -
Total Parts A and I*						320,238	2.00	318,503	325,367	2.00	334,926	2.00

*Part I moved to Part A.

Los Angeles County Office of Education

Division of Accountability, Support, and Monitoring

Description

The Division of Accountability, Support and Monitoring (DASM) promotes increased student academic achievement by providing professional development, technical assistance, monitoring and support to districts and schools in meeting state and federal requirements. The programs within the Division target districts and schools serving students ages 3-21 within Los Angeles County, with a focus on the low-performing schools and/or communities of highest poverty and greatest needs. DASM is also in charge of conducting annual monitoring reviews for schools identified for Williams Legislation Implementation Program and for schools funded through the Quality Education Investment Act.

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 1,068,749	\$ 1,106,435	\$ 37,686	Added: Cert. Contracts Cons. (Non-FTE); Moved: Project Dir III to CIS (.25 FTE)
Classified Salaries	424,920	446,167	21,247	Added: Staff Analyst Trainee (Non-FTE); Step and Column
Employee Benefits	450,902	474,706	23,804	Increase in H&W; PERS Reduction discontinued
Materials & Supplies	132,078	134,863	2,785	
Services & Other Exp	475,090	1,069,457	594,367	Provide additional professional development to QEIA schools funded through the grant
Capital Outlay	-	-	-	
Other Outgo	132,952	135,108	2,156	
Total Expenditures	\$ 2,684,691	\$ 3,366,736	\$ 682,045	

Fund Breakdown

Part A	1,871,772
Part O	67,832
Part S	1,427,132
Total	\$ 3,366,736

Grounds for Revocation and Supporting Substantial Evidence in the
Notice of Violation

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Cost Center Area by Cabinet Member
Administrator: Olivia Fuentes

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
6401: Parent and Community Services Administration The Director and staff provide administration support to the eight programs within the division. <i>Program Budget Moved to Cost Center 6501 for FY 13-14</i>			X		A	340,123	1.35	-	-	-	-	-
6407: Charter Schools Office The Charter Schools Office is responsible for the charter petition review process and monitoring LACOE-approved charter schools. Staff also provides technical assistance to charter school developers, school districts, and county offices of education.	X		X		A	716,559	5.05	564,216	705,733	6.00	887,025	7.00
6501: Division of Accountability, Support, and Monitoring The Division of Accountability, Support and Monitoring is an integration of special projects and initiatives that provide leadership, high quality professional development, monitoring, support and technical assistance to schools and districts.			X	X	A	909,910	6.07	779,444	1,022,302	7.20	984,747	7.00
Total Part A						1,966,592	12.47	1,343,660	1,728,035	13.20	1,871,772	14.00

Grounds for Revocation and Supporting Substantial Evidence in the
Notice of Violation

Cost Center Area by Cabinet Member
Administrator: Olivia Fuentes

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
6512: Pre-K Institute Resource 00079 The County Office of Child Care and LA-UP have contracted with LACOE to provide technical assistance and professional development to preschool teachers throughout the county. Program Closed FY 12-13					O	42,189	0.25	41,955	-	-	-	-
6533: Categorical Programs and Data Support (CPDS) The unit provides accountability support services to schools and districts as well as LACOE programs.				X	O	79,497	-	91,772	54,957	-	67,832	-
Total Part O						121,686	0.25	133,727	54,957	-	67,832	-
6476: Los Angeles County Friday Night Live Partnership - Events The Los Angeles County Friday Night Live Partnership offers alternative activities that satisfy one of the National Comprehensive Substance Abuse Prevention (CSAP) strategies as part of a contractual agreement with the County Alcohol and Drug Programs Administration (ADPA). Monies collected are used to cover admission costs for these events. Program Budget Moved to Cost Center 6176 for FY 13-14			X	X	S	16,919	-	20,094	-	-	-	-

Grounds for Revocation and Supporting Substantial Evidence in the
Notice of Violation

Cost Center Area by Cabinet Member
Administrator: Olivia Fuentes

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15		
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs	
6504: Title I St. Matthias As settlement of an OCR Complaint, LACOE serves as the fiscal agent for six districts to provide Title I services to eligible students attending St. Matthias High School.				X	S	1,500	-	-	10,042	-	9,999	-	
6520: Quality Education Investment Act (QEIA) Monitoring Initiative Resource 74002 CDE has provided funding to monitor the multiple QEIA requirements in schools that are receiving QEIA funds.				X	S	1,186,558	5.75	739,176	891,657	3.25	1,417,133	2.20	
6520: District Assistance and Intervention Team (DAIT) Various Districts Resource 96514 This program is funded by district contracts to provide DAIT services to districts under federal Corrective Action mandates. Current contracts include Keppel, Inglewood, El Monte, Paramount, Garvey. Program Budget Moved to Curriculum and Instructional Services			X	X	S	463,036	1.30	(59,260)	-	-	-	-	
Total Part S						1,668,013	7.05	700,010	901,699	3.25	1,427,132	2.20	
(a) Excludes all part B programs						Total Parts A, O & S (a)	3,756,291	19.77	2,177,397	2,684,691	16.45	3,366,736	16.20

Los Angeles County Office of Education

Career Technical Education

2014-15 Proposed Budget - Expenditures

Description

The L.A. County-Career Technical Education (LACOE-CTE) provides courses that integrate technical training and academics to help students develop workplace and career management skills. LACOE-CTE is a partnership of 23 school districts, Apprenticeship Programs, Los Angeles County High School for the Arts (LACHSA), I-Poly, Juvenile Court Schools (JCS) and Greater Avenues for Independence (GAIN).

LACOE-CTE provides career and technical education to over 38,000 high school students and adults each year with 100 different courses and work-based learning experiences at more than 1,500 business and industry sites.

Expenditures	2013-14 Revised Budget as of 5/22/14	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 857,206	\$ 1,002,794	\$ 145,588	Added: Certificated Contract Consultants Non-FTE Positions
Classified Salaries	407,153	466,188	59,035	Two positions funded at 6.5 months in FY 2013-14
Employee Benefits	394,825	417,135	22,310	PERS reduction discontinued
Materials & Supplies	34,900	32,900	(2,000)	
Services & Other Exp	25,720,778	25,381,041	(339,737)	Contract Services
Capital Outlay	-	-	-	
Other Outgo	1,008,797	972,927	(35,870)	Indirect
Total Expenditures	\$ 28,423,659	\$ 28,272,985	\$ (150,674)	

Fund Breakdown

Part C	\$ 28,271,985
Part S	1,000
Total	\$ 28,272,985

Grounds for Revocation and Supporting Substantial Evidence in the
Notice of Violation

Cost Center Area by Cabinet Member
Administrator: Jimmy Benavides

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	REVISED BUDGET EXPENDITURE AS OF 5/22/14	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
6601: Los Angeles County-Career Technical Education (LACOE-CTE) — Administration Los Angeles County-Career Technical Education (LACOE-CTE) provides career preparation and occupational training programs to help high school students and adults prepare for employment or career advancement. Among the services provided are coordinating division activities with the 23 participating school districts, attendance reporting, processing claims and invoices, curriculum development, staff development, program research, and job market analyses.			X	X	C	3,238,657	20.25	2,393,463	2,486,817	8.75	2,367,447	8.75
6602: Instructional Programs LACOE-CTE offers classes to over 38,000 students each year using a “hands-on” approach that combines classroom and work- based learning. Instructional and support allocations are provided to each of the 23 school districts to support classroom program costs and provide support services.			X	X	C	20,955,114	-	20,596,311	-	-	-	-

Grounds for Revocation and Supporting Substantial Evidence in the
Notice of Violation

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Cost Center Area by Cabinet Member
Administrator: Jimmy Benavides

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	REVISED BUDGET EXPENDITURE AS OF 5/22/14	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
6603: Apprenticeship Under this program initiated in Fiscal Year 1981-82, LACOE-CTE cooperates with Training Trust Sponsors in five fields—electrical, air conditioning and refrigeration, cosmetology, construction, and roofing to train apprentices. The programs, which range from two to five years, are taught by instructors from the industry and are designed to train adults to develop their marketable skills. The program is funded by a special state allocation, called the Montoya Money, for apprentices enrolled pursuant to Section 3074 of the Labor Code.			X	X	C	1,182,271	0.75	1,140,646	1,238,196	1.25	1,232,897	1.25
6604: Instructional Programs This program delivers career and occupational counseling and support services to participating LACOE-CTE school districts. Activities include class presentations, occupational interest surveys, career fairs, guidance administration, CTE program recruitment and enrollment, job placement and follow up, and individual student counseling.			X	X	C	3,115,239	27.50	2,862,452	23,286,331	-	23,287,069	-

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Cost Center Area by Cabinet Member
Administrator: Jimmy Benavides

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	REVISED BUDGET EXPENDITURE AS OF 5/22/14	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
6606: CTE On-line Student Information System LACOE-CTE began work on a new student information system during the 2000-01 school year. Several modules have been developed, tested, and implemented. CTE online users can enter and view information on student enrollments, student attendance, student competencies / certificates, and adult fees. Software development and maintenance fees are included in the budget.			X	X	C	344,311	-	345,697	-	-	-	-
6610: Designated Subjects Credential Services LACOE-CTE state-approved local educational agency which processes Designated Subjects Adult Education, Career Technical Education, and Supervision and Coordination Credentials.			X	X	C	296,570	2.00	241,184	164,151	1.00	153,158	1.00
1605: Lottery LACOE-CTE receives a yearly allowance from Lottery funds which is distributed to the 23 participating districts, to the Los Angeles County High School for the Arts, I-Poly, and to the Juvenile Court and Community Schools. Lottery funds are used to purchase additional classroom supplies and equipment.			X	X	C	1,049,395	-	1,251,164	1,247,864	-	1,231,414	-
Total Part C						30,181,557	50.50	28,830,917	28,423,359	11.00	28,271,985	11.00

Grounds for Revocation and Supporting Substantial Evidence in the
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Cost Center Area by Cabinet Member
Administrator: Jimmy Benavides

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	REVISED BUDGET EXPENDITURE AS OF 5/22/14	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
6661: Student Recognition Project - CTE Stipends This cost center contains the estimated interest (approximately 2%) income on the \$50,000 donation from the Stewart and Lynda Resnick Fund for the CTE Student Recognition stipends.			X	X	S	1,000	-	-	300	-	1,000	-
Total Part S						1,000	-	-	300	-	1,000	-
Total Parts C & S						30,182,557	50.50	28,830,917	28,423,659	11.00	28,272,985	11.00



Los Angeles County Office of Education

Curriculum and Instructional Services

Description

Curriculum and Instructional Services (CIS) provides professional development and technical assistance related to state content standards, legislative requirements, and California initiatives. CIS programs support districts and school staff in improving student learning and closing the achievement gap.

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 1,900,858	\$ 2,441,606	\$ 540,748	Various Split-Funded Positions added and closed. Net increase 7.1 Positions PERS reduction discontinued Reductions due to completion of CCSESA-CalMHSA contract Indirect; Space & Security allocation reduction
Classified Salaries	1,538,231	1,549,132	10,901	
Employee Benefits	1,141,009	1,347,943	206,934	
Materials & Supplies	265,558	179,253	(86,305)	
Services & Other Exp	2,852,740	1,897,345	(955,395)	
Capital Outlay	-	-	-	
Other Outgo	541,541	380,793	(160,748)	
Total Expenditures	\$ 8,239,937	\$ 7,796,072	\$ (443,865)	

Fund Breakdown

Part A	3,366,070
Part O	3,709,517
Part S	720,485
Total	\$ 7,796,072

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
6301: Administration Administration of Curriculum and Instructional Services projects and coordination of efforts between LACOE units and other agencies.			X	X	A	295,695	2.00	293,481	263,179	2.00	275,084	2.00
6302: Consultants Support for Visual and Performing Arts and Assessment Consultants.			X	X	A	783,961	5.20	753,665	789,270	7.20	887,175	8.05
6304: Consultants: Math, Science, and Physical Education Support Support for Math, Science, Outdoor Education, and Physical Education Consultants.			X	X	A	845,912	6.20	864,272	671,503	6.20	614,558	6.20
6305: Center for Distance and Online Learning - Administration Center for Distance and Online Learning Administration.			X		A	603,735	4.609	595,658	532,309	4.95	545,987	4.95
6330: Consultants - Language Arts and H/SS Support and technical assistance with Reading, Language Arts, and History/Social Science Consultants. <i>Program Closed FY 12-13</i>			X		A	500,059	4.00	439,714	-	-	-	-
6361: Consultants - Reading Support Support for Reading and English Learners Consultants.			X		A	504,767	4.50	331,015	820,914	7.90	1,043,266	9.35
Total Part A						3,534,129	26.51	3,277,805	3,077,175	28.25	3,366,070	30.55
6332: Continuous Quality Improvement Interdivisional services provided by the Family Literacy Support Network for Head Start. <i>* Offset - Credit</i>			X		O	-	-	-	-	-	300,000* (300,000)*	2.00

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Cost Center Area by Cabinet Member
Administrator: Raynette Sanchez

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
6333: Curriculum Support & Assessment Provides services that support data-driven program planning and decision-making.					O	-	-	-	30,966	-	9,830	-
6364: Outdoor Education Provides standards-based science instruction for students and teachers in Outdoor Science School venues.				X	O	1,792,724	2.00	1,439,647	1,704,869	2.00	1,829,040	2.00
6365: Literacy Training and Technical Assistance Provides comprehensive K-12 services in reading/language arts, especially for program improvement schools and districts.			X		O	173,019	-	66,708	74,300	-	69,203	-
6366: Marine Education Provides hands-on, standards-based, marine science field study and classroom instruction for students and teachers. <i>Program Closed FY 12-13</i>				X	O	94,688	-	64,417	-	-	-	-
6367: Regional After School Technical Assistance and Safety (RASTAS) Provides technical assistance to Whittier School District for its summer program with a focus on helping in the development of a strategic/sustainability plan, to provide site assessments, and other related services. <i>Program Budget Part A Moved to Cost Center 5510 and Part O Moved to Cost Center 6167 for FY 13-14</i>			X		O	40,000	-	14,111	-	-	-	-
6370: Physical Education Professional development and other curricular services related to K-12 physical education.			X		O	5,879	-	6,043	5,143	-	5,046	-

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Cost Center Area by Cabinet Member
Administrator: Raynette Sanchez

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
6372: Skills in Science Teaching Provides teacher and administrator services related to K-12 science instruction.			X		O	31,963	-	5,144	26,494	-	140,018	-
6374: Educational Leadership Programs Provides services and training related to school leadership and accountability.				X	O	237,879	1.00	306,588	148,487	-	261,191	-
6375: Professional Development Center Assists schools and districts with implementation of research based on the best practices that build professional learning communities and improve student achievement.				X	O	35,250	-	(28,254)	42,250	1.00	53,250	1.00
6379: English Language Development Assists schools and prepares teachers to attain authorization for English learner instruction.			X		O	11,521	-	21,637	187,280	-	22,160	-
6380: Center for Distance and Online Learning (CDOL) Provides professional development, online services, and website data programming.					O	379,000	2.35	520,915	432,772	2.10	525,082	4.05
6384: Advancement Via Individual Determination (AVID) Recovers operational costs related to AVID professional development workshops, resource materials, and recognition events.			X		O	20,177	-	6,892	218,919	0.95	339,525	2.95
6387: Mathematic Education Provides various services related to mathematic instruction.			X		O	162,789	-	47,646	180,875	-	151,888	-
6390: Multilingual Academic Support Provides services that support districts in providing high quality instructional programs for English learners			X		O	214,131	-	187,586	264,825	-	183,941	-

Grounds for Revocation and Supporting Substantial Evidence in the
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Cost Center Area by Cabinet Member
Administrator: Raynette Sanchez

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15		
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs	
6398: History/Social Science Institute Provides services related to history/social science instruction.			X		O	148,304	-	107,324	110,886	-	119,343	-	
Total Part O						3,347,324	5.35	2,766,404	3,428,066	6.05	3,709,517	12.00	
6320: District Assistance and Intervention Team (DAIT) Income DAIT contract balance.			X	X	S	463,036	1.30	-	534,782	-	418,385	0.80	
6371: Los Angeles County Center for the Arts Provides services related to visual and performing arts programs.			X		S	125	-	3,450	2,278	-	2,100	-	
6380: Center for Distance and Online Learning (CDOL) Provides professional development, online services, and website data programming.					S	1,047,043	10.04	998,936	1,197,636	4.95	300,000	3.00	
Total Part S						1,510,204	11.34	1,002,386	1,734,696	4.95	720,485	3.80	
(a) Excludes all part B programs						Total Parts A, O & S (a)	8,391,657	43.20	7,046,595	8,239,937	39.25	7,796,072	46.35



Los Angeles County Office of Education

Student Support Services

Description

The Division of Student Support Services is comprised of four major service centers:

After School Technical Assistance Unit provides consultation, coaching, mentoring, staff development and training and online resources to after school programs in school programs county-wide.

Child Welfare and Attendance Unit serves districts in student discipline; student records; custody, residency, and enrollment of minors; compulsory attendance and truancy reduction; and homeless education.

Community Health and Safe Schools Unit specializes in school counseling, mental health, health services, safe schools planning, crisis intervention training, and disaster and emergency preparedness.

Friday Night Live/Comprehensive Prevention Services Unit provides training to youth in substance abuse prevention by developing student leadership skills that support life challenges and transitions.

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 890,004	\$ 968,355	\$ 78,351	Added: Partial Consultant II and Coordinator II (.10 FTE)
Classified Salaries	340,844	367,450	26,606	Closed: Partial Secretary; Added: 2 Bilingual Secretaries
Employee Benefits	385,916	438,917	53,001	PERS reduction discontinued
Materials & Supplies	47,473	79,923	32,450	Added New Program: Positive Behavior & Intervention Support;
Services & Other Exp	189,569	212,701	23,132	additional workshops/trainings
Capital Outlay	-	-	-	
Other Outgo	8,043	21,501	13,458	Indirect
Total Expenditures	\$ 1,861,849	\$ 2,088,847	\$ 226,998	

Fund Breakdown

Part A	1,793,748
Part O	251,209
Part S	43,890
Total	\$ 2,088,847

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Cost Center Area by Cabinet Member
Administrator: Victor Thompson, Ed.D.

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
6102: Student Support Services Administrative support for the Division Director's Office, which includes salaries for the Director and Administrative Assistant, supplies, conferences, and travel.	X				A	316,060	2.00	307,729	273,240	2.00	276,976	2.00
6106: Child Welfare and Attendance Provides technical assistance to districts in specified areas. Processes inter-district attendance permit and expulsion appeals.	X				A	1,144,957	6.50	872,243	894,661	6.00	894,308	7.10
6108: Community Health & Safe Schools Provides support and technical services for community agencies and school districts.			X		A	712,792	5.210	580,046	588,637	4.71	622,464	4.870
Total Part A						2,173,809	13.71	1,760,018	1,756,538	12.71	1,793,748	13.97
6109: Positive Behavior and Intervention Support Provides support and technical assistance for school districts in implementing a positive school climate framework			X	X	O	-	-	-	-	-	170,515	1.00
6120: Medi-Cal Administrative Activities Provides activities such as outreach, facilitating Medi-Cal applications and claims administration.			X	X	O	18,146	0.13	11,856	13,811	0.13	12,864	0.13
6161: Students at Risk Publication and special projects account for Child Welfare and Attendance Unit.				X	O	9,741	-	14,991	16,825	-	24,750	-

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Cost Center Area by Cabinet Member
Administrator: Victor Thompson, Ed.D.

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
6167: Regional After School Technical Assistance and Safety (RASTAS) Provides technical assistance to Whittier School District for its summer program with a focus on helping in the development of a strategic/sustainability plan, to provide site assessments, and other related services. <i>Partial Program Budget (Part O) Moved from Curriculum and Instructional Services</i>			X		0	-	-	-	3,745	-	-	-
6183: Student and Community Services, Conferences, and Publications Project Support account for School Nurse Orientation and Review series and School Health Program Managers.			X		0	20,716	-	36,199	22,820	-	43,080	-
Total Part O						48,603	0.13	63,046	57,201	0.13	251,209	1.13
6176: Los Angeles County Friday Night Live Partnership - Events The Los Angeles County Friday Night Live Partnership offers alternative activities that satisfy one of the National Comprehensive Substance Abuse Prevention (CSAP) strategies as part of a contractual agreement with the County Alcohol and Drug Programs Administration (ADPA). Monies collected are used to cover admission costs for these events. <i>Program Budget Moved from Parent and Community Services</i>			X	X	S	16,919	-	-	22,400	-	37,838	-

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Cost Center Area by Cabinet Member
Administrator: Victor Thompson, Ed.D.

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
6182: Community Health & Safe Schools Provides assistance to school in developing required comprehensive safe school plans for all school sites.				X	S	25,484	0.16	22,700	25,710	0.16	6,052	-
Total Part S						42,403	0.16	22,700	48,110	0.16	43,890	-
(a) Excludes all part B programs						2,264,815	14.00	1,845,764	1,861,849	13.00	2,088,847	15.10

Williams Legislation

Description

Williams Legislation mandates county superintendents of schools to visit deciles 1-3 schools in order to review the sufficiency of textbooks in core content areas and to determine if school facilities are in good repair. Further, the county superintendent is mandated to provide annual reports on these visits and to include information on the proper credentialing of teacher assignments within districts—especially in the area of English Learning Development. Additional information required is data on Uniform Complaint Procedures for all 80 districts within the county. Approximately 600 schools within 39 districts were identified as part of the Williams cohort, based on 2003 API data.

Expenditures	2013-14 Adopted Budget	2014-15 Proposed Budget	Increase / (Decrease)	Explanation
Certificated Salaries	\$ 197,581	\$ 198,332	\$ 751	Moved: Cost Center 5425 (6.25 FTE) to SFS; Cost Center 5635 (4.00 FTE) to Fac. & Const.
Classified Salaries	1,223,379	526,459	(696,920)	
Employee Benefits	443,483	156,642	(286,841)	
Materials & Supplies	25,297	21,622	(3,675)	
Services & Other Exp	483,905	395,277	(88,628)	Expenditures moved to SFS and Fac. & Const.
Capital Outlay	-	-	-	Indirect - due to above reorganization
Other Outgo	208,880	100,621	(108,259)	
Total Expenditures	\$ 2,582,525	\$ 1,398,953	\$ (1,183,572)	

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Cost Center Area by Cabinet Member
Administrators: Patricia Smith
Olivia Fuentes

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
1130/6550: Williams Instructional Materials Inspection The Williams Instructional Materials Unit has the responsibility for determining sufficiency of California standards-based instructional materials in the core content areas at all deciles 1-3 schools in Los Angeles County, as mandated by Williams Legislation. Determination of sufficiency is made through on-site visits to each school; re-visits are provided to those schools with multiple tracks.	X				O	941,995	1.85	628,887	1,037,533	1.85	1,037,533	1.85
1140/6551: Williams Administration Williams Administration is responsible for coordinating the office-wide implementation of the Williams Legislation; it is the central response unit for the superintendent, providing updates on legislation, procedures, and operations to external and internal stakeholders; it is the designee for the superintendent in the generation of annual and quarterly reports, and responding to queries regarding Williams from community members, media, state, and local agencies.	X				O	123,361	0.70	75,274	62,364	0.30	62,364	0.30
1141/6552: Valenzuela Legislation Adds responsibilities for various requirements relating to the extent of California High School Exit Exam (CAHSEE) passage/failure.	X				O	296,959	0.95	162,820	299,056	0.65	299,056	0.65

Grounds for Revocation and Supporting Substantial Evidence in the
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Cost Center Area by Cabinet Member
Administrators: Patricia Smith
Olivia Fuentes

COST CENTER AND DESCRIPTION	CORE FUNCTIONS		VALUE ADDED		BUDGET CORRIDOR	2012-13			2013-14		2014-15	
	Mandated	Necessary	Educational Services	Program & Services of choice		ADOPTED BUDGET EXPENDITURE	FTEs	ACTUAL EXPENDITURE	ADOPTED BUDGET EXPENDITURE	FTEs	PROPOSED BUDGET EXPENDITURE	PROPOSED FTEs
5335/5635: Williams Facilities Inspection Administers and staffs the school facilities inspection portions of the Williams Settlement Legislation implementation.	X				0	717,643	6.00	498,950	598,888	4.00	-	-
5425: Williams Teacher Assignment Monitoring Administers the teacher assignment monitoring portion of the Williams Settlement Legislation implementation.	X				0	582,920	6.25	551,113	584,684	6.25	-	-
Total Part O						2,662,878	15.75	1,917,044	2,582,525	13.05	1,398,953	2.80

Board Meeting – June 3, 2014

Item VII. Consent Calendar Recommendations

A. Approval of Annual Distribution of United States Forest Reserve Funds

The Superintendent recommends that the annual distribution of United States Forest Reserve Funds for fiscal year 2013-14 be approved.

Education Code Section 2300 specifies that the county superintendent of schools allocate United States Forest Reserve Funds received from the county auditor/controller as follows:

Fifteen percent of the funds may be used for the improvement of educational programs for students living in the county. The balance of the money shall be apportioned to school and community college districts lying within or adjacent to the United States Forest Reserve, in a manner prescribed by the county superintendent of schools.

Los Angeles County schools and community college districts are eligible to receive this funding based on the number of their students who reside within the boundaries of a United States Forest Reserve in Los Angeles County. The methodology utilized to calculate the forest reserve distribution is based on the number of eligible pupils enrolled on the last day of the sixth month of the fiscal year (2013-14).

The distribution is shown on the following page.

Board Meeting – June 3, 2014

Approval of Annual Distribution of United States Forest Reserve Funds

-2-

Distribution

The total amount of United States Forest Reserve and Flood Control funds received by the Los Angeles County Office of Education for 2013-14 is \$659,704.29. The recommended distribution of these funds is as follows:

County School Service Fund \$98,955.64

Elementary Districts

Castaic Union	\$55,788.77
Hughes-Elizabeth Lakes Union	\$127,312.83
Keppel Union	\$5,721.92
Saugus Union	\$2,860.96

High School Districts

Antelope Valley	\$81,537.43
William S. Hart Union	\$57,219.25

Community College Districts

Antelope Valley	\$55,788.77
Pasadena	\$4,291.44
Santa Clarita	\$17,165.77

Unified School Districts

Azusa	\$8,582.89
Bonita	\$12,874.33
Claremont	\$14,304.81
La Cañada	\$14,304.81
Los Angeles	\$51,497.32
Pasadena	<u>\$51,497.32</u>

TOTAL TRANSFER \$659,704.29

Board Meeting – June 3, 2014

Item VII. Consent Calendar Recommendations

B. Approval for Disposal of Surplus Personal Property

The Superintendent recommends that the County Board approve the disposal of surplus personal property. Surplus assets will be disposed of through e-waste.

Education Code Section 17545 authorizes the governing board to sell or dispose of surplus personal property. Any personal property not required for school purposes, unsuitable or unsatisfactory for school use or to be disposed of due to replacement, may be disposed in this manner

E-Waste property to be disposed of may include unusable:

Equipment – Projectors, Typewriters, Fax Machines, Computers, Monitors, Printers, Camcorders, VCRs, Bulbs, and Old/Obsolete items, etc.

SURPLUS - LIST 14 - May 2014

DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
03/27/14	Gateway E4500D Computer	EK36876	05/31/06	No
03/27/14	Gateway E4610D Computer	EK42586	08/10/07	No
03/27/14	Gateway E4500D Computer	EK38328	07/21/06	No
03/27/14	Gateway E4300 Computer	EK32080	03/23/05	No
03/27/14	Gateway E4300 Computer	EK34190	05/10/05	No
03/27/14	Gateway E4300 Computer	EK32085	03/23/05	No
03/27/14	Gateway E4300 Computer	EK32569	04/21/05	No
03/27/14	Gateway E4610D Computer	EK43347	11/26/07	No
03/27/14	Gateway E4500D Computer	EK38341	07/21/06	No
03/27/14	Gateway	36874897	None Listed	No
03/27/14	Gateway E4300 Computer	EK32078	03/23/05	No
03/27/14	Gateway	35387618	None Listed	No
03/27/14	Gateway E6610D Computer	EK40224	04/19/07	No
03/27/14	Gateway E6300 Computer	EK31750	03/31/05	No
03/27/14	Gateway E6300 Computer	EK33874	08/19/05	No
03/27/14	IBM Typewriter	EA5203	01/01/80	No
03/27/14	IBM Typewriter	EH2096	02/09/92	No
03/27/14	Dell Dimension Computer	EK40985	06/04/07	No
03/27/14	Gateway	35602821	None Listed	No
03/27/14	Gateway E4300 Computer	EK33196	05/31/05	No
03/27/14	Gateway	35462177	None Listed	No
03/27/14	Gateway E4300 Computer	EK33281	05/30/05	No
03/27/14	Gateway E4300 Computer	EK32936	05/06/05	No
03/27/14	Gateway	35602816	None Listed	No
03/27/14	Gateway	35602834	None Listed	No
03/27/14	Gateway	35462179	None Listed	No
03/27/14	Gateway E4300 Computer	EK31740	03/21/05	No
03/27/14	Gateway	35472905	None Listed	No
03/27/14	Gateway	35716320	None Listed	No
03/27/14	Gateway E4300 Computer	EK33288	05/30/05	No
03/27/14	Gateway FPD1985 Monitor	EK40017	03/09/07	No
03/27/14	Gateway FPD1765 Monitor	EK35094	10/04/05	No
03/27/14	Switch BayStack	EK23258	08/07/02	No
03/27/14	Gateway M465E Laptop	EK40571	05/09/07	No
03/27/14	Gateway M465E Laptop	EK40579	05/09/07	No
03/27/14	Gateway M465E Laptop	EK40578	05/09/07	No
03/27/14	Gateway M465E Laptop	EK40580	05/09/07	No

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03/27/14	Gateway M465E Laptop	EK40577	05/09/07	No
03/27/14	Gateway M465E Laptop	EK40572	05/09/07	No
03/27/14	Gateway M465E Laptop	EK40581	05/09/07	No
03/27/14	Gateway M465E Laptop	EK40569	05/09/07	No
03/27/14	Gateway M465E Laptop	EK40591	05/09/07	No
03/27/14	Gateway M465E Laptop	EK40567	05/09/07	No
03/27/14	Gateway M465E Laptop	EK40590	05/09/07	No
03/27/14	Gateway M465E Laptop	EK40583	05/09/07	No
03/27/14	Gateway M465E Laptop	EK40585	05/09/07	No
03/27/14	Elmo OvrHd Projector	337929	None Listed	No
03/27/14	Elmo OvrHd Projector	120693	None Listed	No
03/27/14	Elmo OvrHd Projector	120694	None Listed	No
03/27/14	3M OvrHd Projector	789595	None Listed	No
03/27/14	3M OvrHd Projector	789597	None Listed	No
03/27/14	3M OvrHd Projector	789596	None Listed	No
03/27/14	OvrHd Projector	1087367	None Listed	No
03/27/14	HP ScanJet	TW01712226	None Listed	No
03/27/14	HP Printer	CNBH002278	None Listed	No
03/27/14	HP	CNBH002282	None Listed	No
03/27/14	HP LsrJt 4000TN Printer	EK10112	05/10/99	No
03/27/14	HP OfcJt Fax Machine	EK10286	05/13/99	No
03/27/14	Panasonic	None Listed	None Listed	No
03/27/14	Panasonic	None Listed	None Listed	No
03/27/14	Hitachi	A91003448	None Listed	No
03/27/14	Hitachi	A91216666	None Listed	No
03/27/14	Sony	8115916	None Listed	No
03/27/14	Toshiba	MC111D005310	None Listed	No
03/27/14	RCA	30330513	None Listed	No
03/27/14	Toshiba Projector	EK28286	06/09/04	No
03/27/14	Toshiba Projector	EK28286	06/09/04	No
03/27/14	Eiki	50410	None Listed	No
03/27/14	Gateway	MR14A50001957	None Listed	No
03/27/14	Dell Monitor	EK442440	04/21/08	No
03/27/14	3M OvrHd Projector	EK23499	11/26/02	No
03/27/14	HP LsrJt 4050N Printer	EK10643	07/07/99	No
03/27/14	Yamaha	None Listed	None Listed	No
03/27/14	Stacor	None Listed	None Listed	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
03/27/14	HP ScanJet Scanner	EK32667	04/25/05	No
03/27/14	Clear Light	None Listed	None Listed	No
03/27/14	OMDD	None Listed	None Listed	No
03/27/14	OMDD	None Listed	None Listed	No
03/27/14	Kodak Slide Projector	None Listed	None Listed	No
03/27/14	Apple	G86133WLUV1	None Listed	No
03/27/14	Apple	G86140LHUV1	None Listed	No
03/27/14	Dell	JYD1B31	None Listed	No
03/27/14	Dell	7KHSB91	None Listed	No
03/27/14	Dell	GYD1B31	None Listed	No
03/27/14	Dell	70PGS61	None Listed	No
03/27/14	Dell	FYD1B31	None Listed	No
03/27/14	Dell	HYD1B31	None Listed	No
03/27/14	Dell	1ZD1B31	None Listed	No
03/27/14	Gateway E4500D Computer	EK39438	11/14/06	No
03/27/14	Gateway E4100C Computer	EK31527	12/15/04	No
03/27/14	Gateway E4100C Computer	EK31528	12/15/04	No
03/27/14	3COM SuperStack Hub	7XV02C45A	None Listed	No
03/27/14	3COM SuperStack Hub	7XXV01F63F	None Listed	No
03/27/14	Dell	CN0J9235641805AF016L	None Listed	No
03/27/14	Dell	CN0D01516418059E01B2	None Listed	No
03/27/14	Dell	CN05W5404663337L0DVS	None Listed	No
03/27/14	Dell	CN05W5404663337L0KYS	None Listed	No
03/27/14	Dell	CN05W5404663337L0KGS	None Listed	No
03/27/14	Dell	CN05W5404663337L0K1S	None Listed	No
03/27/14	Gateway FPD1730 Monitor	EK31528-01	12/15/04	No
03/27/14	Gateway FPD1730 Monitor	EK31527-01	12/15/04	No
03/27/14	ACER	81101498042	None Listed	No
03/27/14	Cisco Router 1602 Ethernet	EK09852	03/30/99	No
03/27/14	Cisco Router 1602 Ethernet	EK09873	03/30/99	No
03/27/14	Apple	None Listed	None Listed	No
03/27/14	Apple	None Listed	None Listed	No
03/27/14	Apple	YM411F00QJ7	None Listed	No
03/27/14	Apple EMAC Computer	EK36960	06/09/06	No
03/27/14	Apple IMAC Computer	EK36967	06/09/06	No
03/27/14	Apple EMAC Computer	EK36973	06/09/06	No
03/27/14	HP OfcJet	CN1BFBK342H	None Listed	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
03/27/14	IBM Typewriter	EG2713	05/12/89	No
03/27/14	Fellowes Shredder	None Listed	None Listed	No
03/27/14	Panasonic Fax Machine	EK22451	06/11/02	No
03/27/14	Canon Camcorder	EK11587	01/11/00	No
03/27/14	Sylvania	U10328923	None Listed	No
03/27/14	Xerox	FBW101557	None Listed	No
03/27/14	Xerox	FBW004459	None Listed	No
03/27/14	HP OfcJt	EK43506	10/29/07	No
03/27/14	HP LsrJt 2100TN Printer	EK16187	09/20/00	No
03/27/14	HP	USBNH15135	None Listed	No
03/27/14	Panasonic	B3AA15023	None Listed	No
03/27/14	3M	1592998	None Listed	No
03/27/14	HP	None Listed	None Listed	No
03/27/14	Gateway 450E Laptop	EK29153	06/22/04	No
03/27/14	Philips	KT000044260953	None Listed	No
03/27/14	Dell	CN0F5035641804CFC1LS	None Listed	No
03/27/14	Apple	None Listed	None Listed	No
03/27/14	Apple EMAC Combo	EK36970	06/09/06	No
03/27/14	Apple EMAC Computer	EK32869	05/06/05	No
03/27/14	Apple EMAC Computer	EK32881	05/06/05	No
03/27/14	Apple EMAC Computer	EK32871	05/06/05	No
03/27/14	Apple	G84531QKQJB	None Listed	No
03/27/14	Apple EMAC Computer	EK36975	06/09/06	No
03/27/14	Apple EMAC Computer	EK32897	05/06/05	No
03/27/14	Apple	G8418323QJ8	None Listed	No
03/27/14	Apple EMAC Computer	EK32866	05/06/05	No
03/27/14	Apple EMAC Computer	EK32873	05/06/05	No
03/27/14	Apple EMAC Computer	EK36997	06/09/06	No
03/27/14	Apple IMAC Computer	P112908ZLMT	None Listed	No
03/27/14	Apple IMAC Computer	EK19125	06/25/01	No
03/27/14	Apple IMAC Computer	EK18268	05/04/01	No
03/27/14	Proxim	03UT21570546	None Listed	No
03/27/14	Proxim	03UT21560532	None Listed	No
03/27/14	Proxim	30UT21560572	None Listed	No
03/27/14	Proxim	03UT21560546	None Listed	No
03/27/14	Proxim	03UT21560538	None Listed	No
03/27/14	Speed Stream	605360123	None Listed	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
03/27/14	Speed Stream	DR6E258000042	None Listed	No
03/27/14	Switch BayStack Hub	EK13338	11/18/99	No
03/27/14	Cisco	JAB0316419D	None Listed	No
03/27/14	Cisco	JAB033732X7	None Listed	No
03/27/14	3COM	LN8B2F40556F2	None Listed	No
03/27/14	Viewsonic	A4033800144	None Listed	No
03/27/14	APC Battery	1H0851005925	None Listed	No
03/27/14	JVC/VHS Camcorder	EK21531	06/12/02	No
03/27/14	JVC/VHS Camcorder	EK21533	07/24/02	No
03/27/14	HP PhotoSmart	CN64E171RW	None Listed	No
03/27/14	HP ScanJet	CN8B1A70RS	None Listed	No
03/27/14	3M	170083616	None Listed	No
03/27/14	3M	170083653	None Listed	No
03/27/14	Gateway	B5C224D16434	None Listed	No
03/27/14	HP Printer	MY11T1S10J	None Listed	No
03/27/14	HP Printer	EJ8453	06/17/96	No
03/27/14	HP LsrJt 6PPM Printer	EK1828	05/19/97	No
03/27/14	HP InkJt Printer	EK18072	04/19/01	No
03/27/14	Tri-Pods (2)	None Listed	None Listed	No
03/27/14	Apple EMAC Computer	EK32853	05/06/05	No
03/27/14	Apple EMAC Computer	EK32852	05/06/05	No
03/27/14	Apple	G841802RGJ8	None Listed	No
03/27/14	Apple	629SCG	None Listed	No
03/27/14	Apple EMAC Computer	EK32854	05/06/05	No
03/27/14	Apple EMAC Computer	EK36949	06/09/06	No
03/27/14	Apple EMAC Computer	EK36969	06/09/06	No
03/27/14	Apple	G84180YYQJ8	None Listed	No
03/27/14	Apple EMAC Computer	EK23406	12/12/02	No
03/27/14	Apple IMAC Computer	P1120908DLMT	None Listed	No
03/27/14	Apple	P1129091LMT	None Listed	No
03/27/14	Apple	G82202RLMB6	None Listed	No
03/27/14	Apple IMAC Computer	EK09449	06/25/99	No
03/27/14	Panasonic	E7AA25317	None Listed	No
03/27/14	HP LsrJt 2025 Clr Printer	EK60079	11/03/11	No
03/27/14	HP OfcJt L7680 Printer	EK45827	08/13/08	No
03/27/14	Brother Lsr HL404CN Printer	EK43673	01/15/08	No
03/27/14	Panasonic Camcorder	EX7396	06/04/06	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
03/27/14	Epson Stylus Printer	EK47402	04/28/09	No
03/27/14	HP LsrJt 4100 Printer	EK20170	08/25/01	No
03/27/14	Poly Video Conferencing System	EK27097	03/18/04	No
03/27/14	Sound Station	EK22882-01	10/10/02	No
03/27/14	Infocus Projector	EK39858	03/02/07	No
03/27/14	Apple EMAC Computer	EK36961	06/09/06	No
03/27/14	Apple EMAC Computer	EK36972	06/09/06	No
03/27/14	Apple	YM414EXRQJ7	None Listed	No
03/27/14	Apple EMAC Computer	EK36993	06/09/06	No
03/27/14	Apple EMAC Computer	EK36971	06/09/06	No
03/27/14	Apple EMAC Computer	EK36969	06/09/06	No
03/27/14	Apple	G83020R3N9L	None Listed	No
03/27/14	Apple EMAC Computer	EK36955	06/09/06	No
03/27/14	Apple	G84184UGQJ8	None Listed	No
03/27/14	HP AIO Computer	EK60088	10/25/11	No
03/27/14	HP	MXL13404XK	None Listed	No
03/27/14	Apple EMAC Computer	EK32850	05/07/05	No
03/27/14	Apple EMAC Computer	EK36990	06/09/06	No
03/27/14	Apple	G84264WEQJ8	None Listed	No
03/27/14	Apple EMAC Computer	EK25494	06/13/03	No
03/27/14	Apple EMAC Computer	EK32870	05/06/05	No
03/27/14	Apple EMAC Computer	EK32860	05/06/05	No
03/27/14	Apple EMAC Computer	EK25496	06/13/03	No
03/27/14	Apple	YM4174A1QJB	None Listed	No
03/27/14	Apple EMAC Computer	EK36943	06/09/06	No
03/27/14	Apple Pwr MAC G4 CUBE Computer	EK19768	06/22/01	No
03/27/14	Apple Pwr MAC G4 CUBE Computer	EK19766	06/22/01	No
03/27/14	Apple EMAC Computer	EK32894	05/06/05	No
03/27/14	Apple EMAC Computer	EK36966	06/09/06	No
03/27/14	Apple	None Listed	None Listed	No
03/27/14	Apple	None Listed	None Listed	No
03/27/14	Apple	None Listed	None Listed	No
03/27/14	Apple	None Listed	None Listed	No
03/27/14	Apple	None Listed	None Listed	No
03/27/14	Apple	G85184U0SCD	None Listed	No
03/27/14	Apple EMAC Computer	EK32899	05/06/05	No
03/27/14	Apple EMAC Computer	EK32868	05/06/05	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
03/27/14	Brother	U62674C2N360409	None Listed	No
03/27/14	Brother	U61229M4J175046	None Listed	No
03/27/14	Viewsonic	A07012210371	None Listed	No
03/27/14	ACER Monitor	EK35168	01/23/06	No
03/27/14	Panasonic TV	EK23665	01/13/03	No
03/27/14	Fellowes Pwr Shred	EK1348	05/06/97	No
03/27/14	Apple EMAC Computer	EK23398	12/13/02	No
03/27/14	Apple	G83494LEPP1	None Listed	No
03/27/14	Apple	G83494NZPP1	None Listed	No
03/27/14	Apple EMAC Computer	EK27880	02/26/04	No
03/27/14	Apple EMAC Computer	EK28963	06/23/04	No
03/27/14	Apple EMAC Computer	EK31783	02/02/05	No
03/27/14	Apple EMAC Computer	EK28779	06/07/04	No
03/27/14	Apple IMAC Computer	EK23404	12/13/02	No
03/27/14	Apple EMAC Computer	EK28774	06/07/04	No
03/27/14	Apple EMAC Computer	EK27885	02/26/04	No
03/27/14	Apple IMAC Computer	EK26482	09/27/03	No
03/27/14	Eiki OvrHd Projector	EJ0828	05/05/94	No
03/27/14	Dell Studio One Computer	EK48566	06/30/09	No
03/27/14	Apple EMAC Computer	EK27882	02/26/04	No
03/27/14	Apple EMAC Computer	EK23396	12/13/02	No
03/27/14	Apple EMAC Computer	EK32855	05/06/05	No
03/27/14	Apple EMAC Computer	EK32892	05/06/05	No
03/27/14	Apple	YM41749YQJB	None Listed	No
03/27/14	Apple EMAC Computer	EK23402	12/13/02	No
03/27/14	Apple EMAC Computer	EK25495	06/13/03	No
03/27/14	Apple	G8422HZ2QJ8	None Listed	No
03/27/14	Apple EMAC Computer	EK27882	02/26/04	No
03/27/14	Apple EMAC Computer	EK31782	02/03/05	No
03/27/14	Gateway E475M Laptop	EK43705	01/25/08	No
03/27/14	Gateway E475M Laptop	EK43702	01/25/08	No
03/27/14	Gateway E475M Laptop	EK43176	10/08/07	No
03/27/14	Gateway M275EB Laptop	EK34449	06/30/05	No
03/27/14	Gateway E475M Laptop	EK43707	01/25/08	No
03/27/14	Gateway M460E Laptop	EK35221	12/15/05	No
03/27/14	Gateway M465E Laptop	EK39685	01/30/07	No
03/27/14	Gateay	35401973	None Listed	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
03/27/14	Gateway M675E Laptop	EK30728	08/10/04	No
03/27/14	Gateway 450EB Laptop	EK31720	01/31/05	No
03/27/14	Gateway 450EB Laptop	EK31722	01/31/05	No
03/27/14	Gateway	31563161	None Listed	No
03/27/14	Gateway	31563160	None Listed	No
03/27/14	Gateway M465EB Laptop	EK39358	10/09/06	No
03/27/14	Gateway	39081650	None Listed	No
03/27/14	Gateway 200EB Laptop	EK26854	02/02/04	No
03/27/14	Gateway M250ESB Laptop	EK34970	12/14/05	No
03/27/14	Gateway M250ESB Laptop	EK34974	12/14/05	No
03/27/14	Gateway M265M Laptop	EK34969	12/14/05	No
03/27/14	Gateway M250E Laptop	EK36887	05/26/06	No
03/27/14	Gateway M250E Laptop	EK36886	05/26/06	No
03/27/14	Gateway M250E Laptop	EK36896	05/26/06	No
03/27/14	Gateway M250E Laptop	EK36885	05/26/06	No
03/27/14	Gateway M250E Laptop	EK36892	05/26/06	No
03/27/14	Gateway M250E Laptop	EK36893	05/26/06	No
03/27/14	Gateway M250E Laptop	EK36894	05/26/06	No
03/27/14	Gateway 450EB Laptop	EK26841	01/14/04	No
03/27/14	Gateway M275EB Laptop	EK29111	06/17/04	No
03/27/14	Gateway M275EB Laptop	EK29112	06/17/04	No
03/27/14	Gateway M275EB Laptop	EK29114	06/17/04	No
03/27/14	Gateway M275EB Laptop	EK29115	06/17/04	No
03/27/14	Gateway M275EB Laptop	EK29118	06/17/04	No
03/27/14	Gateway M465E Laptop	EK41303	06/12/07	No
03/27/14	Gateway M475M Laptop	EK44573	04/29/08	No
03/27/14	Gateway 475M Laptop	EK43131	09/21/07	No
03/27/14	Gateway E265M Laptop	EK44446	04/14/08	No
03/27/14	Gateway E475M Laptop	EK43129	09/21/07	No
03/27/14	Gateway E265M Laptop	EK44448	04/14/08	No
03/27/14	Gateway	39068646	None Listed	No
03/27/14	Gateway M675EB Laptop	EK26968	02/12/04	No
03/27/14	Gateway 450EB Laptop	EK27444	03/30/04	No
03/27/14	Gateway 450EB Laptop	EK27439	03/30/04	No
03/27/14	Gateway 450EB Laptop	EK27447	03/30/04	No
03/27/14	Gateway 450EB Laptop	EK27441	03/30/04	No
03/27/14	Gateway 450EB Laptop	EK27438	03/30/04	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
03/27/14	Gateway 450EB Laptop	EK27442	03/30/04	No
03/27/14	Gateway 450EB Laptop	EK27437	03/30/04	No
03/27/14	Gateway 450EB Laptop	EK27443	03/30/04	No
03/27/14	Gateway M350E Laptop	EK26994	11/26/03	No
03/27/14	Gateway M350E Laptop	EK27019	11/26/03	No
03/27/14	Gateway 450EB Laptop	EK27436	03/30/04	No
03/27/14	Gateway 450EB Laptop	EK27446	03/30/04	No
03/27/14	Gateway DS200E Laptop	EK27984	02/23/04	No
03/27/14	Dell Vostro 1500 Laptop	EK44708	04/30/08	No
03/27/14	Dell Latitude D600 Laptop	EK45948	10/15/08	No
03/27/14	Dell Latitude D600 Laptop	EK43960	05/01/08	No
03/27/14	Dell Latitude C640 Computer	EK23826	02/23/03	No
03/27/14	Dell Latitude C640 Computer	EK23835	02/23/03	No
03/27/14	Dell Latitude C640 Computer	EK23836	02/23/03	No
03/27/14	Dell Latitude C640 Computer	EK23842	02/23/03	No
03/27/14	Dell Latitude C640 Computer	EK23841	02/23/03	No
03/27/14	Dell Latitude C640 Computer	EK23832	02/23/03	No
03/27/14	Dell Latitude C640 Computer	EK23830	02/23/03	No
03/27/14	Dell Latitude C640 Computer	EK23833	02/23/03	No
03/27/14	Dell Latitude C640 Computer	EK23829	02/23/03	No
03/27/14	Dell Latitude C640 Computer	EK23837	02/23/03	No
03/27/14	Dell Latitude C640 Computer	EK23828	02/23/03	No
03/27/14	Dell Latitude C640 Computer	EK23831	02/23/03	No
03/27/14	Dell Latitude C640 Computer	EK23840	02/23/03	No
03/27/14	Dell Latitude C640 Computer	EK23834	02/23/03	No
03/27/14	Dell Latitude 265MB Computer	EK19780	12/13/01	No
03/27/14	Dell Latitude D600 Laptop	EK45861	09/24/08	No
03/27/14	Apple PwrBk Laptop	EK30536	08/13/04	No
03/27/14	Apple	W841001RNRW	None Listed	No
03/27/14	Apple MAC Bk Laptop	EK46333	03/12/09	No
03/27/14	Apple PwrBk Laptop	EK34841	12/06/05	No
03/27/14	Apple PwrBk	EK26887	01/26/04	No
03/27/14	Apple PwrBk Laptop	EK26503	10/22/03	No
03/27/14	Apple MAC Bk Laptop	EK39513	12/09/06	No
03/27/14	Apple PwrBk Laptop	EK18176	04/28/01	No
03/27/14	Dell Latitude Laptop	EK46271	12/26/07	No
03/27/14	Dell Latitude D600 Laptop	EK45879	09/04/08	No

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03/27/14	Dell Latitude Laptop	EK43381	12/26/07	No
03/27/14	Dell Latitude Laptop	EK45952	10/15/08	No
03/27/14	Dell Latitude Laptop	EK45876	09/04/08	No
03/27/14	Dell Latitude Laptop	EK45871	09/04/08	No
03/27/14	Apple PwrBk Laptop	EH6550	06/11/93	No
03/27/14	Apple PwrBk Laptop	EJ4507	03/22/95	No
03/27/14	Laptop 1400CS/117	EK0147	03/07/97	No
03/27/14	Apple	CK7100AM7ZQ	None Listed	No
03/27/14	Apple	QF7120489ZD	None Listed	No
03/27/14	Laptop 1400CS/117	EK0148	03/07/97	No
03/27/14	Work Group Server 8150	EJ0131-01	03/29/95	No
03/27/14	Apple PwrBk Computer	EJ4515	03/29/95	No
03/27/14	Apple PwrBk	EH8053	12/23/93	No
03/27/14	Apple	GT90205NE6A	None Listed	No
03/27/14	Apple PwrBk MAC Laptop	EK08452	04/27/99	No
03/27/14	Apple	TY7082LG72Q	None Listed	No
03/27/14	Apple IbK Bluberry Laptop	EK14628	05/01/00	No
03/27/14	Apple PwrBk Laptop	EK22368	06/24/02	No
03/27/14	Apple PwrBk Laptop	EK32310	04/18/05	No
03/27/14	Apple	W87110N6WOL	None Listed	No
03/27/14	Apple PwrBk Computer	EK21996	05/23/02	No
03/27/14	Apple	W84100A2NRW	None Listed	No
03/27/14	Apple	W84091WSNRZ	None Listed	No
03/27/14	Apple MAC Bk Laptop	EK43502	10/31/07	No
03/27/14	Apple PwrBk Laptop	EK32308	04/18/05	No
03/27/14	Apple MAC Bk Laptop	EK43980	04/26/08	No
03/27/14	Apple MAC Bk Laptop	EK39958	03/17/07	No
03/27/14	Apple PwrBk MAC Laptop	EK23924	03/11/03	No
03/27/14	Apple	UV30718CMRT	None Listed	No
03/27/14	Apple PwrBk Computer	EK27204	03/23/04	No
03/27/14	Apple PwrBk MAC Laptop	EK23923	03/11/03	No
03/27/14	Apple PwrBk MAC Laptop	EK08407	04/27/99	No
03/27/14	Apple IBk Laptop	EK19931	12/14/01	No
03/27/14	Apple MAC Bk Laptop	EK40405	04/26/07	No
03/27/14	Apple IBk Computer	EK22985	07/22/02	No
03/27/14	Apple IBk Laptop	EK23519	12/23/02	No
03/27/14	Apple IBk Computer	EK27923	05/13/04	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
03/27/14	Apple IBk Laptop	EK30494	02/19/05	No
03/27/14	Apple IBk Laptop	EK30977	11/13/04	No
03/27/14	Apple MAC Bk Laptop	EK43845	02/29/08	No
03/27/14	Apple PwrBk Computer	EK26891	01/26/04	No
03/27/14	Apple PwrBk Laptop	EK31965	03/19/05	No
03/27/14	Apple MAC Bk Laptop	EK39626	01/20/07	No
03/27/14	Apple	W84100C0NRW	None Listed	No
03/27/14	Apple	W85211UKRG3	None Listed	No
03/27/14	Apple PwrBk Laptop	EK26916	01/08/04	No
03/27/14	Apple IBk Laptop	EK22809	09/10/02	No
03/27/14	Apple	UV1251BALCC	None Listed	No
03/27/14	Apple IBk Computer	EK27016	10/30/03	No
03/27/14	Apple IBk Computer	EK27005	10/29/03	No
03/27/14	Apple IBk Computer	EK27002	10/29/03	No
03/27/14	Apple IBk Computer	EK27006	10/29/03	No
03/27/14	Apple IBk Computer	EK27003	10/29/03	No
03/27/14	Apple IBk Computer	EK27012	10/29/03	No
03/27/14	Apple IBk Computer	EK27007	10/29/03	No
03/27/14	Apple IBk Computer	EK37507	06/27/06	No
03/27/14	Apple IBk Computer	EK20931	06/01/02	No
03/27/14	Apple IBk Computer	EK19601	06/26/01	No
03/27/14	Apple IBk Computer	EK19605	06/26/01	No
03/27/14	Apple IBk Computer	EK19573	06/26/01	No
03/27/14	Apple IBk Computer	EK19560	06/26/01	No
03/27/14	Apple IBk Computer	EK19602	06/26/01	No
03/27/14	Apple IBk Computer	EK19589	06/26/01	No
03/27/14	Apple IBk Computer	EK19569	06/26/01	No
03/27/14	Apple IBk Computer	EK19574	06/26/01	No
03/27/14	Apple IBk Computer	EK19575	06/26/01	No
03/27/14	Apple IBk Computer	EK23030	07/10/02	No
03/27/14	Apple IBk Computer	EK20930	06/01/02	No
03/27/14	Apple IBk Computer	EK19599	06/26/01	No
03/27/14	Apple IBk Computer	EK19585	06/26/01	No
03/27/14	Apple IBk Computer	EK19593	06/26/01	No
03/27/14	Apple IBk Computer	EK19604	06/26/01	No
03/27/14	Apple IBk Computer	EK19580	06/26/01	No
03/27/14	Apple IBk Computer	EK19595	06/26/01	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
03/27/14	Apple IBk Computer	EK19606	06/26/01	No
03/27/14	Apple IBk Computer	EK19594	06/26/01	No
03/27/14	Apple IBk Computer	EK19598	06/26/01	No
03/27/14	Apple IBk Computer	EK19561	06/26/01	No
03/27/14	Apple IBk Computer	EK19597	06/26/01	No
03/27/14	Apple IBk Computer	EK19584	06/26/01	No
03/27/14	Apple IBk Computer	EK19587	06/26/01	No
03/27/14	Apple IBk Computer	EK19600	06/26/01	No
03/27/14	Apple IBk Computer	EK19571	06/26/01	No
03/27/14	Apple IBk Computer	EK19590	06/26/01	No
03/27/14	Apple IBk Computer	EK19596	06/26/01	No
03/27/14	Apple IBk Computer	EK19610	06/26/01	No
03/27/14	Apple IBk Computer	EK20938	06/01/02	No
03/27/14	Gateway E4000 Computer	EK24158	01/06/03	No
03/27/14	Gateway	28395456	None Listed	No
03/27/14	Gateway E4100C Computer	EK27205	03/23/04	No
03/27/14	Gateway E6610D Computer	EK43907	06/30/08	No
03/27/14	Gateway E4500D Computer	EK38308	07/21/06	No
03/27/14	Dell Inspiron Computer	EK48613	06/30/09	No
03/27/14	Dell OptiPlex 330 Computer	EK44957	05/14/08	No
03/27/14	Compaq	MXF6510GGH	None Listed	No
03/27/14	Gateway E2600S Computer	EK42858	08/28/07	No
03/27/14	Trip Lite	9431ALCBP546300291	None Listed	No
03/27/14	Compaq EVO Computer	EK32149	03/29/05	No
03/27/14	Compaq EVO Computer	EK36209	05/15/06	No
03/27/14	Compaq EVO Computer	EK32146	03/29/05	No
03/27/14	Dell OptiPlex GX240 Computer	EK20834	05/13/02	No
03/27/14	Gateway E4100C Computer	EK30049	06/25/04	No
03/27/14	Gateway E4100C Computer	EK28215	06/02/04	No
03/27/14	Gateway E4000 Computer	EK24771	06/13/03	No
03/27/14	Gateway E4000 Computer	EK24777	06/13/03	No
03/27/14	Gateway E6500D Computer	EK36920	06/02/06	No
03/27/14	Gateway E6300 Computer	EK31610	01/11/05	No
03/27/14	Gateway E6610D Computer	EK40391	04/25/07	No
03/27/14	Gateway E6500 Computer	EK36921	06/02/06	No
03/27/14	Gteway E6500D Computer	EK37019	06/06/06	No
03/27/14	Gateway E4100C Computer	EK28218	06/02/04	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
03/27/14	Gateway E4000 Computer	EK24768	06/16/03	No
03/27/14	Gateway E6300 Computer	EK32587	05/06/05	No
03/27/14	Gateway E4100C Computer	EK29851	08/20/04	No
03/27/14	Dell Dimension 4550 Computer	EK23964	03/14/03	No
03/27/14	Dell Dimension 360 Computer	EK48030	06/05/09	No
03/27/14	Dell OptiPlex 360 Computer	EK48032	06/05/09	No
03/27/14	Dell OptiPlex 330 Computer	EK43814	02/19/08	No
03/27/14	Dell OptiPlex 330 Computer	EK44397	04/07/08	No
03/27/14	Dell OptiPlex 360 Computer	EK48029	06/05/09	No
03/27/14	Apple Pwr MAC Computer	EK21160	06/04/02	No
03/27/14	Gateway E4610D Computer	EK40856	05/30/07	No
03/27/14	Gateway E2000 Computer	EK33686	06/06/05	No
03/27/14	Gateway	33215952	None Listed	No
03/27/14	Gateway E4620N Computer	EK44395	04/02/08	No
03/27/14	JVC Clr TV	EK33600	06/02/05	No
03/27/14	Toshiba TV	EG2817	06/30/89	No
03/27/14	HP LsrJt 4700DN Printer	EK41997	07/09/07	No
03/27/14	Dell 1320C Clr Printer	EK44562	04/24/08	No
03/27/14	HP LsrJt 4000TN Printer	EK08275	02/19/99	No
03/27/14	Brother Intelli Fax Machine	EK44514	04/21/05	No
03/27/14	Okidata MicroLine Printer	EK12427	06/11/99	No
03/27/14	Epson	ESUW053897	None Listed	No
03/27/14	Gateway VX765 Monitor	EK35448	03/07/06	No
03/27/14	Gateway FPD1775W Monitor	EK44396	04/02/08	No
03/27/14	Gateway	TL819A40021092	None Listed	No
03/27/14	Gateway FPD1730 Monitor	EK32434-01	04/16/05	No
03/27/14	Gateway	MWE78BON01663	None Listed	No
03/27/14	Gateway FPD1940 Monitor	EK32588-01	05/06/05	No
03/27/14	Gateway FPD1940 Monitor	EK31815-01	02/11/05	No
03/27/14	Dell P1130 Trintron Monitor	EK23971	03/10/03	No
03/27/14	Dell 1800 Dimension Monitor	EK23966-01	03/14/03	No
03/27/14	Dell Ultra Shape Monitor	EK27962	05/11/04	No
03/27/14	Dell 1702FP Monitor	EK22013	05/20/02	No
03/27/14	HP L2045W Monitor	EK44910	05/19/08	No
03/27/14	Dell 52009W Monitor	EK48643	06/30/09	No
03/27/14	Dell 170S Monitor	EK52890	07/15/10	No
03/27/14	Dell 170S Monitor	EK52889	07/15/10	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
03/27/14	Dell 170S Monitor	EK52892	07/15/10	No
03/27/14	Dell 170S Monitor	EK58291	07/15/10	No
03/27/14	Smart Slate	10BP001863	None Listed	No
03/27/14	Smart Slate	6GZ002586	None Listed	No
03/27/14	File Cabinet/5-drwr	EG2866	None Listed	No
03/27/14	File Cabinet/4-drwr (8)	None Listed	None Listed	No
03/27/14	Lateral File Cabinet/3-drwr	None Listed	None Listed	No
03/27/14	Storage Cabinet (5)	None Listed	None Listed	No
03/27/14	Storage Cabinet Blk	None Listed	None Listed	No
03/27/14	Media Rack (6)	EK20112	None Listed	No
03/27/14	TV Cart	None Listed	None Listed	No
03/27/14	File Cabinet/4-drwr	None Listed	None Listed	No
03/27/14	File Cabine/2-drwr	None Listed	None Listed	No
03/27/14	Lateral File Cabinet/3-drwr	EG9289	None Listed	No
03/27/14	File/2-drwr	None Listed	None Listed	No
03/27/14	File/2-drwr Grey	EA2026	None Listed	No
03/27/14	Lateral File Cabinet/3-drwr (3)	None Listed	None Listed	No
03/27/14	Lateral File Cabinet/4-drwr	None Listed	None Listed	No
03/27/14	Lateral File Cabinet/3-drwr	None Listed	None Listed	No
03/27/14	Lateral File Cabinet/5-drwr Grey	EA1608	None Listed	No
03/27/14	Lateral File Cabinet/5-drwr Grey	EC7937	None Listed	No
03/27/14	Lateral File Cabinet/5-drwr Grey	EC7936	None Listed	No
03/27/14	Lateral File Cabinet/5-drwr Grey	EC8994	None Listed	No
03/27/14	Lateral File Cabinet/5-drwr Grey	EA1721	None Listed	No
03/27/14	Lateral File Cabinet/5-drwr Grey	EC4615	None Listed	No
03/27/14	Lateral File Cabinet/5-drwr Grey (5)	None Listed	None Listed	No
03/27/14	Leg Press Weight Bench	None Listed	None Listed	No
03/27/14	Cabinet/Server Blue	EK25120	None Listed	No
03/27/14	Storage Cabinet	EJ1033	None Listed	No
03/27/14	Storage Cabinet Brown (2)	None Listed	None Listed	No
03/27/14	Lateral File Cabinet/2-drwr Blk	None Listed	None Listed	No
03/27/14	TV Cart	EG5784	None Listed	No
03/27/14	TV Cart (3)	None Listed	None Listed	No
03/27/14	Metal Cart	EJ0456	None Listed	No
03/27/14	Metal Cart (3)	None Listed	None Listed	No
03/27/14	BookCase/3-Shelf Blk	None Listed	None Listed	No
03/27/14	Storage Cabinet-Cart	None Listed	None Listed	No

[illegible]

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
04/10/14	HP LsrJt 4200N Printer	EK29650	06/11/04	No
04/10/14	MicroTek	W8191D00800	None Listed	No
04/10/14	Apollo OvrHd Projector	S17028A01111483	None Listed	No
04/10/14	Kybrd (175)	None Listed	None Listed	No
04/10/14	Spkrs (52 pcs)	None Listed	None Listed	No
04/10/14	Mouse (60)	None Listed	None Listed	No
04/10/14	Surge Protector (2)	None Listed	None Listed	No
04/10/14	GBC 3-Hole Punch	None Listed	None Listed	No
04/10/14	Hitachi Projector	EK49133	12/07/09	No
04/10/14	Sony	2001133	None Listed	No
04/10/14	Elmo	193481	None Listed	No
04/10/14	ADC Pro Patch Audio	ED8032	04/08/88	No
04/10/14	Sony	15400	None Listed	No
04/10/14	Bogen	None Listed	None Listed	No
04/10/14	Bogen	None Listed	None Listed	No
04/10/14	Rane	None Listed	None Listed	No
04/10/14	GE	C101PW470	None Listed	No
04/10/14	Sony	304002	None Listed	No
04/10/14	PolyCom	H60546004A92	None Listed	No
04/10/14	APC	R1001192D046	None Listed	No
04/10/14	Samsung TV/VCR	EJ8028	05/03/96	No
04/10/14	MicroNet	None Listed	None Listed	No
04/10/14	Sony	21114	None Listed	No
04/10/14	CA Pwr Director	20569169	None Listed	No
04/10/14	Sony AC Adaptor	ED8380	03/31/88	No
04/10/14	Canon XL1 CamCorder	EK12881-04	10/13/99	No
04/10/14	RTS	B30901	None Listed	No
04/10/14	ViewSonic	PW8061963299	None Listed	No
04/10/14	ViewSonic TV	EK43089	07/13/07	No
04/10/14	ViewSonic	Q87063805166	None Listed	No
04/10/14	NEC	79137969TA	None Listed	No
04/10/14	Gateway Monitor	EK27348-01	03/22/04	No
04/10/14	Gateway Monitor	EK29601-01	05/14/04	No
04/10/14	HP	USB3063370	None Listed	No
04/10/14	HP	USB3033764	None Listed	No
04/10/14	KalMart	None Listed	None Listed	No
04/10/14	HP Scanner	EK38652	08/21/06	No
04/10/14	HP	MY061111F4	None Listed	No
04/10/14	IBM Typewriter	EK3632	05/20/98	No
04/10/14	HP External Works	EK22928	08/02/02	No
04/10/14	Lennox	CDR190	None Listed	No
04/10/14	HP Printer	EK47038	04/20/09	No
04/10/14	Epson	EJ4V117530	None Listed	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
04/10/14	RCA	713292949	None Listed	No
04/10/14	JVC TV	EK24007	04/20/03	No
04/10/14	Sony	8044184	None Listed	No
04/10/14	HP Printer	EK09287	06/03/99	No
04/10/14	3M OvrHd Projector	EH3424	06/08/92	No
04/10/14	HP Printer	EK23660	11/30/02	No
04/10/14	ViewSonic Monitor	EK29763	06/30/04	No
04/10/14	HP	MY55M3B0T8	None Listed	No
04/10/14	Dell Precision Computer	EK40934	06/06/07	No
04/10/14	Gateway E6000 Computer	EK24950	06/14/03	No
04/10/14	Gateway E4100C Computer	EK27913	05/25/04	No
04/10/14	Gateway Profile Computer	EK38907	09/13/06	No
04/10/14	Gateway Profile Computer	EK38908	09/13/06	No
04/10/14	Gateway E4500D Computer	EK37238	06/15/06	No
04/10/14	Gateway E4500D Computer	EK37236	06/15/06	No
04/10/14	Gateway E4610S Computer	EK42274	07/20/07	No
04/10/14	Gateway E4610S Computer	EK42276	07/20/07	No
04/10/14	Gateway E4610S Computer	EK42277	07/20/07	No
04/10/14	Gateway E2610S Computer	EK45651	06/28/08	No
04/10/14	Gteway E2610S Computer	EK45661	06/28/08	No
04/10/14	Gateway E2610S Computer	EK45678	06/28/08	No
04/10/14	APC Smart UPS	EK25170	05/08/03	No
04/10/14	Dell Dimension Monitor	EK23968-01	03/14/03	No
04/10/14	Apple Studio Monitor	EK21161	06/03/02	No
04/10/14	Samsung	GY17H9NX404722L	None Listed	No
04/10/14	Gateway FPD2185W Monitor	EK40804	05/24/07	No
04/10/14	Gateway Monitor	EK30136-01	07/30/04	No
04/10/14	Gateway Monitor	EK27205-01	03/23/04	No
04/10/14	Gateway FPD1765 Monitor	EK42596	08/10/07	No
04/10/14	Dell	3LGPN21	None Listed	No
04/10/14	Apple	XB24418UMUM	None Listed	No
04/10/14	Gateway	MU17108G0193343	None Listed	No
04/10/14	Compaq	CNH6211FFJ	None Listed	No
04/10/14	Dell	MX032DVX4760525SEBYY	None Listed	No
04/10/14	Dell Monitor	EK59152	09/28/11	No
04/10/14	Dell 1909W Monitor	EK48529	06/30/09	No
04/10/14	Gateway E4500D Computer	EK37207	06/14/06	No
04/10/14	DVD/VCR	BCC920060282	None Listed	No
04/10/14	BookCase/5-Shelf (2)	None Listed	None Listed	No
04/10/14	Gateway	H534726	None Listed	No
04/10/14	Dell OptiPlex 360 Computer	EK47090	04/16/09	No
04/10/14	Slide Projector	26019712	None Listed	No
04/10/14	Gateway	31518214	None Listed	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
04/10/14	DirectTV	D02CJ7EV1108	None Listed	No
04/10/14	Gateway (7)	None Listed	None Listed	No
04/10/14	Gateway E4610S Computer	EK42314	07/26/07	No
04/10/14	Gateway	G1611A304007166	None Listed	No
04/10/14	Gateway Monitor	EK42348	07/26/08	No
04/10/14	HP LsrJt 4250N Printer	EK40323	04/27/07	No
04/10/14	Gateway FPD1775 Monitor	EK44833	05/22/08	No
04/10/14	Gateway 450E Monitor	EK30401	07/10/04	No
04/10/14	Gateway	ME149A0001161	None Listed	No
04/10/14	Apple	G8505191QPR	None Listed	No
04/10/14	HP	C6411A	None Listed	No
04/10/14	HP	MY61CD103K	None Listed	No
04/10/14	HP	TH55N125WX	None Listed	No
04/10/14	Epson	FQ5D300091	None Listed	No
04/10/14	ViewSonic	Q6Y062203820	None Listed	No
04/10/14	HP	MY4C43B05R	None Listed	No
04/10/14	Gateway	MU17108G0193337	None Listed	No
04/10/14	HP LsrJt CP4005N Printer	EK41352	06/30/07	No
04/10/14	Dell UltraScan Monitor	EK09240-01	03/01/99	No
04/10/14	Zee Craft Challenger 2	33293	None Listed	No
04/10/14	Brother	U61325G6J428159	None Listed	No
04/10/14	HP LsrJt Printer	EK44799	05/20/08	No
04/10/14	HP	MY1B81B1DG	None Listed	No
04/10/14	Fellowes	None Listed	None Listed	No
04/10/14	HP	CNFL116139	None Listed	No
04/10/14	HP 2100TN Printer	EK17318	02/05/01	No
04/10/14	Sony	14877	None Listed	No
04/10/14	Kybrd (32)	None Listed	None Listed	No
04/10/14	Gateway	MU17108G0193366	None Listed	No
04/10/14	Gateway	B5C2521377022	None Listed	No
04/10/14	Gateway EV730 Monitor	EK28414-01	06/01/04	No
04/10/14	Gateway EV730 Monitor	EK28415-01	06/01/04	No
04/10/14	Gateway VX765 Monitor	EK42331	07/26/07	No
04/10/14	Dell E773 Monitor	EK35850	05/02/06	No
04/10/14	Dell 5320N Printer	EK54884	01/14/11	No
04/10/14	HP LsrJt 4250N Printer	EK41351	06/16/07	No
04/10/14	MicroNet	E000482	None Listed	No
04/10/14	Teach DVD/CD Duplicator	EK42131	05/25/07	No
04/10/14	EZ Copy HD Duplicator	EK42056	09/11/07	No
04/10/14	EZ Copy HD Duplicator	EK42129	05/25/07	No
04/10/14	Apollo	26074823	None Listed	No
04/10/14	EDL	P108204	None Listed	No
04/10/14	Samsung	02FC6VBQ417449W	None Listed	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
04/10/14	Gateway E4500D DskTp	EK37208	06/14/06	No
04/10/14	Apple Pwr MAC G4 DskTp	EK4452	03/10/98	No
04/10/14	Dell OptiPlex 755 Computer	EK47669	05/12/09	No
04/10/14	Dell OptiPlex 755 Computer	EK47668	05/12/09	No
04/10/14	HP LsrJt 4250N Printer	EK41354	06/16/07	No
04/10/14	HP LsrJt 4350N Printer	EK34136	03/30/05	No
04/10/14	Gateway Monitor	EK24491-01	02/20/03	No
04/10/14	Gateway FPD1765 Monitor	EK37275	06/15/06	No
04/10/14	Gateway FPD1975W Monitor	EK42352	07/26/07	No
04/10/14	Dell	None Listed	None Listed	No
04/10/14	Gateway VX755 Monitor	EK32729-01	05/09/05	No
04/10/14	Gateway	MUL5016E0077436	None Listed	No
04/10/14	Gateway FPD1565 Monitor	EK35506	03/23/06	No
04/10/14	Brother Fax Machine	EK26643	09/26/03	No
04/10/14	Sony	470207	None Listed	No
04/10/14	Canon Digital Camera/Camcorder	EX8944	09/15/08	No
04/10/14	Canon	42510500853	None Listed	No
04/10/14	Canon	2100193639	None Listed	No
04/10/14	Canon	2720570267	None Listed	No
04/10/14	Canon	502302103742	None Listed	No
04/10/14	Quasar	WK417380039	None Listed	No
04/10/14	ToshibaTV	EK41822	06/30/07	No
04/10/14	Phillips	84028932	None Listed	No
04/10/14	Panasonic TV/VCR/DVD Combo	EK24201	01/14/03	No
04/10/14	Gateway E4000 Computer	EK23475	12/15/02	No
04/10/14	Gateway E4100 Computer	EK26706	10/20/03	No
04/10/14	Gateway E4000 Computer	EK24137	12/06/02	No
04/10/14	Gateway E4000 Computer	EK24137	12/06/02	No
04/10/14	Dell Dimension Computer	EK24013	08/11/02	No
04/10/14	Gateway E4100C Computer	EK26760	01/06/04	No
04/10/14	Gateway E4100 Computer	EK27141	01/16/04	No
04/10/14	Gateway E4000 Computer	EK24133	12/06/02	No
04/10/14	Gateway E4100C Computer	EK28229	05/19/04	No
04/10/14	Gateway Profile Computer	EK27028	02/13/04	No
04/10/14	Gateway Profile Computer	EK27029	02/13/04	No
04/10/14	Gateway Profile Computer	EK27866	03/29/04	No
04/10/14	Gateway Monitor	EK27930-01	04/15/04	No
04/10/14	Gateway Monitor	EK28073-01	05/14/04	No
04/10/14	Gateway Monitor	EK23472	12/16/02	No
04/10/14	Gateway Monitor	EK27673-01	04/19/04	No
04/10/14	Gateway Monitor	EK24937-01	06/11/03	No
04/10/14	Gateway FPD1730 Monitor	EK32967-01	05/10/05	No
04/10/14	Gateway FPD1765 Monitor	EK33136-01	06/01/05	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
04/10/14	Gateway FPD1775 Monitor	EK41258	05/30/07	No
04/10/14	Gateway Monitor	EK27141-01	01/16/04	No
04/10/14	Gateway Monitor	EK27928-01	04/15/04	No
04/10/14	Gateway	MUL7006C0033921	None Listed	No
04/10/14	Gateway FPD1975 Monitor	EK34766	11/09/05	No
04/10/14	Epower	TN4H06032463	None Listed	No
04/10/14	Gateway M460EB Laptop	EK35940	05/03/06	No
04/10/14	Gateway M460EB Laptop	EK35941	05/03/06	No
04/10/14	Gateway M465EB Laptop	EK38677	07/25/06	No
04/10/14	Gateway M460EB Laptop	EK35953	05/03/06	No
04/10/14	Gateway M465EB Laptop	EK38675	07/25/06	No
04/10/14	Gateway M460EB Laptop	EK35944	05/03/06	No
04/10/14	Gateway M465EB Laptop	EK38687	07/25/06	No
04/10/14	Gateway M460PM Laptop	EK35457	03/18/06	No
04/10/14	Gateway M460EB Laptop	EK35955	05/03/06	No
04/10/14	Gateway M465EB Laptop	EK38683	07/25/06	No
04/10/14	Gateway M465EB Laptop	EK38682	07/25/06	No
04/10/14	Gateway M465EB Laptop	EK38676	07/25/06	No
04/10/14	Gateway DS450E Laptop	EK27969	02/16/04	No
04/10/14	Apple PwrBk MAC Laptop	EK08412	04/27/99	No
04/10/14	Apple PwrBk MAC Laptop	EK08365	04/27/99	No
04/10/14	Apple PwrBk MAC Laptop	EK08403	04/27/99	No
04/10/14	Apple PwrBk MAC Laptop	EK08364	04/27/99	No
04/10/14	Dell	CN0JF242486437571097	None Listed	No
04/10/14	Sony FX120 Laptop	EK17524	06/04/01	No
04/10/14	Sony	283321303202948	None Listed	No
04/10/14	Sony	283321303202367	None Listed	No
04/10/14	Sony	283261303200867	None Listed	No
04/10/14	Sony P111 Computer	EK22057	06/10/02	No
04/10/14	HP	TW12307599	None Listed	No
04/10/14	HP 4520S Pro Bk Laptop	EK55523	06/30/11	No
04/10/14	HP	TW12308182	None Listed	No
04/10/14	HP Elite BK Laptop	EK49246	02/18/10	No
04/10/14	HP Laptop	EK48900	09/17/09	No
04/10/14	HP Elite BK Laptop	EK47523	05/11/09	No
04/10/14	HP Elite BK Laptop	EK47516	05/11/09	No
04/10/14	HP Elite Bk 8530P Laptop	EK47529	05/11/09	No
04/10/14	Apple Laptop	EK0149	03/07/97	No
04/10/14	Apple PwrBk Laptop	EJ7798	04/04/96	No
04/10/14	Apple PwrBk Computer	EJ4484	03/22/95	No
04/10/14	Apple PwrBk Computer	EK0704	03/28/97	No
04/10/14	Apple PwrBk Computer	EJ1903	11/04/94	No
04/10/14	Apple PwrBk Computer	EK0177	09/28/97	No
04/10/14	Apple	CK7101K67ZQ	None Listed	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
04/10/14	Apple IBk Computer	EK20948	06/01/02	No
04/10/14	Apple PwrBk Laptop	EK20507	03/21/02	No
04/10/14	Apple	QT2110G1LY0	None Listed	No
04/10/14	Apple PwrBk Laptop	EK27099	02/27/04	No
04/10/14	Apple PwrBk Laptop	EK26890	01/26/04	No
04/10/14	Dell	8ZK3Y	None Listed	No
04/10/14	Dell Precision Computer	EK20094	02/21/02	No
04/10/14	Dell OptiPlex GX240 Computer	EK21688	02/21/02	No
04/10/14	Dell OptiPlex GX150 Computer	EK20409	04/03/02	No
04/10/14	Dell Dimension Computer	EK13921	03/03/00	No
04/10/14	Gateway E4100C Computer	EK29634	06/11/04	No
04/10/14	Gateway E4100C Computer	EK29631	06/11/04	No
04/10/14	Gateway E4000 Computer	EK23464	12/16/02	No
04/10/14	Gateway E4100C Computer	EK26762	01/06/04	No
04/10/14	Gateway E4100C Computer	EK27929	04/19/04	No
04/10/14	Gateway E4620DS Computer	EK44693	05/01/08	No
04/10/14	Gateway E4610D Computer	EK40790	05/22/07	No
04/10/14	Gateway E4300 Computer	EK32728	05/10/05	No
04/10/14	Gateway E6500D Computer	EK37101	06/14/06	No
04/10/14	HP Computer	EK44977	05/27/08	No
04/10/14	Apple Pwr MAC Computer	EK14754	06/12/00	No
04/10/14	Gateway FPD1765 Monitor	EK39884	03/09/07	No
04/10/14	Cabinet Sm Blk	None Listed	None Listed	No
04/10/14	BookCase/2-Shelf	None Listed	None Listed	No
04/10/14	Desk-Teacher (3)	None Listed	None Listed	No
04/10/14	BookCase/3-Shelf (3)	None Listed	None Listed	No
04/10/14	File Cabinet/4-drwr (2)	None Listed	None Listed	No
04/10/14	Storage Cabinet (3)	None Listed	None Listed	No
04/10/14	BookCase/5-Shelf (3)	None Listed	None Listed	No
04/10/14	Storage Cabinet-Sm (4)	None Listed	None Listed	No
04/10/14	File Cabinet/4-drwr (2)	None Listed	None Listed	No
04/10/14	File Cabinet/4-dr Lateral	EK4381	12/11/97	No
04/10/14	File Cabinet/4-dr	EK1164	04/09/97	No
04/10/14	Work Bench Frame (5)	None Listed	None Listed	No
04/10/14	Cabinet Blk	None Listed	None Listed	No
04/10/14	File Cabinet/3-drwr Lateral (2)	None Listed	None Listed	No
04/10/14	File Cabinet/Single Drwr	None Listed	None Listed	No
04/10/14	MayTag Washer	EJ4296	01/27/95	No
04/10/14	Whirlpool Dryer	MM0708988	None Listed	No
04/10/14		None Listed	None Listed	No
04/10/14	Lunch Cart	None Listed	None Listed	No
04/10/14	File Cabinet/4-drwr Lateral (3)	None Listed	None Listed	No
04/10/14	Cabinet Sm (2)	None Listed	None Listed	No
04/10/14	Cabinet Server	EK25120	04/14/03	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
04/10/14		None Listed	None Listed	No
04/10/14	BookCase/3-Shelf (2)	None Listed	None Listed	No
04/10/14	File Cabinet/4-drwr (6)	None Listed	None Listed	No
04/10/14	File Cabinet/5-drwr	None Listed	None Listed	No
04/10/14	Book Cart (2)	None Listed	None Listed	No
04/10/14	Book Case/4-Shelf	None Listed	None Listed	No
04/10/14	BookCase/Green	None Listed	None Listed	No
04/10/14	Mail Sorter	None Listed	None Listed	No
04/10/14	Cabinet/HP LsrJt Printer	EK17087	11/10/00	No
04/10/14	Cabinet/HP LsrJt Printer	EK17088	11/10/00	No
04/10/14	Smart Board Stand	None Listed	None Listed	No
04/10/14	Active Board Stand	EK50541	09/24/08	No
04/10/14	HotPoint Refrigerator	EK05998	05/23/98	No
04/10/14	Laptop Cart-Metal	None Listed	None Listed	No
04/10/14	File Cabinet/Rolling	None Listed	None Listed	No
04/10/14	Cabinet Computer-Metal	None Listed	None Listed	No
04/10/14	Tv Cart Sm (2)	None Listed	None Listed	No
04/10/14	Frigidaire Refrigerator	EK44099	01/09/08	No
04/10/14	TV Cart Lg (2)	None Listed	None Listed	No
04/10/14	Kenmore Refrigerator	None Listed	None Listed	No
04/10/14	Frigidaire Refrigerator	None Listed	None Listed	No
04/10/14	File Cabinet/4-drwr (2)	None Listed	None Listed	No
04/10/14	File Cabinet-Metal Tall	None Listed	None Listed	No
04/10/14	Desk-Metal Sm	None Listed	None Listed	No
04/10/14	BookShelf-Metal Sm	None Listed	None Listed	No
04/10/14	Shelf Unit-Tall	None Listed	None Listed	No
04/10/14	Cabinet	None Listed	None Listed	No
04/10/14	File Cabinet/2-drwr	None Listed	None Listed	No
04/10/14	Mitsubishi TV	EC4249-00	06/03/83	No
04/10/14	Panasonic Camcorder	EJ0770	08/04/94	No
04/10/14	Castex Vacuum	EK13331	11/09/99	No
04/10/14	Windsor Spiritual	EJ9140	10/09/96	No
04/10/14	File Cabinet/5-drwr (2)	None Listed	None Listed	No
04/10/14	File Cabinet/4-drwr (3)	None Listed	None Listed	No
04/10/14	HotPoint Refrigerator	EK05998	05/23/98	No
04/10/14	File Cabinet/2-drwr Lateral (3)	None Listed	None Listed	No
04/10/14	File Cabinet/2-drwr Lateral (11)	None Listed	None Listed	No
04/10/14	File Cabinet/2-drwr (6)	None Listed	None Listed	No
04/10/14	File Cabinet/3-drwr Lateral (4)	None Listed	None Listed	No
04/10/14	File Cabinet/4-drwr Lateral (16)	None Listed	None Listed	No
04/10/14	File Cabinet/3-drwr Lateral (2)	None Listed	None Listed	No
04/10/14	Hobart Mixer	EB5183	01/01/77	No
04/10/14	Andrews Antenna St Disk	TJV05500	None Listed	No
04/10/14	Andrews ParaBo Lic Antenna	EX6490	06/30/03	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
04/10/14	3M	70038827	None Listed	No
04/10/14	Elmo	120706	None Listed	No
04/10/14	Elmo	150707	None Listed	No
04/10/14	Elmo	308522	None Listed	No
04/10/14	Elmo	328827	None Listed	No
04/10/14	Elmo	308508	None Listed	No
04/10/14	BookCase/3-Shelf (3)	None Listed	None Listed	No
04/10/14	Sony TV	EJ2087	06/16/94	No
04/10/14	Sony TV	6000427	None Listed	No
04/10/14	HP CP1518 Clr Printer	EK45990	02/04/09	No
04/10/14	Panasonic TV/VCR	EH8952	02/03/94	No
04/10/14	Panasonic	E7AA25308	None Listed	No
04/10/14	Toshiba	85458495B	None Listed	No
04/10/14	3M	70041996	None Listed	No
04/10/14	HP LsrJt 5550N Clr Printer	EK35672	04/03/06	No
04/10/14	Dell	None Listed	None Listed	No
04/10/14	Apple	2A8174W8XMM	None Listed	No
04/10/14	Vision Rackmount Server	EK21081	02/08/02	No
04/10/14	Canon Camcorder	EX8028	06/25/07	No
04/10/14	Panasonic	MC90850429	None Listed	No
04/10/14	Toshiba	74581617B	None Listed	No
04/10/14	Channel One	None Listed	None Listed	No
04/10/14	Gateway FPD1975W Monitor	EK42351	07/26/07	No
04/10/14	Gateway FPD1975 Monitor	EK40603	05/14/07	No
04/10/14	Gateway Monitor	EK39410	11/01/06	No
04/10/14	Dell E1909W Monitor	EK47685	05/12/09	No
04/10/14	Dell	CN0G433H7161886DBSDUA00	None Listed	No
04/10/14	Dell 1702FP Monitor	EK22878-01	09/13/02	No
04/10/14	ProView	F5WU72092707U	None Listed	No
04/10/14	ViewSonic	QSD074720895	None Listed	No
04/10/14	ViewSonic	PSW060670363	None Listed	No
04/10/14	Apple Studio Monitor	EK24038	03/17/03	No
04/10/14	Apple IMAC Computer	EK46282	12/05/08	No
04/10/14	Smart Sympodium Monitor	EK36164	07/25/06	No
04/10/14	Apollo	51728A011111483	None Listed	No
04/10/14	Panasonic	6T2281217	None Listed	No
04/10/14	Gateway Monitor	EK23475-01	12/15/02	No
04/10/14	Gateway Monitor	EK27672-01	04/19/04	No
04/10/14	Gateway FPD1730 Monitor	EK31581-01	10/06/04	No
04/10/14	Gateway Monitor	EK27142-01	01/16/04	No
04/10/14	Gateway FPD1965 Monitor	EK40016	03/09/07	No
04/10/14	Panasonic	C4HB00806	None Listed	No
04/10/14	Gateway Monitor	EK25067-01	06/04/03	No
04/10/14	Gateway	MUL8009B0001480	None Listed	No

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DT REC'D	ITEM DESCRIPTION	TAG # / SER #	ORIGINAL PURCHASE DATE	WORKING
04/10/14	Focus	G010574	None Listed	No
04/10/14	Epson	G56Y051646	None Listed	No
04/10/14	Gateway FPD1765 Monitor	EK40793	05/22/07	No
04/10/14	Portland	GT98DS2916	None Listed	No
04/10/14	Dell Inspiron 530 Computer	EK48623	06/30/09	No
04/10/14	Gateway E4500D Computer	EK39534	12/21/06	No
04/10/14	Gateway E4100C Computer	EK28074	05/14/04	No
04/10/14	Gateway	MP16350002709	None Listed	No
04/10/14	Dell OptiPlex 380 Computer	EK49547	04/12/10	No
04/10/14	HP	MY0511B24C	None Listed	No
04/10/14	Dell Precision Computer	EK49330	03/15/10	No
04/10/14	Dell OptiPlex 755 Computer	EK46369	03/24/09	No
04/10/14	HP	MY26E1BP0	None Listed	No
04/10/14	Dell Precision Computer	EK49332	03/15/10	No
04/10/14	Keyboard ((173)	None Listed	None Listed	No
04/10/14	Speaker (56)	None Listed	None Listed	No
04/10/14	Mouse (60)	None Listed	None Listed	No
04/10/14	Surge Protector (4)	None Listed	None Listed	No
04/10/14	Dell Precision Computer	EK49328	03/15/10	No
04/10/14	Filing Cabinet/Rolling	None Listed	None Listed	No
04/10/14	Smart Board	None Listed	None Listed	No
04/10/14	Calculator	None Listed	None Listed	No
04/10/14	Frigidaire Refrigerator	None Listed	None Listed	No
04/10/14	File Cabinet/2-dwr (4)	None Listed	None Listed	No
04/10/14	File Cabinet/4-dwr Lateral (2)	None Listed	None Listed	No
04/10/14	File Cabinet/Metal Tall (7)	None Listed	None Listed	No
04/10/14	Desk/Metal Sm (3)	None Listed	None Listed	No
04/10/14	Book Shelf/Metal Sm (3)	None Listed	None Listed	No
04/10/14	Shelf Unit/Tall (2)	None Listed	None Listed	No
04/10/14	TV Cart (28)	None Listed	None Listed	No
04/10/14	GBC (2)	None Listed	None Listed	No
04/10/14	Pioneer	None Listed	None Listed	No
04/10/14	Brother	None Listed	None Listed	No
04/10/14	HP	None Listed	None Listed	No
04/10/14	Ricoh	P11000175	None Listed	No
04/10/14	Fujitsu F16240 Scanner	EK43723	01/30/08	No
04/10/14	Fujitsu F16240 Scanner	EK43722	01/30/08	No
04/10/14	HP Proliant Server	EK39364	10/11/06	No
04/10/14	Panasonic Lsr Fax Machine	EK44189	04/10/08	No
04/10/14	PanaFax UF490	EK27733	03/31/04	No
04/10/14	Panasonic UF4000 Fax Machine	EK50569	03/13/09	No
04/10/14	PanasonicUF4000 Fax Machine	EK50210	04/23/08	No
04/10/14	PanaFax UF490	EK23681	08/20/03	No
04/10/14	Panasonic UF4000 Fax Machine	EK50211	04/23/08	No

[illegible]

Board Meeting – June 3, 2014

Item VIII. Recommendations

A. Adoption of Board Resolution No. 16: Short-term Cash Loan to School Districts in Los Angeles County

The Superintendent recommends that the County Board adopt Board Resolution No. 16. This resolution, pursuant to Education Code (EC) Sections 42621 and EC 42622, is to allow the Superintendent to loan up to, but not to exceed, \$5 million from the County School Service Fund to the various individual school districts in Los Angeles County experiencing cash-flow emergencies. Any use of this authorization is to provide a temporary “bridge loan” during fiscal year (FY) 2014-15 that addresses a school district’s realized/projected cash short-fall that would otherwise cause a district not to meet an immediate financial obligation and that would negatively impact payroll processing for district employees.

Any school district requesting and approved for a LACOE bridge loan will be obligated to repay LACOE fully and with a prorated daily interest rate equivalent to the rate that would be otherwise accrued by funds held in the Los Angeles County Treasury. Repayment of cash by the borrowing district will be made from a regularly-scheduled apportionment from the State of California during FY 2014-15.

RESOLUTION
No. 16: 2014-15

- WHEREAS A School District within the jurisdiction of the Los Angeles County Superintendent of Schools/Los Angeles County Office of Education (LACOE) has identified a short-term emergency cash situation and has requested a temporary “bridge loan” from LACOE during FY 2014-15; and,
- WHEREAS LACOE business services staff has verified and concurs with the negative cash projections and the amount requested of the requesting district; and,
- WHEREAS Education Code (EC) Section 42621 allows “the county superintendent of schools of each county, with the approval of the County Board of Education, may make temporary transfers to any school district which does not have sufficient money to its credit to meet current operating expenses from the county school service fund, in such amounts and at such times as he deems necessary. Such transfers shall not exceed 85 percent of the amount of money accruing to the school district at the time of transfer. The amounts so transferred shall be repaid to the county school service fund prior to June 30 of the current year from any funds subsequently received by the school district”; and,
- WHEREAS Repayment of any temporary “bridge loan” authorized by this resolution may be required during FY 2014-15 in conformance with EC 42622; and,
- WHEREAS EC 42622 allows the county superintendent of schools, with approval of the County Board of Education, to “make an apportionment to a school district from the county school service fund conditional upon the repayment to the fund during the next succeeding fiscal year, of the amount apportioned to the district and shall, during the next succeeding fiscal year, transfer the amount of such apportionment from the general fund of the district to the county school service fund”; and,
- WHEREAS The total of all loans by the Los Angeles County Superintendent of Schools, pursuant to this Resolution, cannot exceed \$5 million;
- NOW, THEREFORE, BE IT RESOLVED, that the Los Angeles County Board of Education, hereby authorizes the Los Angeles County Superintendent of Schools to loan to school districts who meet the criteria established above, a total amount not to exceed \$5 million to be repaid with interest pursuant to this Resolution or EC Sections 42621 and EC 42622 as determined and agreed upon. Repayment date shall be no later than the next full principal apportionment payment date.
- ADOPTED This 3rd day of June 2014, by the Los Angeles County Board of Education, in Downey, California.

Board Meeting – June 3, 2014

Item VIII. Recommendations

B. Approval of Head Start-Early Head Start Self-Assessment and Program Improvement Plan

The Superintendent is requesting that the Board of Education agree with his recommendation to approve the Head Start-State Preschool Division's 2013-2014 Self-Assessment Program Improvement Plan.

Background

Head Start Performance Standard 1304.51 requires that, at least once a year, grantees and delegate agencies conduct a self-assessment to evaluate progress and effectiveness made in meeting program goals and objectives and assess the extent of compliance with federal regulations. The self-assessment process involved the Los Angeles County Board of Education, Policy Council members, division staff, delegate agency staff, and parents.

Eight management systems were reviewed: (1) Communications, (2) Eligibility, Recruitment, Selection, Enrollment, and Attendance (ERSEA), (3) Fiscal, (4) Governance, (5) Program Planning, (6) Human Resources, (7) Recordkeeping and Reporting, and (8) Ongoing Monitoring. The Division's monitoring of delegate agencies across all management systems and service delivery areas was also assessed.

Overall, the self-assessment identified areas of strength and program improvement for agencies and the grantee. Notable areas of strength spanned all management systems and service delivery areas. Overarching themes aligned to the division's four pillars of responsibility: Planning; Resource Development and Collaboration; Ongoing Monitoring and Accountability; and Training and Technical Assistance. Areas for program improvement were identified in the ongoing monitoring of ERSEA and Safe Environments, and the Fiscal, Human Resources, and Record-keeping and Reporting systems.

The Program Improvement Plan is attached as a chart with corresponding activities to address areas for improvement.

Keesha Woods, Division Director and Head Start staff are available to respond to questions.

Recommendations

Approval of HS-EHS Self-Assessment & Program Improvement Plan (Attachment 1)

June 3, 2014

Chart 1. Program Improvement Plan

System/Service Area	Challenges	Program Improvement Plan	Talent	Target Date
<p>Ongoing Monitoring specific to Eligibility, Recruitment, Selection, Enrollment, & Attendance (ERSEA) 1305.7(b): An HS grantee must maintain its funded enrollment level. When a program determines that a vacancy exists, no more than 30 calendar days may elapse before the vacancy is filled. A program may elect not to fill a vacancy when 60 calendar days or less remain in the program's enrollment year.</p> <p>642(g) Funded Enrollment: Wait-list: Each HS agency shall enroll 100 percent of its funded enrollment and maintain an active wait-list at all times with ongoing outreach to the community and activities to identify underserved populations.</p> <p>LACOE Contract Section 13.5</p>	<p>Most agencies did not meet full enrollment 30 days prior to the start date, a LACOE requirement to ensure full enrollment by the first day of school. As a result, three agencies were not fully enrolled by the first day of school.</p> <p>Several agencies were challenged with filling vacancies within 30 days.</p>	<p>A. Finalize a "Wait-list Monitoring" SOP, which will monitor an active list for agencies to ensure there are enough children on the list to meet and sustain full enrollment.</p> <p>B. Standardize the collection of data in ChildPlus to provide agencies with valuable data to better plan for recruitment.</p> <p>C. Develop/revise monitoring plan that supports working with agencies in a more focused way on their Tier 2 agency monitoring.</p> <p>D. Develop an objective to ensure the sustainability of strategies implemented in LACOE's Goals and Objectives Plan.</p>	<p>PDS Program Manager</p> <p>PDRM Program Manager</p>	<p>July 30, 2014</p>

Recommendations

Approval of HS-EHS Self-Assessment & Program Improvement Plan (Attachment 1)

June 3, 2014

Chart 1. Program Improvement Plan

System/Service Area	Challenges	Program Improvement Plan	Talent	Target Date
Ongoing Monitoring specific to Safe Environments 1304.53(a)(7) Grantee and delegate agencies must provide for the maintenance, repair, safety, and security of all EHS and HS facilities, materials, and equipment.	Several agencies identified findings related to the maintenance, cleanliness, repair, and safety of their facilities.	A. Develop criteria for grading the quality of facilities. B. Develop a five-year facility improvement plan to refer to annually to maximize the use of one-time supplemental funding. C. Develop an objective to ensure the sustainability of strategies implemented in LACOE's Goals and Objectives Plan. D. Continue to solicit OHS for special project funds to replace 30-plus year-old portables.	Director FCA Assistant Director	July 30, 2014
Fiscal 1301.20	Several agencies did not meet the non-federal share (NFS) requirement.	A. Add NFS as a standing item at monthly fiscal officers meetings to discuss progress and strategies to achieve compliance. B. Continue to conduct monthly NFS analysis and share with stakeholders. C. Work closely with agencies/sites below 75 percent to motivate staff and parents. D. Personalize the OHS tool kit for LACOE and generate new strategies. E. Conduct additional NFS trainings. F. Work closely with PC representatives to motivate parents at their sites.	FCA Assistant Director Business Operations Manager	July 30, 2014
Human Resources 1304.52 (i)(1)(iii) (i)Standards of conduct. (1) Grantee and delegate agencies must ensure that all staff, consultants, and volunteers abide by the program standards of conduct.	Community Care Licensing Department (CCLD) cited five violations based on a lack of visual supervision.	A. Care and Supervision will be a standing item on the Education Coordinators' agenda to provide agencies with strategies and a question-and-answer forum. B. Re-visit any related GIMs (Care and Supervision, Personnel Policies and Procedures, Ongoing	PDE Assistant Director Inter-disciplinary Services Program	July 30, 2014

Recommendations

Approval of HS-EHS Self-Assessment & Program Improvement Plan (Attachment 1)

June 3, 2014

Chart 1. Program Improvement Plan

System/Service Area	Challenges	Program Improvement Plan	Talent	Target Date
These standards must specify that: (iii) no child will be left alone or unsupervised while under their care.		Monitoring, etc.) to determine if changes or updates are necessary. C. Re-visit LACOE contract for any needed adjustments; such as expectations when a potential Type A violation occurs.	Manager	
Record-Keeping & Reporting 1304.51(g) Grantee and DAs must establish and maintain efficient and effective record-keeping systems to provide accurate and timely information regarding children, families, and staff, and must ensure appropriate confidentiality of this information.	Agencies are not able to keep up with their record-keeping mandate. Specifically, several agencies identified record-keeping and reporting findings within ERSEA and human resources management systems, and in the following service delivery areas: safe environments, family and community partnerships, health, and early childhood education. This was also cited as a concern in the 2012-2013 Self - Assessment. The central filing system is not consistently being used by all staff, thus creating gaps in records retention.	A. Revise Tier 2 monitoring activities to ensure monthly sampling of data entry across all service areas and systems. B. Establish a committee consisting of agency directors to identify and modify practices from paper/data input operations to direct data input. C. Train all staff on new standardized Laserfiche process and provide updated SOP. D. Laserfiche will be a standing item on the support staff meeting agenda.	PRD Assistant Director PDE Assistant Director PDRM Program Manager Director Program Development Assistant	July 30, 2014

Board Meeting – June 3, 2014

Item VIII. Recommendations

- C. Approve the Superintendent's Recommendation to Issue a Notice of Violation to Wisdom Academy for Young Scientists (WAYS) Pursuant to *Education Code* section 47607(c) and (d) and Requesting Remedy by June 30, 2014

The Superintendent recommends that the Los Angeles County Board of Education (County Board) adopt the written finding of facts based on the evidence provided and take action to issue a *Notice of Violation* pursuant to *Education Code* 47607(c)(1) and (3).

The *Notice of Violation* to Wisdom Academy for Young Scientists is attached to the Report Item dated June 3, 2014.

Board Meeting — June 3, 2014

Item VIII. Recommendations

D. Los Angeles County Board of Education Meeting Schedule,
Establishment of Meeting Times, Future Agenda Items, Followup

Board meetings scheduled for 2014-2015 are listed on the following pages. The calendar is presented for discussion, to establish meeting times, and to receive Board members' requests for future agenda items.

This process will facilitate planning for Board meetings.

DRAFT MASTER CALENDAR

2014-15

<p>JULY 8 2014 2:00 Board Finance Committee Meeting 3:00 Board Meeting Organizational Mtg. – Nominations/elections/seating of Board officers, 2014-15 Presentation: Recognition of Outgoing President Rpt: Early Head Start Expansion Grant Application Consent Rec: Approval to Direct Superintendent to Designate Panel Member Under Ed Code § 44944 (b) Rec: <u>Approval of the County Board to authorize the execution of the Memorandum of Understanding (MOU), for the Operation of Head Start Program</u> <u>Expulsion Appeals</u> <u>Case #1314-005 v. Antelope Valley UHSD (Closed Session)</u></p>	<p>JULY 15 2014 2:00 Board Policy Committee Meeting 3:00 Board Meeting Rpt: Williams Uniform Complaint Procedure Quarterly Report for Educational Programs, April 1 to June 30, 2014 Rpt: Brown Act Rpt: Adjudication Issues (Interdistrict Attendance Appeal / Expulsion) Rpt: Adjudication Issues (Charter Schools) Rec: Approval of Early Head Start Grant Application</p> <p>JULY 22 2:00 Board Curriculum, Instruction and Assessment Committee Meeting 3:00 Board Meeting Consent Rec: Approval of Certification of Signatures – 2014-2015 Rec: Board Audit Committee—Public Representatives Confirmation Rec: Approval of the Adoption of Textbooks and Instructional Materials List for Educational Programs</p>
<p>AUGUST 5 2014 2:00 Board Finance Committee Meeting 3:00 Board Meeting Rec: The County FY 2014-15 Budget to Actuals Report with Budget Revisions</p> <p>AUGUST 12 3:00 Board Meeting Public Hearing (Time Certain 4:00 p.m.): On 2014-15 Textbooks and Instructional Materials Sufficiency for Educational Programs (12-month schools) Rpt: FCMAT Study Session Rpt: Report on 2014-15 Textbooks and Instructional Materials Sufficiency for Educational Programs (12-month schools) Rpt: Head Start Community Assessment</p>	<p>AUGUST 19 2014 2:00 Board Curriculum, Instruction and Assessment Committee Meeting 3:00 Board Meeting Rec: Adoption of Resolution No. ____ for 2014-15 Textbooks and Instructional Materials Sufficiency Compliance for Educational Programs (12-month schools) Rec: Approval of Head Start Community Assessment</p>
<p>SEPTEMBER 9 2014 2:00 Board Finance Committee Meeting 3:00 Board Meeting Rec: The County FY 2014-15 Budget to Actuals Report with Budget Revisions Expulsion Appeals <u>Case #1314-007 v. Los Angeles USD (Closed Session)</u></p> <p>SEPTEMBER 16 3:00 Board Meeting Public Hearing (Time Certain 4 p.m.): Textbooks and Instructional Materials Sufficiency in Educational Programs (10-month schools) Rpt: Report on Textbooks and Instructional Materials Sufficiency for Educational Programs (10-month schools) Rpt: Setting Board Goals Rpt: Equal Employment Opportunity (EEO) Data Plans for 2012-13 and 2013-14</p>	<p>SEPTEMBER 23 2014 2:00 Board Curriculum, Instruction and Assessment Committee Meeting 3:00 Board Meeting Rec: Adoption of Board Resolution No. ____ for 2014-15 Textbooks and Instructional Materials Sufficiency Compliance for Educational Programs (10-month schools)</p>

<p>OCTOBER 7 2014 2:00 Board Finance Committee Meeting 3:00 Board Meeting Consent Rec: Adoption of Board Resolution No. __: 2014-15 - GANN Limit Rec: The County FY 2014-15 Budget to Actuals Report with Budget Revisions</p> <p>OCTOBER 14 2:00 Board Policy Committee Meeting 3:00 Board Meeting Rpt: Williams Uniform Complaint Procedure Quarterly Report for Educational Programs, July 1 to September 30, 2014</p>	<p>OCTOBER 21 2014 2:00 Board Curriculum, Instruction and Assessment Committee Meeting 3:00 Board Meeting</p>
<p>NOVEMBER 4 2014 2:00 Board Finance Committee Meeting 3:00 Board Meeting Consent Rec: Adoption of Board Resolution #__: 2014-15 Spending Plan for Education Protection Act Funds Rec: The County FY 2014-15 Budget to Actuals Report with Budget Revisions</p> <p>NOVEMBER 11 (<i>Veteran's Day</i>)</p>	<p>NOVEMBER 18 2014 2:00 Board Curriculum, Instruction and Assessment Committee Meeting 3:00 Board Meeting Rpt: Williams Legislation 2014 Annual Report on Finding of 2013-14 School Visits and Monitoring (ASM) Rec: Approval of the Single Plans for Student Achievement (Title I) for Educational Programs, Soledad Enrichment Action (SEA) Charter School, and the Group Homes and Foster Family Agencies Served under the Los Angeles County Office of Education Title I Programs</p>
<p>DECEMBER 2 2014 2:00 Board Finance Committee Meeting 3:00 Board Meeting Rec: The County FY 2014-15 Budget to Actuals Report with Budget Revisions</p> <p>DECEMBER 9 Board/Cabinet Holiday Luncheon 2:00 Board Audit Committee Meeting 3:00 Board Meeting Rpt: Head Start Certification Health & Safety Screener</p>	<p>DECEMBER 16 (<i>last day of CSBA Conf.</i>) 2014 2:00 Board Curriculum, Instruction and Assessment Committee Meeting 3:00 Board Meeting Rec: First Interim Report on the Financial Condition of the County Office Rec: Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2014 (Enclosure)</p>

<p>JANUARY 6 2015 2:00 Board Finance Committee Meeting 3:00 Board Meeting Rec: The County FY 2014-15 Budget to Actuals Report with Budget Revisions</p> <p>JANUARY 13 2:00 Board Curriculum, Instruction and Assessment Committee Meeting 3:00 Board Meeting Rpt: Williams Uniform Complaint Procedure Quarterly Report for Educational Programs, October 1 to December 31, 2014</p>	<p>JANUARY 20 2015 <i>Possible Board Retreat</i></p>
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<p>FEBRUARY 3 2015 2:00 Board Finance Committee Meeting 3:00 Board Meeting Presentation: Introduction of Head Start-State Preschool Policy Council Executive Members to the Board of Education Consent Rec/Bd. Res.: Adoption of Board Resolution No. __: National School Counselors Week (SSS) Rec: The County FY 2014-15 Budget to Actuals Report with Budget Revisions</p> <p>FEBRUARY 10 3:00 Board Meeting</p>	<p>FEBRUARY 17 2015 2:00 Board Curriculum, Instruction and Assessment Committee Meeting 3:00 Board Meeting Presentation: Meeting of the Board/Superintendent/Personnel Commission Public Hearing: Disposal of Textbooks and Instructional Materials for Educational Programs School Sites Consent Rec/Bd. Res.: Adoption of Board Resolution No. __: 2014-15, to recognize March ____, 2015 as Week of the School Administrator in Los Angeles County Rec: Approval of Educational Programs 2014-15 Textbooks and Instructional Materials Disposal List</p>
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<p>MARCH 3 2015 2:00 Board Finance Committee Meeting 3:00 Board Meeting Consent Rec/Bd. Res.: Adoption of Board Resolution No. __: 2014-15, to establish a week during the Month of April as Public Schools Month Rec: The County FY 2014-15 Budget to Actuals Report with Budget Revisions</p> <p>MARCH 10 2:00 Board Policy Committee Meeting 3:00 Board Meeting Rpt: Head Start/Early Head Start 2015-16 Funding Application (Year 2)</p>	<p>MARCH 17 2015 2:00 Board Curriculum, Instruction and Assessment Committee Meeting 3:00 Board Meeting Presentation: Recognition of the winners of the Los Angeles County Office of Education's Ninth Annual Student Art Exhibition, and the Eighth Annual Los Angeles County Regional Poetry Out Loud Competition Consent Rec: Approval of the Extended School Year Calendar for Educational Programs Division of Special Education Rec: Second Interim Report on the Financial Condition of the County Office Rec: Approval of Head Start-Early Head Start 2015-16 Funding Application (Year 2)</p>
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<p>APRIL 7 2015</p> <p>2:00 Board Finance Committee Meeting</p> <p>3:00 Board Meeting</p> <p>Presentation: 2014-15 Los Angeles County Academic Decathlon Winners</p> <p>Presentation: Recognition of the 2014-15 Winners of the 10th Annual Los Angeles County Spelling Bee</p> <p>Consent Rec: Approval of the Extended School Year Calendar for the Division of Special Education (DSE)</p> <p>Rec: The County FY 2014-15 Budget to Actuals Report with Budget Revisions</p> <p>APRIL 14</p> <p>2:00 Board Audit Committee Meeting</p> <p>3:00 Board Meeting</p> <p>Presentation: Recognition of 2015 Science Competition and Events</p> <p>Rpt: Los Angeles County Office of Education's Proposed 2015-16 Budget</p> <p>Rpt: Williams Uniform Complaint Procedure Quarterly Report for Educational Programs, January 1 to March 31, 2015</p>	<p>APRIL 21 2015</p> <p>2:00 Board Curriculum, Instruction and Assessment Committee Meeting</p> <p>3:00 Board Meeting</p> <p>Consent Rec/Bd. Res.: Adoption of Board Resolution No. __ to recognize May ____, 2015, as El Dia del Maestro, or Day of the Teacher, in Los Angeles County</p> <p>Consent Rec/Bd. Res.: Adoption of Board Resolution No. __ to recognize May ____, 2015 as Classified School Employees Week in Los Angeles County</p>
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<p>MAY 5 2015</p> <p>2:00 Board Finance Committee Meeting</p> <p>3:00 Board Meeting</p> <p>Presentation: Career Technical Education (CTE) Student Recognition Presentation</p> <p>Presentation: Day of the Teacher 2015</p> <p>Consent Rec: Adoption of Board Resolution No. __: to recognize May __, 2015, as National School Nurse Day</p> <p>Rec: The County FY 2014-15 Budget to Actuals Report with Budget Revisions</p> <p>MAY 12</p> <p>2:00 Board Policy Committee Meeting</p> <p>3:00 Board Meeting</p> <p>Presentation: Classified Employees Week</p> <p>Rpt: Los Angeles County Office of Education's Proposed 2015-16 Budget</p> <p>Rpt: Self-Assessment & Program Improvement Plan (HS)</p>	<p>MAY 19 2015</p> <p>2:00 Board Curriculum, Instruction and Assessment Committee Meeting</p> <p>3:00 Board Meeting</p> <p>Presentation: Juvenile Court Schools 2015 Academic Bowl</p> <p>Rec: Approval of Self-Assessment & Program Improvement Plan HS</p>
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JUNE 2 2:00 Board Finance Committee Meeting 3:00 Board Meeting Presentation: History Day Awards 2015 Consent Rec: Approval of Annual Distribution of United States Forest Reserve Funds Rec: The County FY 2015-16 Budget to Actuals Report with Budget Revisions Rec: Adoption of Board Resolution No.__: Short Term Cash Loans to School Districts in Los Angeles County Rec: Approval of the Los Angeles County Board of Education Schedule, 2015-2016, Establishment of meeting times, future agenda items, follow up JUNE 9 3:00 Board Meeting Presentation: Annual Service Awards Public Hearing: Local Control Accountability Plan (LCAP) Public Hearing: Adoption of 2015-16 Proposed Budget Rpt: Proposed 2015-16 Budget First Reading Rec: Adoption of Resolution No. _Education Protection Act	2015	JUNE 16 2:00 Board Curriculum, Instruction and Assessment Committee Meeting 3:00 Board Meeting Rec: Adoption of Local Control Accountability Plan (LCAP) Rec: Adoption of 2015-16 Proposed Budget	2015
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**DRAFT MASTER CALENDAR
2014-15**

Board Meeting – June 3, 2014

Item IX. Informational Items

A. Governmental Relations

Dr. Delgado will provide an update on Governmental Relations.

Board Meeting –June 3, 2014

Item IX. Informational Items

B. Board Committee / Liaison Reports

Board members serving as Committee/Liaison representatives will report on their activities.

Board Meeting — June 3, 2014

Item IX. Informational Items

C. Los Angeles County Board of Education Meeting Schedule,
Establishment of Meeting Times, Future Agenda Items, Follow up

Board meetings scheduled for 2013-2014 are listed on the following pages. The calendar is presented for discussion, to establish meeting times, and to receive Board members' requests for future agenda items.

This process will facilitate planning for Board meetings.

06/3/2014

**LOS ANGELES COUNTY
BOARD OF EDUCATION
MEETING CALENDAR**

June 3, 2014 – June 30, 2014

JUNE 3 2014	JUNE 10 2014
<p>2:00 Board Meeting</p> <p>Presentation: Presentation of the Winners of Annual History Day 2014</p> <p>Rpt: Los Angeles County Office of Education's Proposed 2014-15 Budget Study Session</p> <p>Rpt: Report on the Wisdom Academy for Young Scientists: Notice of Violation to Wisdom Academy for Young Scientists (WAYS) Pursuant to <i>Education Code</i> section 47607(c) and (d) and Requesting Remedy by June 30, 2014</p> <p>Consent Rec: Approval of Annual Distribution of United States Forest Reserve Funds</p> <p>Consent Rec: Approval for Disposal of Surplus Personal Property</p> <p>Rec: Adoption of Board Resolution No.16: Short-term Cash Loans to School Districts in Los Angeles County</p> <p>Rec: Approval of Head Start-Early Head Start Self-Assessment & Program Improvement Plan</p> <p>Rec: Approve the Superintendent's Recommendation to Issue a Notice of Violation to Wisdom Academy for Young Scientists (WAYS) Pursuant to <i>Education Code</i> section 47607(c) and (d) and Requesting Remedy by June 30, 2014</p> <p>Rec: Approval of the Los Angeles County Board of Education Schedule, 2014-15, Establishment of meeting times, future agenda items, follow up</p> <p>Interdistrict Attendance Appeals</p> <ol style="list-style-type: none"> 1. William R. v. Compton USD (Spanish Interpreter) Chase K. v. Lawndale SD Isabella S. v. Las Virgenes USD Dean R. v. Las Virgenes USD Limor S. v. Beverly Hills USD Amaris M. v. Los Angeles USD Koshan D. v. Los Angeles USD Aliana T. v. Los Angeles USD Kaiya A. v. Los Angeles USD Kailyn A. v. Los Angeles USD Fernando E. v. Los Angeles USD 12. Brianna M. v. Los Angeles USD # 13. Thiago D. v. Los Angeles USD 14. Cassius C. v. Los Angeles USD <p>Expulsion Appeals</p> <ol style="list-style-type: none"> Case #1314-004 v. Los Angeles USD (Closed Session) <p>Pending Appeal Hearing #1000 Schools List AB – AB2444</p>	<p>2:00 Board Meeting</p> <p>Presentation: (Time Certain 4:00 p.m.) Annual Service Awards</p> <p>Public Hearing (Time Certain 3:15 p.m.) Local Control and Accountability Plan (LCAP)</p> <p>Public Hearing: (Time Certain 3:25 p.m.) 2014-15 Proposed Budget</p> <p>Public Hearing: (Time Certain 3:35 p.m.) The Annual Budget and Service Plans for the Los Angeles County Office of Education Special Education Local Plan Area (LACOE SELPA)</p> <p>Rpt: <u>Local Control and Accountability Plan (LCAP) Report</u></p> <p>Rpt: Proposed 2014-15 Budget First Reading</p> <p>Rpt: Memorandum of Understanding (MOU), for the Operation of Head Start Program</p> <p>Rpt: Brown Act</p> <p>Rpt: Adjudication Issues (Interdistrict Attendance Appeal / Expulsion)</p> <p>Rpt: Adjudication Issues (Charter Schools)</p> <p>Interdistrict Attendance Appeals</p> <ol style="list-style-type: none"> 1. SummerRose P. v. Redondo Beach USD Josiah M. v. Los Angeles USD Daniela S. v. Los Angeles USD Mahsun M. v. Los Angeles USD Pedro L. v. Los Angeles USD * Kelli J. v. Los Angeles USD Joshua L. v. Los Angeles USD * Anthony G. v. Los Angeles USD Nicholas E. v. Los Angeles USD * Reagan E. v. Los Angeles USD * Chelsy G. v. Los Angeles USD * Emmanuel M. v. Los Angeles USD * Camilla M. v. Los Angeles USD * Colinda M. v. Los Angeles USD *

<p>JUNE 17 2014</p> <p>2:00 Board Curriculum, Instruction and Assessment Committee Meeting</p> <p>3:00 Board Meeting</p> <p>Rpt: Report on Summer Intersession Curriculum 2014</p> <p>Rpt: Memorandum of Understanding (MOU), for the Operation of Head Start Program</p> <p>Rpt: Legislative Report</p> <p>Rec: Adoption of Local Control Accountability Plan (LCAP)</p> <p>Rec: Adoption of 2014-15 Proposed Budget</p> <p>Rec: Approval of the Annual Budget and Service Plans for the Los Angeles County Office of Education Special Education Local Plan Area (LACOE SELPA)</p> <p>Rec: Approval of the County Board to authorize the execution of the Memorandum of Understanding (MOU), for the Operation of Head Start Program</p> <p>Rec: Adoption of Resolution No. 17: Education Protection Act (EPA)</p> <p>Interdistrict Attendance Appeals</p> <ol style="list-style-type: none"> 1. Fernando P. v. Compton USD * # (Spanish Interpreter) 2. Estefani C. v. Paramount USD (Spanish Interpreter) 3. Netzery V. v. LAUSD (Spanish Interpreter) 4. Daddy V. v. LAUSD (Spanish Interpreter) 5. Jessica F. v. Los Angeles USD (Spanish Interpreter) 6. Millie R. v. Los Angeles USD (Spanish Interpreter) 7. Uriel M. v. Los Angeles USD * (Spanish Interpreter) 8. Jocelyn M. v. Los Angeles USD * (Spanish Interpreter) 9. Ramon R. v. Los Angeles USD * (Spanish Interpreter) 10. <u>Edgar V. v. Los Angeles USD * (Spanish Interpreter)</u> 11. <u>Abraham D. v. Los Angeles USD * (Spanish Interpreter)</u> 12. <u>Cash S. v. Las Virgenes USD *</u> 13. Luke G. v. Los Angeles USD 14. Hailey G. v. Los Angeles USD 15. Michelle F. v. Los Angeles USD 16. Jason F. v. Los Angeles USD 17. Leila O. v. Los Angeles USD 18. Raymond O. v. Los Angeles USD 19. Xiu Ling S. v. Los Angeles USD 	<p>Interdistrict Attendance Appeals (cont.)</p> <ol style="list-style-type: none"> 20. Makena A. v. Los Angeles USD * 21. Johann V. v. Los Angeles USD 22. Jonathan V. v. Los Angeles USD 23. Stellina T. v. Los Angeles USD * 24. Jacqueline I. v. Los Angeles USD # 25. Niyah H. v. Los Angeles USD 26. Derriek C. v. Los Angeles USD * 27. Narek M. v. Los Angeles USD * 28. Julius F. v. Los Angeles USD * 29. Cesylea J. v. v. Los Angeles USD * # 30. Joshua C. v. Los Angeles USD * 31. Morgan C. v. Los Angeles USD * 32. Ashley H. v. Los Angeles USD * 33. Nathalie D. v. Los Angeles USD * 34. <u>Sabrina M. v. Los Angeles USD *</u> 35. <u>Ashley C. v. Los Angeles USD * #</u> 36. <u>Marybeth M. v. Los Angeles USD *</u> 37. <u>Griffin D. v. Los Angeles USD *</u> 38. <u>Adrian D. v. Los Angeles USD *</u> 39. <u>Arturo Y. v. Los Angeles USD *</u> 40. <u>Nathan A. v. Los Angeles USD *</u> 41. <u>Dania A. v. Los Angeles USD *</u> 42. <u>Ainsley D. v. Los Angeles USD *</u> 43. <u>Ernesto L. v. Los Angeles USD *</u> 44. <u>Sophia S. v. Los Angeles USD *</u> 45. <u>Sofia B. v. Los Angeles USD *</u> 46. <u>Kobee L. v. Los Angeles USD *</u> 47. <u>Rose L. v. Los Angeles USD *</u> 48. <u>Joanne S. v. Los Angeles USD *</u> 49. Thomas D. v. Lawndale SD * 50. <u>Rafael S. v. El Rancho USD *</u> 51. <u>Katelyn Z. v. Azusa USD * #</u> 52. Brandon G. v. Hacienda La Puente USD * <p>Pending Appeal Hearing #1000 Schools List AB – AB2444</p>
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Board Meeting – June 3, 2014

Item X, Interdistrict and Expulsion Appeal Hearings

- A. Los Angeles County Board of Education's Decision on Interdistrict Attendance Appeals (Enclosures)

Final decisions on Interdistrict Attendance Appeals

On May 13, 2014, May 14, 2014, May 16, 2014, and May 19, 2014, the Administrative Hearing Consultant heard the appeal(s). The consultant's findings and recommendations were sent to the County Board of Education, along with the hearing folder, for review.

The Superintendent will provide legal counsel from the County Office of Education.

Board Meeting—June 3, 2014

Agenda Item

-2-

***District of Residence is an Open Enrollment School
On list of 1000 schools as of October 23, 2013**

**Interdistrict
Attendance Permit Appeal(s)**

Student's Name	Hearing Consultant	Grade	Represented by	Resident District	District Representative	Desired District
1. Chase K.	Tom Steele	6	Mr. Scott Krilko and Ms. Cheryl Akagi	Lawndale SD	Mr. Jorge Arroyo	El Segundo USD
2. Isabella S.	Jewel Forbes	4	Ms. Sandra Lares	Las Virgenes USD	Ms. Karen Kimmel	Oak Park USD
3. Dean R.	Jewel Forbes	K	Mr. and Mrs. Zhobin and Pany Rumteen	Los Angeles USD	Ms. Karen Kimmel	Las Virgenes USD
4. Limor S.	Maria Hwang de Bravo	9	Mr. Mehran Shilyan and Ms. Shila Berookhim	Los Angeles USD	Dr. Jennifer Tedford	Beverly Hills USD
5. Amaris M.	Vicente Bravo	9	Ms. Damaris Menjivar	Los Angeles USD	Ms. Debra Villescascas	Las Virgenes USD
6. Koshan D.	Jennifer Gomeztrejo	K	Mr. and Mrs. Jahan and Jessica Dawlaty	Los Angeles USD	Ms. Debra Villescascas	Culver City USD
7. Aliana T.	Maria Hwang de Bravo	TK	Mr. Michael Aguilera and Ms. Christy Taylor	Los Angeles USD	Ms. Debra Villescascas	Glendale USD
8. Kaiya A.	Victor Thompson	7	Mr. and Mrs. Lakieth and Honesty	Los Angeles USD	Ms. Debra Villescascas	Wiseburn SD
9. Kailyn A.	Victor Thompson	5	Mr. and Mrs. Lakieth and Honesty	Los Angeles USD	Ms. Debra Villescascas	Wiseburn SD
10. Fernando E.	Maria Hwang de Bravo	4	Mr. Alejandro Estevez and Ms. Mary Salinas	Los Angeles USD	Ms. Debra Villescascas	Culver City USD

Los Angeles County Office of Education
June 3, 2014

Notice of Violation
Wisdom Academy for Young Scientists
Pursuant to EC 47607(c) and (d)
Requesting Remedy by June 30, 2014

*Report to the Los Angeles County Board of Education
June 3, 2014*

Background

Wisdom Academy for Young Scientists (WAYS) Grades K-5

- Authorized by LAUSD (2006)
- Non-renewed by LAUSD (2011)
- Renewed on appeal by County Board (June 2011)
- Renewal subject to conditions, resulting in mediation and arbitration

FCMAT Audit Requested May 2013

- EC 1241.5(c) authorizes a county superintendent to request an audit if there is evidence of concerns
- LACOE identified concerns
 - Independent Audit findings
 - Information from board members, teachers, others

2

Background

December 2013 Notice of Concern

- Identified Violations of Law: Failure to respond to reasonable requests from authorizer
- Identified Material Violations of Charter
 - Annual Financial Audit
 - Governance
- Provided Additional Notice: If FCMAT Audit warrants, additional violations to be added
- Provided WAYS' Board opportunity to submit a plan of definitive action that would correct violations and prevent future violations

WAYS' Response

- Executive Director response did not address evidence of charter violations; offered no responsive action
- No evidence response was approved by WAYS' Board

3

Request for Notice of Violation

WAYS' Board Failed to

- Provide adequate action plan to cure material violations of the charter identified in *Notice of Concern*
- Alleviate concerns contained in FCMAT Audit

Authorizer's oversight obligation

- EC 47607(d) requires authorizing entity to notify school of concerns and provide reasonable opportunity to remedy

4

Los Angeles County Office of Education
June 3, 2014

Audit Findings

WAYS failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement EC 47607(c)(3)

- FCMAT and Independent Audits (2012 and 2013) find WAYS failed to follow GAAP and engaged in fiscal mismanagement including
 - Related party transactions
 - Inadequate internal controls, and
 - Violations of California Education Code

5

FCMAT Findings

WAYS failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement EC 47607(c)(3)

- FCMAT Audit states:
 - "WAYS' executive management team failed in their fiduciary duty to obtain contracts, failed to have authorized signatures prior to entering contracts, failed to obtain governing board approval for contracts, and failed to ensure that documents are safeguarded."
 - "To further demonstrate the lack of effective internal controls, independent audit reports for the last three fiscal years report 15 instances of significant and/or combined internal control conditions. Several of these finding have not been addressed by management and the governing board; therefore, these findings are repeated each year."

6

Independent Audit Findings

Audit Report 2012 Clem Payne Jr. CPA FY 2011-2012	Audit Report 2013 Wilkinson Hadley, King & Co. LLP FY 2012-2013
Internal Control Findings: <ul style="list-style-type: none"> • Bank reconciliation • Account receivable reconciliation • Recording transactions with no supporting documentation • Payroll expense reconciliation • Written asset capitalization policy 	Internal Control Findings: <ul style="list-style-type: none"> • Bank reconciliation • Payroll expense reconciliation • Incomplete I-9 forms for all employees • No detail of Capital Assets, or depreciation schedules • Credit card payments lacked supporting documentation Questioned Cost: \$5,858 Federal Award Finding: Expenditures not separately tracked in financial software as required in OMB Circular A-133 <ul style="list-style-type: none"> • Questioned Cost: \$212,061 National School Lunch Program • Questioned Cost: \$99,925 Special Education Cluster

7

Audit Findings

- WAYS engaged in related party transactions and violated conflict of interest statutes
 - Transactions involving Founder/Former Executive Director
 - **Settlement Agreement** – Unsupported payment of \$58,434.78 for vacation and unused time off not in accordance with employee's contract
 - **Employment Lawsuit** – Documents from a wrongful termination lawsuit by a former WAYS teacher, settled against the Merle Williamson Foundation, show that the Founder/Former Executive Director, Ms. Okonkwo, traveled to Omtsha, Nigeria with the teacher and directed that teacher to marry Ms. Okonkwo's brother-in-law for the purposes of making him a U.S. Citizen.
- On December 4, 2012, a jury found in favor of the teacher plaintiff and subsequent judgment was awarded of \$566,803.

8

Los Angeles County Office of Education
June 3, 2014

Audit Findings

- *WAYS engaged in related party transactions and violated conflict of interest statutes*
- Transactions involving the Director of Operations
 - FCMAT Audit states, "...transactions authorized by the director of operations do not represent an arm's-length transaction."
 - Procurement and purchases with OSE Business Services
 - Payments to DeDe Dance Studio
 - Transactions with 2 relatives related to the lease of a van

9

Audit Findings

- *WAYS violated provisions of law*
- Late submission of Independent Audits 2012 and 2013
- Failure to comply with ASES program statutory requirements (2013 Audit):
 - Sign out sheets did not include time students were released for 827 out of 896 days tested. Could not determine if students participated in the full day or met early release policy
 - Indirect cost rate exceeds allowable program limit

Conclusion

The multiple concerns of the FCMAT report, coupled with the deficiencies and conditions identified in the WAYS 2012 and 2013 Independent Audits, demonstrate the school's continued departure from GAAP and resulting fiscal mismanagement.

10

Material Violations of Charter

WAYS committed a material violation of conditions, standards, procedures set forth in the charter EC 47607(c)(1)

- Board did not exercise fiscal and institutional control resulting in noncompliance with GAAP and fiscal mismanagement
- Board did not comply with oversight requirements of Element 4 – Governance
- Board did not comply with oversight requirements of Element 5 – Employee Qualifications

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Material Violations of Charter

- Board did not comply with oversight requirements of Element 4 – Governance
- Failed to provide adequate fiscal oversight
 - No finance committee
 - Inadequate fiscal policies
 - Relinquished authority to approve contracts
 - Bylaws delegate contract authority to administrators
 - Inadequate oversight in budget development and approval
 - Improperly authorized expenditure of school funds
 - Employee stipends
 - Former Executive Director settlement

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Los Angeles County Office of Education
June 3, 2014

Material Violations of Charter

- Did not establish/approve policies prior to implementation
 - No personnel policies
 - Inadequate fiscal policies
- Did not hold monthly meetings or follow *Brown Act*
 - Since July 2011, 66% of regular meeting cancelled or postponed
 - Annual meeting schedule not posted
 - Rely on special meetings to conduct regular business
- Did not adequately oversee administrators

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Material Violations of Charter

- Board did not comply with oversight requirements of Element 5 – Employee Qualifications
- Failed to adequately oversee and evaluate Executive Director and Director of Operations to whom they had delegated significant authority
- Evidence that Executive Director and Director of Operations failed to fulfill or comply with duties specified in the charter

14

Material Violations of Charter

- Executive Director violated duties
 - Failed to facilitate optimum Board performance
 - Failed to cooperate with and support past Board Presidents
 - Failed to ensure regular meetings and unilaterally cancelled meetings
 - Acted to remove Board members and misused School Site Council
 - Failed to oversee financial systems
 - Failed to apprise Board of LACOE communications and concerns

15

Material Violations of Charter

- Director of Operations violated duties
 - Failed to provide Board with accurate and timely budget reports
 - Failed to present budget revisions to Board for approval
 - Recommended expenditures without evidence of sufficient funds
 - Authorized expenditures outside of established limits and to related parties
 - Failed to purchase materials at a reasonable quality and price
 - Purchase and sale of Lexus, not approved by Board
 - Purchase of materials and supplies from OSE, a related party

16

Los Angeles County Office of Education
June 3, 2014

Board Capacity Concerns

- Lacks understanding of its roles and responsibilities; not active in decision-making and oversight
 - Does not maintain regular meeting schedule
 - High turnover and absenteeism
 - Lacks knowledge necessary to ensure proper use of public funds
 - Lack of preparation and critical questioning
 - Lack of timely action; decision deferral over multiple months
 - Dismissal/resignation of members who challenge
- Failed to correct multiple year audit findings and FCMAT concerns
- Lacks accountability; failed to hold administrators accountable

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Opportunity to Remedy

- Upon receipt of Notice of Violation, the charter school's **governing body**, if it chooses to respond, shall take the following actions:
 - Submit a detailed, written response addressing **each** identified violation by **refutation, remedial action taken, or proposed remedial action to be taken**
 - Written response due by end of the remedy period identified in the Notice of Violation (**June 30, 2014**)
 - Attach to written response supporting evidence of refutation, remedial action, or proposed remedial action, if any, including written reports, statements, and other appropriate documentation
- After conclusion of remedy period, the chartering authority shall evaluate the governing body's response and supporting evidence, if submitted, and determine if it is sufficient and whether further action is needed

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APPROVED
LOS ANGELES COUNTY
BOARD OF EDUCATION

JUN 03 2014

BY: AD:PC
Ex Officio Secretary

Board Meeting – June 3, 2014

Item VIII. Recommendations

- C. Approve the Superintendent's Recommendation to Issue a Notice of Violation to Wisdom Academy for Young Scientists (WAYS) Pursuant to *Education Code* section 47607(c) and (d) and Requesting Remedy by June 30, 2014

Item approved with amendment
requesting remedy by
July 31, 2014

The Superintendent recommends that the Los Angeles County Board of Education (County Board) adopt the written finding of facts based on the evidence provided and take action to issue a *Notice of Violation* pursuant to *Education Code* 47607(c)(1) and (3).

The *Notice of Violation* to Wisdom Academy for Young Scientists is attached to the Report Item dated June 3, 2014.

From: Sanchez_Lila
To: [Edward Cabil, Executive Director; armando.espinoza.10@my.csun.edu](#)
Cc: [Higelin Judy](#)
Subject: Letter dated June 6, 2014 - Confirmation of Board Action to Issue a Notice of Violation
Date: Friday, June 06, 2014 4:25:00 PM
Attachments: [WAYS Ltr Board Action to Issue a Notice of Violation 06-06-14.pdf](#)
[ASM - WAYS Decide how to respond to Notice of Violation 06-06-14.pdf](#)
[ASM Wisdom Acad 2 Report to determine if Notice of Violation 06-06-14 as Issued.pdf](#)

Dear Mr. Cabil and Mr. Espinoza,

Attached please find copy of a letter dated June 6, 2014, confirmation of County Board Action to Issue a Notice of Violation, copy of the approved Board Action and Notice of Violation as amended. Please note that because the file containing the evidence supporting the Notice of Violation is too large to transmit via email, the documents will be delivered to Wisdom Academy for Young Scientists main campus via Federal Express.

Kindly acknowledge receipt of this email.

Thank you.

Lila Sanchez

Administrative Assistant

Charter School Office

Los Angeles County Office of Education

(562) 922-8806

(562) 922-8805/Fax

Leading Educators ▪ Supporting Students ▪ Serving Communities



Los Angeles County Office of Education

Leading Educators ■ Supporting Students ■ Serving Communities

June 6, 2014

Arturo Delgado, Ed.D.
Superintendent

Los Angeles County
Board of Education

Rebecca J. Turrentine
President

Katie Braude
Vice President

Douglas R. Boyd

José Z. Calderón

Rudell S. Freer

Raymond Reister

Thomas A. Saenz

Mr. Edward Cabil, Executive Director
Wisdom Academy for Young Scientists Board
Mr. Armando Espinoza, Board Chair
Ms. Adriane Cook
Ms. Maria Garcia
Ms. Cheryl Johnson
Dr. Dorothy Valenti
706 E. Manchester Ave.
Los Angeles, CA 90001

Via First Class Mail & E-mail:
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armando.espinoza.10@my.csun.edu
aecook@lasd.org
cmcmarycg@hotmail.com
johnsoncenter@msn.com
dvalenti747@yahoo.com

Dear Mr. Cabil and Members of Wisdom Academy for Young Scientists Board:

Confirmation of County Board Action to Issue a Notice of Violation

This letter serves as confirmation of the action taken by the Los Angeles County Board of Education (County Board) at its regular meeting held Tuesday, June 3, 2014, on the Notice of Violation to Wisdom Academy for Young Scientists (WAYS) Pursuant to *Education Code* section 47607(c) and (d) and Requesting Remedy by **July 31, 2014**.

The following documents are attached:

- 1) Copy of the approved action taken by the County Board
- 2) Notice of Violation as amended
- 3) Evidence supporting the Notice of Violation

Should you have any questions, please do not hesitate to contact me at (562) 922-8806.

Sincerely,

A handwritten signature in black ink, appearing to read "JHigelin", written over a horizontal line.

Judy Higelin
Project Director III
Charter School Office
Division of Accountability, Support and Monitoring

JH:ls
Attachments (3)

c: Arturo Delgado, Ed.D., Superintendent, LACOE
Yolanda M. Benitez, Chief Academic Officer, Educational Services, LACOE
Alex Cherniss, Ed.D., Chief Financial Officer, Business Services, LACOE
Olivia Fuentes, Director, Division of Accountability, Support and Monitoring, LACOE

APPROVED
LOS ANGELES COUNTY
BOARD OF EDUCATION

JUN 03 2014

BY: AD:PC
Ex Officio Secretary

Board Meeting – June 3, 2014

Item VIII. Recommendations

- C. Approve the Superintendent's Recommendation to Issue a Notice of Violation to Wisdom Academy for Young Scientists (WAYS) Pursuant to *Education Code* section 47607(c) and (d) and Requesting Remedy by June 30, 2014

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The Superintendent recommends that the Los Angeles County Board of Education (County Board) adopt the written finding of facts based on the evidence provided and take action to issue a *Notice of Violation* pursuant to *Education Code* 47607(c)(1) and (3).

The *Notice of Violation* to Wisdom Academy for Young Scientists is attached to the Report Item dated June 3, 2014.

Notice of Violation to Wisdom Academy for Young Scientists (WAYS)
Pursuant to Education Code Section 47607(c) and (d)
and Requesting Remedy by July 31, 2014

June 3, 2014

Background Information

On December 20, 2013, the Los Angeles County Office of Education (LACOE) Superintendent of Schools Dr. Arturo Delgado issued a *Notice of Concern* to WAYS (Exhibit 1) for Noncompliance with Law, Charter, Terms and Conditions of Authorization. The *Notice of Concern* identified that WAYS had:

- *Violated provisions of law*, including EC 47604.3, which requires a charter school to respond to reasonable requests for information due to its failure to fulfill reporting requirements of the LACOE Monitoring and Oversight Memorandum of Understanding (MOU).
- *Committed a material violation of any of the conditions, standards, or procedures set forth in the charter* (EC 47607(c)(1)) through its failure to comply with Element 9 (Annual Financial Audits) and Element 4 (Governance) of the WAYS charter petition submitted to LACOE on December 18, 2012.

These violations are grounds for revocation of a charter pursuant to Education Code (EC) 47607(c). The *Notice of Concern* provided the specific evidence used to substantiate the violations.

Superintendent Delgado's letter stated, "I am hopeful the **WAYS Board** will take action to correct the violations documented in this letter and prevent future violations. Such a plan, and **definitive Board actions** that document its implementation, should be submitted to the CSO [Charter School Office] by January 20, 2014." (Emphasis added)

On January 21, 2014, two (2) separate responses were received from the school: one (1) from the WAYS Board President and one (1) from the WAYS Executive Director. The responses contained contradictory information and conflicting timelines for submitting the action plan beyond the January 20, 2014 timeline. (Exhibit 2)

On January 24, 2014, the CSO sent the WAYS Board and Executive Director a letter requesting the school submit its response to the Superintendent's *Notice of Concern* by January 31, 2014. (Exhibit 3)

On January 31, 2014, a written response was received from the school's Executive Director. (Exhibit 4) There is no evidence the WAYS Board took action to approve the response: it is not signed by any member of the governing board, there is no board resolution, agenda item, or meeting minutes indicating the board reviewed and approved the submission. Superintendent Delgado's letter specifically asked the "WAYS Board" to take action.

The response from the WAYS Executive Director failed to address LACOE's evidence of material violations of the charter and offered no action taken or to be taken by the school that could be considered responsive.

Superintendent Delgado's December 20, 2013 letter also stated:

Based on the school's continued failure to comply with law, the terms and conditions of its charter, and the LACOE MOU, I will be recommending that the County Board issue a *Notice of Violation* under EC 47607(c)...

Additionally, due to ongoing fiscal concerns documented in the school's 2011-12 Independent Audit and other evidence, I authorized an audit under EC 1241.5(c) and informed the school of such on May 17, 2013. (Exhibit 5)

Should the results of the audit conducted under EC 1241.5(c) provide evidence of the school's failure to meet generally accepted accounting principles or fiscal mismanagement, the *Notice of Violation* may be broadened to encompass EC 47607(c)(3).

Assembly Bill (AB) 139 Extraordinary Audit request by the Los Angeles County Office of Education Superintendent of Schools

As stated in the December 20, 2013 *Notice of Concern*, and pursuant to EC 1241.5, the County Superintendent requested that the Fiscal Crisis and Management Assistance Team (FCMAT¹) conduct an AB 139 Extraordinary Audit of WAYS in May 2013.

The request was based on received allegations of multiple fiscal irregularities, questionable expenditures and inappropriate related party transactions at WAYS charter school. Concerned that these allegations may have violated various government and education codes related to fraud and/or misappropriation of assets, the County Superintendent initiated an investigation to determine whether sufficient evidence of fraud, misappropriation of funds or other illegal activities may have occurred to report the matter to the local district attorney's office for further investigation. Under the provisions of EC 1241, FCMAT entered into a contract with LACOE to conduct an AB 139 Extraordinary Audit.

Authority to Request an AB 139 Extraordinary Audit

EC 1241.5(b)(c) permits a county superintendent of schools to review or audit the expenditures and internal controls of any charter school in his or her county if there is reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. The review or audit conducted by the county superintendent will focus on the alleged fraud, misappropriation of funds, or other illegal fiscal practices and is to be conducted in a timely and efficient manner.

This is in accordance with EC 42638(b), which states:

If the county superintendent determines that there is evidence that fraud or misappropriation of funds has occurred, the county superintendent shall notify the governing board of the school district, the State Controller, the Superintendent of Public Instruction, and the local district attorney.

WAYS AB 139 Extraordinary Audit Report

On March 19, 2014, FCMAT published its AB 139 Extraordinary Audit (Audit) on WAYS conducted pursuant to EC 1241.5(c). (Exhibit 6)

On March 21, 2014, Superintendent Delgado provided the FCMAT Audit to the WAYS Board and Executive Director and informed the school that pursuant to statute, the “**governing board** of the charter school shall, no later than 15 calendar days after receipt of the report, notify the county superintendent and its chartering authority of its proposed response to the recommendations.” (Emphasis Added)

¹ FCMAT was created in 1992 to help California's local educational agencies fulfill their financial and management responsibilities by providing fiscal advice, management assistance, training and other related school business services. The Kern County Superintendent of Schools office exists as the administrative and fiscal agent for FCMAT which currently operates within the context of several areas of the California Education Code including management studies for school districts, county offices of education, charter schools and community colleges that request them. There are several defined “fiscal crises” that can prompt a county office of education to intervene in a charter school pursuant to EC 1241.5(c). When FCMAT intervenes in this manner it is considered an AB 139 Extraordinary Audit. FCMAT is funded through appropriations in the state budget and a modest fee schedule for charges to requesting agencies. (Source: FCMAT Website; *Los Angeles County Office of Education regarding the Wisdom Academy for Young Scientists AB 139 Extraordinary Audit*, March 19, 2014; California Education Code.)

On April 5, 2014, the Superintendent received a response from the WAYS Executive Director by email. There is no indication the response was approved by the WAYS Board, either by signature, resolution, agenda or meeting minutes. The response did not contain the referenced supporting documents; those were received via US Postal Service on April 14, 2014, nine (9) days after the statutory timeline to respond had expired. (Exhibit 7)

LACOE reviewed the response from the school's Executive Director and determined that it does not alleviate the concerns identified in the FCMAT Audit findings and recommendation.

Issuance of a *Notice of Violation*

Based on the failure of the WAYS Board to provide an adequate action plan to cure the material violations of the charter identified in Superintendent Delgado's December 20, 2013 *Notice of Concern* and its failure to alleviate the concerns contained in the findings and recommendation of the FCMAT Audit, the accompanying *Notice of Violation* provides the County Board with findings and substantial evidence in support of issuing a *Notice of Violation* to WAYS pursuant to the standards and procedures of EC 47607 and the California Code of Regulations, Title 5 (5 CCR) section 11968.5.2.

Pursuant to its oversight obligations, the County Board issues this *Notice of Violation* to Wisdom Academy for Young Scientists ("WAYS" or "Charter School") and its Governing Board for committing material breaches of the charter and failing to meet generally accepted accounting principles or engaging in fiscal mismanagement.

Legal Authority

Pursuant to California Education Code (EC) section 47607(d), the authorizing entity is required to notify the charter school in writing of any violation and give the charter school a reasonable opportunity to remedy the violation prior to revocation. Pursuant to EC section 47607(c), the authorizing entity may revoke the charter of a charter school if it finds, through a showing of substantial evidence, that the charter school did any of the following:

- (1) *Committed a material violation of any of the conditions, standards, or procedures set forth in the charter.*
- (2) *Failed to meet or pursue any of the pupil outcomes identified in the charter.*
- (3) *Failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement.*
- (4) *Violated any provision of law.*

The County Board hereby places WAYS on notice of its intent to revoke the school's charter if it fails to remedy the violations enumerated below. The County Board reserves its right to immediately revoke the charter upon its written determination that any violations constitute a severe and imminent threat to the health and safety of the pupils (EC 47607(d)). The County Board also reserves the right to consider additional evidence presented to substantiate violations listed below.

The County Board issues this *Notice of Violation* to WAYS based on the grounds for revocation set forth below:

EC 47607(c)(3): *WAYS failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement*

EC 47607(c)(1): *WAYS committed a material violation of ... the conditions, standards, or procedures set forth in the charter*

Grounds and Evidence in Support of Issuing a Notice of Violation Pursuant to EC 47607

I. Facts and Evidence

EC 47607(c)(3): WAYS failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement

Generally Accepted Accounting Principles (GAAP) is a set of standard guidelines, rules and procedures for financial accounting used in the preparation of financial statements. The purpose is to ensure financial reporting is transparent and consistent from one organization to another. The authoritative source of GAAP is the Financial Accounting Standards Board (FASB).

A. WAYS Failed to Follow Generally Accepted Accounting Principles and Engaged in Fiscal Mismanagement

The FCMAT Audit states WAYS failed to follow generally accepted accounting principles (GAAP), lacked sufficient and effective internal controls, and engaged in fiscal mismanagement including concerns regarding occupational fraud and related party transactions. It states, *“Based on the evidence presented to FCMAT, there is sufficient documentation to demonstrate that fraud, mismanagement and misappropriation of the charter school funds and assets may have occurred.”* (Exhibit 6, p. 45)

Occupational fraud, also called “internal fraud,” occurs when owners, managers and/or employees of an organization misuse or abuse their position for their own enrichment. Occupational fraud has three (3) primary classifications: schemes related to asset misappropriation, corruption, and financial statements. Internal controls are the principal mechanism for preventing and/or deterring occupational fraud. The FCMAT audit demonstrates that WAYS does not have effective internal controls necessary to prevent occupational fraud. (Exhibit 6, p. 9²).

Independent Audit Reports (for fiscal years ending 2012 and 2013) contain findings that WAYS failed to follow (GAAP) and engaged in fiscal mismanagement including related party transactions, inadequate internal controls, and violations of California Education Code. (Exhibit 8 and Exhibit 9)

1. WAYS lacks effective internal controls.

a. The FCMAT Audit (Exhibit 6) contains the following concerns:

- i. *“There exists a significant material weakness in the charter school’s internal control environment, which increases the probability of fraud and/or abuse.”* (p. 45)
- ii. *“Although WAYS had a fiscal policies and procedures handbook, the organization failed to implement or monitor several of the adopted policies and procedures. Recent board minutes document that when board members expressed the need to review and approve certain financial transactions or asked for the back office provider to present the financial statements during open board meetings, management repeatedly ignored these requests. In some cases, management canceled board meetings and caused major disruptions that ended board meetings prematurely.”*(pp. 10-11)

² Source: <http://www.surveilligence.com/en/services/fraud-detection/occupational-fraud.html> Retrieved May 27, 2014

- iii. *“WAYS’ executive management team failed in their fiduciary duty to obtain contracts, failed to have authorized signatures prior to entering contracts, failed to obtain governing board approval for contracts, and failed to ensure that documents are safeguarded.” (p. 34)*
 - iv. *“[T]here is an integral relationship between appointed board members and related family members and business associates...that created an environment that allowed and continues to allow access, opportunity and motivation for occupational fraud to occur.” (p. 9)*
 - v. *“To further demonstrate the lack of effective internal controls, independent audit reports for the last three fiscal years report 15 instances of significant and/or combined internal control conditions. Several of these finding have not been addressed by management and the governing board; therefore, these findings are repeated each year.” (p. 11)*
- b. The 2012 Independent Audit (Exhibit 8) contains, but is not limited to, the following findings:
- i. Bank reconciliations. *“Bank reconciliations were not properly reviewed resulting in inconsistent bank to book balances and lack of oversight over the bank reconciliation process.... The Organization [WAYS] has not established adequate procedures to ensure that bank reconciliations were reviewed monthly by a supervisor....a transaction material to the cash account might not be recorded properly, resulting in a material misstated financial statements.” (p. 30)*
 - ii. Account receivable reconciliation. *“The accounts receivable general ledger balance was not reconciled to the accounts receivable subsidiary ledger balances....The Organization has not adequately established written policies and procedures to ensure that the general ledger accounts receivable balance is properly reconciled to subsidiary ledger balances and that difference are investigated and cleared in a timely manner. [This]...could result in materially errors or possible fraudulent activities going undetected resulting in materially misstated financial statements.” (p. 34)*
 - iii. Recording transactions without complete supporting documentation. *“During the examination it was noted that supporting documentation for several disbursements were not complete.... The Organization [WAYS] has not adequately established written policies and procedures and oversight to ensure that all check requests are accompanied by proper and complete supporting documentation. [This]...could result in payments made for goods or services not received, duplicate payments, or payments that are incorrect or fraudulent.... ” (p. 35)*
 - iv. Payroll expense reconciliation. *“Payroll expenses were not consistently reconciled to the general ledger...The Organization has not adequately written policies and procedures to ensure the timely reconciliation of payroll expenses. [This]...could result in materially misstated financial statements.” (p. 36)*
 - v. Written asset capitalization policy. *“The Organization has no written asset capitalization policies or procedures. As such, costs were expensed in the in the financial records that should have been capitalized and depreciated over lives in excess on one year.... The Organization has not adequately established policies and*

procedures to ensure that fixed assets are properly capitalized and classified in the financial records. [This]...could result in unreliable financial reporting and compliance with applicable laws and regulations.” (p.37)

The school’s response to the 2012 Independent Audit was that it would review and address the concerns.

c. The 2013 Independent Audit (Exhibit 9) contains, but is not limited to, the following findings:

- i. Bank reconciliations. *“Upon completion of bank reconciliations each month an adjustment is made to the financial statements for any amounts that are unknown as to the nature of the transaction. These amounts are being posted into suspense accounts with the intent of subsequently posting a journal entry to record the transactions into the correct expenditure or revenue account. At year-end these items were not reconciled and posted into the proper accounts. In addition, these items are not supported by any documentation that verifies the amounts are appropriate or approved.... The Academy has not established adequate procedures to ensure that supporting documentation is provided for all transactions associated with the bank accounts.... Management officials from the school site are not providing information necessary to post correcting journal entries. In addition, these items are not being reviewed subsequent to completion of bank reconciliations. Questioned Costs: \$13,735 recorded in suspense account” (p. 29)*
- ii. Payroll Expense Reconciliation. *“Payroll expenses were not consistently reconciled to the general ledger....The financial statements were misstated by a material amount....The Academy [WAYS] has not adequately established written policies and procedures to ensure the timely reconciliation of payroll expenses and liabilities.” (p. 30)*
- iii. Year-end Accruals and Closing Process. *“The Academy did not record closing transactions for accounts receivable, accounts payable, prepaid expenses, and capital assets. In addition, journal entries were posted to the financial statements resulting in recording differences between the trial balance provided for audit purposes and the amounts reported to the Los Angeles County Office of Education for inclusion in their unaudited actuals submitted to the California Department of Education.... The financial statements were misstated by a material amount....The Academy has not adequately established written policies and procedures for year-end closing and recording of accruals.” (pp. 30-31)*
- iv. Payroll Documentation. *“Personnel Action Forms which document employee’s position and approved pay rates are not complete. In 100% of Personnel Action Forms reviewed there were missing approval signatures on the forms. In addition, in 9 out of 10 I-9’s reviewed the forms are not being completed correctly. The I-9 forms were either missing the documentation of what items were reviewed to verify eligibility for employment, missing employer signature of verification, or both.... The Academy is exposed to risk of noncompliance with I-9 requirements. In addition, the Academy is exposed to risk of paying individuals who are not approved by management.... The Academy has not established adequate procedures which require hiring documentation be completed and reviewed prior to filing away in the employee file.” (p. 31)*

- v. Capital assets. *“The Academy is unable to provide a detail of Capital Assets or a depreciation schedule to support amounts recorded in the financial statements.... purchases of capital assets were inappropriately recorded as expenses rather than increases to capital assets. The Academy did not calculate and record depreciation.... There is not sufficient audit evidence to determine if amounts recorded in capital assets are correct or if there is a material misstatement in the financial statements.... the Academy is exposed to risk associated with disappearance of capital assets as there is not a tracking system for such items.... The Academy has not adequately established policies for tracking capital assets and ensuring that they are appropriately recorded in the financial statements.... The Academy has not established procedures for disposal of capital assets.”* (p. 32)
- vi. Credit card supporting documentation. *“The school is using credit cards to purchase some items and subsequently repaying the credit cards with a check. The credit card statements are being used as supporting documentation for the check written; however, the credit card statements do not include receipts for all expenditures for which they were used.... Expense items paid with credit cards are not adequately supported by itemized receipts and approval documentation. The Academy is exposed to risk of misappropriation of assets.... The Academy has not established adequate written procedures requiring attachment of supporting invoices or receipts for credit card transactions.... Questioned Costs: \$5,858 known credit card expenses from sample selected.”* (p. 33)
- vii. Beginning net assets. *“Beginning net assets were not in agreement with prior year audited ending net assets. The Academy was unable to provide reconciling items that supported adjustments to beginning net assets.... Amounts reported by the Academy as beginning net assets varied from the prior year audit report by \$9,727. An adjustment was posted to bring the beginning balance in agreement with prior year audit report.... Beginning net assets were not in agreement with prior year audited ending net assets.... The Academy did not have procedures to reconcile beginning net assets with prior year audit report and did not have procedures in place to track prior year adjustments.”* (pp. 33-34)
- viii. Federal award findings. *“The Academy did not separately track expenditures for federal programs in their financial software.... OMB Circular A-133 requires the presentation of a schedule of expenditures of federal awards for any agency expending greater than \$500,000 of federal awards.... The Academy has not established policies and procedures requiring separate tracking of federal expenditures. There are not adequate internal controls in place to evaluate federal expenditures to ensure that they are accurately reported, meet program requirements, and are not used to supplant existing services.... Questioned Costs: 2012-13 National School Lunch Program (10.555) - \$212,061; 2012-13 Special Education Cluster (84.027) - \$99,925”* (pp. 35-36)

The 2013 Independent Audit (Exhibit 9, p. 39) concludes that the school partially addressed the previous year’s finding regarding bank reconciliation; no other findings were addressed.

WAYS’ response to the 2013 Independent Audit was that it would review the recommendations and subsequently establish necessary procedures to address the concerns.

2. WAYS engaged in related party transactions and violated conflict of interest statutes.

a. Transactions involving Founder/Former Executive Director:

Lease Agreement – “The denial by LAUSD included concerns that WAYS failed to comply with the terms of the charter by allowing the charter school to enter “into a self-dealing transaction” with the founder/former executive director and her privately owned facilities that were leased to two of the three schools.

In an attempt to address the conflict of interest with the facility lease agreements for the properties occupied by the schools, the founder/former executive director placed the properties in a revocable trust named OCI Development Corporation in 2010-11. It was subsequently determined and concurred by the WAYS legal counsel that transferring the property to a holding company through a revocable trust did not ultimately transfer property ownership under California law and therefore did not resolve the conflict of interest concern.” (Exhibit 6, p. 19)

Settlement Agreement – WAYS Board paid the founder/former executive director for alleged unused vacation and time-off without proper documentation. “The settlement agreement does not provide any documentation to support this claim; therefore, FCMAT cannot substantiate that the \$58,434.78 paid for 90 days of vacation leave and 30 days of unused time off was substantiated with independent records by the business provider in accordance with the employment contract.” (Exhibit 6, p. 21)

Employment Lawsuit – “Documents from a lawsuit settled against the Merle Williamson Foundation (MWF) for wrongful termination of a former teacher at WAYS against the school show that the founder/former executive director traveled to Omtsha, Nigeria and directed one of the school’s teachers to go with her to marry her sister’s husband (brother-in-law) for the purposes of making the brother-in-law a United States citizen.” (Exhibit 6, p. 22; Exhibit 10)

“On December 4, 2012, a jury found in favor of the teacher plaintiff and subsequent judgment was awarded of \$566,803.” (Exhibit 6, p. 22)

b. Transactions involving the Director of Operations/On-Site Financial Manager:

The FCMAT Audit states, “...transactions authorized by the director of operations do not represent an arm’s-length transaction.” (Exhibit 6, p. 37) Transactions include, but are not limited to the following:

Procurement and Purchases with OSE – The FCMAT Audit states, “...During the [FCMAT] team’s joint interview with the executive director and director of operations, the team was told that none of the WAYS vendors were related. The team made further inquiries regarding any relationship between WAYS management team or family members and OSE. The director of operations said that OSE Business Services was a legitimate business with many customers and that no relationship existed between these two entities.” (Exhibit 6, p. 25)

“...OSE is owned by Obiesie Enwezor, who is related to other WAYS vendors: Godfrey Okonkwo, Emeka Enwezor, and DeDe Dance Studio and bears the same last name as the founder/former executive director’s brother-in-law, Joseph Njor Enwezor.” (Exhibit 6, p. 22)

“During the fiscal years 2011-12 and 2012-13, WAYS paid \$57,533 and \$101,338 respectively to OSE, totaling \$158,871 for the two-year period.” (Exhibit 6, p. 23)

“A total of 20 invoices were issued by OSE and paid by WAYS. All invoices were approved by the director of operations – the founder/former executive director’s son, along with the current executive director/former board president.” (Exhibit 6, p. 23)

A document LACOE received after the FCMAT Audit was published provides further evidence that the owner of OSE is the cousin of the Director of Operations/On-Site Financial Manager for WAYS. (Exhibit 11)

The FCMAT Audit states, *“OSE address printed on their invoices... is identified as the mailing address of Innovative WAYS Academy. The CEO of Innovative WAYS Academy is: The founder of DeDe Dance Studio and vice principal of WAYS; The daughter of the founder/former executive director of WAYS; The sister of WAYS’ director of operations, and; The CEO of DeDe Dance Studio that operates business at the WAYS school site.”* (Exhibit 6, p. 25)

Additionally, the FCMAT Audit states that OSE was not registered with the Internal Revenue Service and State Franchise Tax Board at the time WAYS made purchases from OSE and WAYS did not issue a Form 1099 or a W-9 to OSE as required by law. Additional details are provided in the FCMAT Audit. (Exhibit 6, p. 26)

The FCMAT Audit also states, *“Obiesie Enwezor, owner of OSE, refused to meet with FCMAT; therefore, the team cannot confirm that OSE is a legitimate business that properly reported income and sales taxes totaling \$158,871 from WAYS to the taxing authorities, or that merchandise was actually delivered by OSE and received by WAYS.”* (Exhibit 6, p. 26)

“According to OSE’s email dated December 16, 2013, the owner states that OSE does not buy or resell... ‘...OSE Business Services is not a resale company or store, OSE is a service provider. We do not buy or resale. We provide and coordinate purchasing and delivery services to various agencies.’ The owner’s statement that OSE is a service provider and is “not in the resale business” is not supported by the presentation of the paid invoices to his company.” (Exhibit 6, p. 27)

“The irregularities described in this report attributable to alleged supplies purchased from OSE raise serious concerns about the OSE and WAYS business relationship and whether OSE actually sold any supplies to WAYS.” (Exhibit 6, p. 31)

Further, the manner in which OSE was chosen as a service provider and the manner in which purchases were paid conflicts with WAYS’ 2006 adopted fiscal policies (Exhibit 12) as follows:

- (1) There is no evidence of a competitive bidding process;
- (2) Prior to initiating at least one order, the school failed to ensure there were sufficient funds to cover the expenditure based on the Director of Operations/On-Site Financial Manager’s statement to FCMAT (Exhibit 6, p. 23) that OSE was paid by cashier’s check because they had *“bounced a check”*;
- (3) Purchases were not initiated by a purchase order; and
- (4) The procedures for receipt of order were not followed. Additionally, there is no evidence the WAYS’ Board approved OSE as a vendor, to provide a “check-and-balance” to the related party transaction.

A review of WAYS 2011, 2012, and 2013 Wells Fargo bank statements do not indicate any insufficient funds or returned checks. This contradicts the Director of Operations/On-Site Financial Manager's statement to FCMAT that cashier's checks were used because WAYS "bounced a check and OSE only wanted to be paid by cashier's check." (Exhibit 6, p. 23)

Payments to DeDe Dance Studio – The WAYS vice principal (daughter of founder/former executive director) is the owner of...a non-profit corporation known as DeDe Dance Studio" and "DeDe Dance Studio was paid a total of \$73,800 by WAYS between April 2009 and April 2013."

"The director of operations and brother of the WAYS vice principal and owner of DeDe Dance Studio authorized the checks from WAYS totaling \$73,800 that were paid to DeDe Dance Studio."

"During the [FCMAT] team interview of the WAYS vice principal on November 15, 2013, she stated that DeDe Dance Studio was paid from the ASES [After School Education and Safety] program funds for dance study during the after school program..." (Exhibit 6, p. 38)

The 2012 independent Audit Report also identifies the payments to DeDe Dance Studio as related party transaction. It states, "DeDe Dance Studio, a non-profit organization, provided after school program service to WAYS. WAYS' assistant principal is the executive director of the DeDe Dance Studio and is related to the WAYS' Director of Operations. During the year-ended June 30, 2012, DeDe Dance Studio received payments of \$36,000 from WAYS." (Exhibit 8, p. 15)

Further, the manner in which DeDe Dance Studio was chosen as a service provider for the ASES Grant is in conflict with WAYS' 2006 adopted fiscal policies (Exhibit 12) as there is no evidence of a competitive bidding process. Additionally, there is no evidence the WAYS governing board approved the selection of DeDe Dance Studio as the ASES service provider to provide a "check-and-balance" to the related bylaws transaction.

Additional Related Party Transactions – The FCMAT Audit (Exhibit 6, p. 39) identifies additional related party transactions that occurred between the Director of Operations/On-Site Financial Manager and Godfrey Okonkwo and Emeka Enwezor related to the lease of a van. These individuals are the Director of Operations/On-Site Financial Managers' father and cousin, respectively. The Director of Operations/On-Site Financial Manager "is the individual authorizing the check requests and financial transactions for WAYS.... WAYS failed to obtain a signed contract and board authorization to lease the van." (Exhibit 6, p. 37)

FCMAT concluded, "Failure to disclose related party transaction may be considered a departure from GAAP that could result in a qualified or adverse audit opinion and the potential for civil and criminal prosecution." (Exhibit 6, p. 36)

3. WAYS violated provisions of law

Violations of law identified in the school's 2012 and 2013 Independent Audits include, but are not limited to the following:

- a. Late submission of Independent Audits. The Independent Audits for 2012 and 2013 identify a lack of compliance with EC 47605(m), which specifies the date by which a school's Independent Audit is to be submitted. WAYS failed to submit its Independent Audits to the

State Controller's Office, CDE, and LACOE by the statutory due date of December 15. (Exhibit 8, p. 4; Exhibit 9, p. 2)

- b. Failure to comply with state requirements of the After School Education and Safety (ASES) Program.

The 2013 Independent Audit (Exhibit 9, p. 37), states:

A. Education Code 8483(a)(2) states that it is the intent of legislature that elementary school students attend the full day of the program every day in which students participate, except as consistent with the LEA's early release policy.

B. Education Code Criteria 8483.9(a) limits indirect costs to the lesser of the LEA's approved indirect cost rate or 5%.

The Audit also states WAYS failed to comply with these statutory requirements as follows:

A. Sign out sheets for the after school education and safety program did not include time student was released for 827 out of 896 days tested. It could not be determined if these students participated in the full day of the program or if they met early release policy of the LEA.

B. The Academy used an indirect cost rate of 5.26% which exceeds the allowable 5% for the program.

The multiple concerns of the FCMAT report, coupled with the deficiencies and conditions identified in the WAYS 2012 and 2013 Independent Audits, demonstrate the school's continued departure from GAAP and resulting fiscal mismanagement.

EC 47607(c)(1): WAYS committed a material violation of...the conditions, standards, or procedures set forth in the charter

A. WAYS Governing Board Failed to Exercise Fiscal and Institutional Control

The WAYS Governing Board (Board) committed material violations of Charter Element 4 (Governance)

Charter Element 4 (Governance Structure) establishes the Board's responsibilities to provide overall oversight of the school. Through the Board's lack of general oversight and its failure to monitor and evaluate the performance of the school's Executive Director and Director of Operations/On-Site Financial Manager, the WAYS Board failed to ensure that these administrators fulfilled the job duties specified in Charter Element 5 (Employee Qualifications and Rights); complied with Generally Accepted Accounting Principles (GAAP); and did not engage in and/or allow fiscal mismanagement of the school.

The Board's failure to follow the oversight provisions of the charter, Board bylaws, and Board policies, resulted in the school's failure to comply with GAAP and fiscal mismanagement as established under the EC 47607(c)(3) section, above.

Sections B and C, below, provide specific evidence of how the WAYS Board failed to exercise fiscal and institutional control, thereby materially violating the terms of its charter.

B. WAYS Board Violated Charter Element 4: Governance

The WAYS Board failed to provide adequate oversight of the charter school and its administrators as follows:

1. It failed to provide adequate fiscal oversight:
 - a. It did not establish a Finance Committee as required by the charter
 - b. It did not develop adequate Fiscal Policies
 - c. It relinquished its authority to approve contracts
 - d. It did not provide adequate oversight in the development of the school budget
 - e. It improperly authorize the expenditure of school funds
2. It did not establish and/or approve policies prior to implementation
3. It did not hold monthly meetings and did not follow its bylaws and the *Brown Act* with regard to meetings
4. It did not provide proper oversight of the school's Executive Director and Director of Operations/On-Site Financial Manager and did not conduct performance evaluations
5. The Board President did not provide an annual report to the WAYS Board as stipulated in the charter

The WAYS charter dated December 18, 2012,³ states:

WAYS shall comply with the Brown Act. The Governing Board of WAYS will meet monthly. The Notice of Governing Board Meetings, Notices, Agendas and Minutes will be posted in the main office on the information bulletin board as well as in common passing areas at a minimum of three days before the meeting....

...This board is responsible for developing and establishing a set of governing bylaws as required by laws that will apply to Wisdom Academy of Young Scientists.

Members of the WAYS' executive board, any administrators, managers or employees, and any other committees of the School shall comply with federal and state laws, nonprofit integrity standards and the County's Charter School policies and regulations regarding ethics and conflicts of interest....

The Board of Wisdom Academy for Young Scientists will be made up of 5 – 15 members that include community member representatives. Paid employees of WAYS may not sit on the Governing Board of WAYS. The board members are made up of the founding parents, educators, and community members. (see Appendix C). The County reserves the right to appoint a single representative to serve on the Board pursuant to Education Code section 47604 (b). The remaining members will be nominated from the school community and outer community members, based on their expertise and desire to promote a quality educational program. These individuals may have backgrounds in areas such as business, law, fundraising, community outreach, finance, mental health, etc., along with their willingness to serve a needed role on the WAYS Board. During the term of this charter, WAYS will comply with the provisions of the Brown Act and Government Code

³ A revised charter petition was additionally submitted to LACOE as a result of Arbitration on February 14, 2014. Element 4 (Governance) contains no material changes to the language contained in the charter petition submitted on December 18, 2012. On May 20, 2014, a new version of the charter petition was submitted, also as the result of Arbitration; LACOE has not yet reviewed this document.

section 1090, as those sections are amended from time to time. WAYS will fax a copy of all meeting notices to the County's Charter Schools Office.

The Governing Board ultimately will be charged with assessing how the school is doing overall. The President of the Governing Board will provide an annual report to the Board of Principals of the Merle Williamson Foundation in April of each year.... it will review the information [from administration] and ascertain whether recommendations need to be made or committees need to be formed to work on specific issues. These committees may examine closely the curriculum and staffing priorities for maximum effectiveness; identifying budgetary priorities involving the use of discretionary funds; evaluating the academic effectiveness of the school program, its administration and staff, and make recommendations for improvement, accordingly. These committees are established to implement the business of the Governing Board and to facilitate it's functioning. Furthermore, the Governing Board facilitates communication and team building and acts as negotiator for disagreements.

Matters that arise concerning budgets, curriculum, school discipline, and other school matters will begin at the level of teachers and parents. The Governing Board may, from time to time, establish committees and working groups to develop a policy for the school regarding specific issues and present its findings to the Governing Board and the School Community. WAYS has adapted a set of detailed procedures and policies for all fiscal matters, which are outlined in Element I. Core policies that the board will adopt include:

- Fiscal Policies – how the school's budget is drafted, approved and monitored; budget development calendar; staff roles related to fiscal issues.*
- Instructional Program Policies – when necessary, establish formal policies to clarify or add specific/amend specific charter elements*
- Personnel Policies – Establishes how the school recruits, hires, monitors, compensates, and dismisses staff. Policies will also be adopted that address state and federal labor laws related to non-discrimination, leaves, sexual harassment, and other matters. These policies will be adopted prior to hiring staff and will be drafted with legal consultation.*
- Student and Parent Policies – how the school recruits orients, admit, disciplines, suspends, and expels students. These policies will also clarify parents' roles and responsibilities.*
- Legal Policies – Board members' legal responsibilities, including conflict of interest, duty of care, confidentiality (See Appendix E).*
- Internal Board Policies – Board composition and renewal/succession and to clarify any policy ambiguities*
- Policy, policy – this policy will help to keep the policy development process at a minimum and describe how policies are made and revised.*

The Governing Board will:

- Insure that the entire school is moving in the direction of the school vision.*
- Serve as a clearinghouse for information to facilitate communication.*
- Monitor committees to ensure progress toward goals and accomplishment of duties.*
- Assist Administration in dealing with incoming information to the school and disseminating information to the School Community.*

Analysis:

1. The WAYS Board failed to provide adequate fiscal oversight, which contributed to fiscal mismanagement of the school.

a. It did not establish a Finance Committee as required by the charter:

- i. A review of WAYS Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13⁴) shows there has never been a report from the Finance Committee to the WAYS Board and there was no posting of a Budget or Finance Committee meeting on the school's website.
- ii. The October 24, 2013 WAYS Board agenda contains the item, "Formation of the Board's Finance and Budget Committee" indicating such a committee had not been in place. (Exhibit 13)
- iii. The January 6, 2014 WAYS Board agenda contains item "13092601: Monthly Budget Update for 2013-14 School Year..." The audio recording of the meeting contains a discussion between the Board President and Bali Business Management (Bali), the school's contracted back-office provider, in which the Bali consultant explains he believes there had been a Finance Committee when the school had been authorized by LAUSD, but that "something happened" indicating there had been no Finance Committee since the school had been operating under the authority of the County Board. (Exhibit 13)
- iv. The January 29, 2014 WAYS Board agenda states there was to be a meeting of the Budget and Finance Committee meeting on that date; however neither a time nor place is identified and no meeting minutes were submitted to LACOE. (Exhibit 13)

b. It did not develop adequate Fiscal Policies:

- i. The 2011 Independent Audit (Exhibit 14) identified "material weaknesses" and "significant deficiencies" with the school's "internal control over financial reporting" and indicated "This problem was systemic" (p. 28)
- ii. The 2012 Independent Audit (Exhibit 8) identified "one or more significant deficiencies with the school's internal control over financial reporting" (p. 29)

The Independent Audit states the school's response is that it will review and monitor the conditions identified in the report and correct as applicable. (pp. 30-37)

- iii. The WAYS Board agendas and meeting minutes fail to indicate any discussion and/or action on revising Fiscal Policies until July 31, 2012. The agenda for this meeting lists Item IV. G "Approval of Revised Fiscal Policy." (Exhibit 13)

The audio recording for this meeting documents that the Board Chair stated, "This is going to be moved to a future agenda item." There was no discussion on the item. The Board did not take action to amend its Fiscal Policies until January 31, 2013, six (6) months later.

⁴ Exhibit 13 contains a copy of all WAYS Board Meeting Agendas and Minutes that were submitted to LACOE from July 2011 through March 2014.

- iv. LACOE asked the WAYS administrators for revised Fiscal Policies on at least three (3) separate occasions beginning in November 2011. (Exhibit 15)
- v. Subsequent to WAYS Board approving the Revised Fiscal Policies on January 31, 2013, those policies were submitted to LACOE. The Controller's Office reviewed the Revised Fiscal Policies and on April 18, 2013, provided WAYS with specific feedback as to where "additional measures" were needed to "strengthen internal control and safeguard assets of WAYS Charter School." (Exhibit 16) The school did not respond to LACOE's letter.
- vi. The 2013 Independent Audit (Exhibit 9) found "*One or more material weakness(es)*" and "*One or more significant deficiencies*" with WAYS' "*Internal control over financial reporting*" and "*One or more material weakness(es)*" with "*Internal control over major programs*". (p. 28)

The Independent Audit further notes that WAYS did not fully implement all recommendations from its previous audit. (p. 39)

The school's response is that they will "review this recommendation and subsequently establish necessary procedures." (pp. 29-34)

- vii. The February 27, 2014 WAYS Board agenda contains item, "IX. m. Response to Annual Audit findings – Discussion." A copy of WAYS Fiscal Policies and Procedures Handbook and a copy of a document entitled Fiscal Policies and Procedures Handbook "Charter School" with the logo for ExED on each page was submitted to LACOE with the agenda as board materials.

Meeting minutes for that February 27, 2014 state, "VIII. q. Response to Annual Audit findings – Discussion i. Discussion by Jason Okonkwo and Halilu of Bali Business Management regarding changes to WAYS' Financial Policies in the future Board Meetings." Neither the agenda nor meeting minutes indicate any revisions to Fiscal Policies were discussed or made. (Exhibit 13)

- viii. The FCMAT Audit (Exhibit 6) states in part:

The failure to establish adequate internal controls...coupled with the lack of accountability to the governing board created an environment for fraud and misappropriation to occur. (p. 11)

FCMAT's findings are consistent with the independent auditor's reports for WAYS for the fiscal years ending June 30, 2012 and June 30, 2013. Both FCMAT and independent auditors find that WAYS has significant internal control conditions and has failed to ensure that adequate internal controls are in place. (p. 31)

*Based on the evidence presented to FCMAT, there is sufficient documentation to demonstrate that fraud, mismanagement and misappropriation of the charter school funds and assets may have occurred. There exists a significant material weakness in the charter school's internal control environment, which increases the probability of fraud and/or abuse. **These findings should be of great concern to the WAYS governing board and the LACOE governing board and require***

immediate intervention to limit the risk of fraud and/or misappropriation of assets in the future. (p. 45 Emphasis added)

c. It limited its authority to approve contracts:

- i. The WAYS Board has not reserved the right, by its charter, bylaws, or Fiscal Policy, to review or approve contracts in advance of their execution. Article VII, Section 1. GENERAL POWERS of the 2011 bylaws (Exhibit 17) states:

The Board may delegate the management of the corporation's activities to any person(s), management company, or committees, however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

- ii. WAYS 2002 Board bylaws (Exhibit 18) assigned broader authority to the Board with respect to contract approval; these bylaws were submitted to LAUSD with the renewal petition. However, the Board revised its bylaws in March 2011, after the charter petition was submitted to LAUSD and before the appeal was submitted to LACOE. As an appeal of a denied petition, the County Board was only able to consider the bylaws submitted to LAUSD (dated 2002). Findings pursuant to those 2002 bylaws are documented in the staff report to the County Board. (Exhibit 19) The report states in part:

The governance structure fails to provide adequate oversight of the school's operation and fiscal management. Failure of the articles of incorporation and bylaws to state the purpose of the corporation is to provide for the operation of a publicly funded charter school is further evidence that the structure lacks a seriousness of purpose. The bylaws states the board has only one regularly scheduled meeting, which is insufficient to provide for effective governing of a public charter school. The governing board's lack of effective oversight has jeopardized the school's charter status and there is no evidence that the board can implement the proposed educational program stated in the petition. (pp. 9-10)

The WAYS Board has been operating under the 2011 bylaws, although it materially revised the responsibility of the WAYS Board and significantly increased the authority of the school's administration.

- iii. The WAYS Board is inconsistent in its oversight with respect to approving contracts and purchases.

A review of the WAYS Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) show key contracts did not receive prior Board approval, and the delegation of the signing of contracts to the school's administrators resulted in the Board's failure to "exercise its ultimate direction." Examples include:

Major Facilities Improvement (Air Conditioning) of Leased Buildings – The WAYS Board did not approve the contracts (approximately \$10,000 each) to install air conditioning at 706 East Manchester facilities building A (DeDe Dance Studio) and building D.

The agenda (Exhibit 13) and audio recording of the July 31, 2012 WAYS Board meeting, documents that the Director of Operations/On-Site Financial Manager stated to the WAYS Board that the school had “started early, before approval” on an air conditioning construction project.

When the item for the over \$20,000 project was brought to the WAYS Board for action, the audio recording documents that a Board member questioned the purpose of the vote by commenting, “They’ve already started.”

Site Lease for Salvation Army Facility – The agenda (Exhibit 13) and audio recording for July 31, 2012, WAYS Board meeting documents that the Director of Operations/On-Site Financial Manager informed the Board that the lease for the Salvation Army site was still in negotiations and was not available for the Board to approve at that time. However, the minutes of that meeting state, “*Approval of Salvation Army 2012-13 FY Property Lease – Approved 5/0.*”

The lease was signed by the school’s Executive Director on August 1, 2012.

Board approval of the contract was not listed as an item on any subsequent agenda or meeting minutes through June 2013, the remainder of the 2012-13 school year.

On February 3, 2014, the WAYS Board approved a resolution for the Board to enter into a lease for the Salvation Army site for 2013-14. The resolution reads, “...*the Board of Directors of this corporation be and is hereby authorized, empowered, and directed to enter a Commercial Property Lease 2013-14 Fiscal Year – 7651 South Central Ave Los Angeles, Ca on behalf of said corporation.*” However, the lease was signed by the Executive Director in October 2013. (Exhibit 20) Therefore, the Executive Director entered into the lease without the approval of the WAYS Board.

Vehicle Purchase and Sale –

Purchase: The July 31, 2012 WAYS Special Board meeting (Exhibit 13), lists as Item “VII. H. Approval of Resolution to Purchase/Lease a Vehicle for School Business;” however, the audio recording documents that the actual motion was to “look into vehicles for the school.” This motion was approved unanimously.

The signed Board Resolution does not reflect the motion made by the Board member, but erroneously reflects the language on the agenda as cited above. The actual motion did not give approval to purchase or lease a vehicle, but rather to “look into” that possibility. Therefore, the school’s administrators entered into a contract to purchase a vehicle without proper Board approval. (Exhibit 21)

Sale: On November 30, 2013, the Director of Operations/On-Site Financial Manager sold a school vehicle prior to Board approval of the sale. The sale was initiated, and completed on January 28, 2014, according to documents provided to the WAYS Board for its February 3, 2014 meeting. (Exhibit 22) The sale of the school vehicle was not approved by the WAYS Board until its February 3, 2014 special meeting. (Exhibit 13)

Contract for 2013 Independent Audit – On November 18, 2013, the Director of Operations/On-Site Financial Manager signed the contract for the 2013 Independent

Audit (Exhibit 23) more than two (2) months prior to the Board approving the selection of that Auditor at its February 3, 2014 special meeting. (Exhibit 24)

Employment Contracts for Executive Director and Director of Operations/On-Site Financial Manager – The 2013-14 employment contract for the Executive Director was not approved until February 3, 2014 Board meeting (Exhibit 13) and a review of Board meeting agendas and minutes (Exhibit 13) provide no evidence that the Board approved an employment contract for the Director of Operations/On-Site Financial Manager since 2011.

A November 20, 2013 email from Board President Tolbert to the Executive Director states the lack of *“The review/approval of a contract for the Executive Director; if one had been provided. In fact, no contracts for this school year have been presented to the Board for review, approval or denial.”* (Exhibit 25)

The February 27, 2014 WAYS Board agenda (Exhibit 13) and audio recording documents that 2013-14 employment agreements for WAYS staff other than the Executive Director, including contracts for the Director of Operations/Onsite Financial Manager (who reports to and is evaluated by the Board), Principal and Assistant Principal were not approved by the WAYS Board even though it was eight (8) months into the school year.

The Board’s failure to approve major dollar contracts before they were executed and its general assignment of this responsibility to the school’s administration results in a lack of checks and balances necessary to reduce the likelihood of fiscal mismanagement. This action shows the board relinquished one of its key fiduciary responsibilities, allowing the school’s administrators to enter into contracts without the Board’s prior approval.

- d. It did not provide adequate oversight in the development and approval of the school’s budget.

WAYS Director of Operations/On-site Financial Manager submitted the WAYS budget to LACOE on July 3, 2013, prior to its approval by the WAYS Board. The following chronology establishes the Board’s lack of oversight of the budget development and approval process:

- i. June 6, 2013 Board Meeting: Agenda (Exhibit 13) lists 2013-14 Budget as discussion item. Written materials in the Board packet and the audio recording of the meeting document that the discussion with Bali centered on the 2012-13 Budget as of April 30, 2013.

The discussion related to the 2013-14 Budget was that WAYS’ administration and Bali were currently developing the budget and that a Board meeting would need to take place before the end of June to approve that budget.

- ii. June 26, 2013 Board Meeting: Agenda (Exhibit 13) lists 2013-14 Budget approval as action item; meeting cancelled due to lack of quorum.
- iii. July 3, 2013: LACOE received WAYS 2013-14 Budget.
- iv. July 26, 2013 Board Meeting: Agenda (Exhibit 13) lists adoption of 2013-14 Budget as action item; minutes state item tabled until next Board meeting.

- v. August 9, 2013 Board Meeting: Agenda (Exhibit 13) lists adoption of 2013-14 Budget as action item; the meeting was cancelled due to lack of quorum.
- vi. August 29, 2013 Board Meeting: Agenda (Exhibit 13) lists 2013-14 Budget as action item; audio recording documents that the Board asked questions about revenue and expenditures. Board Member Espinoza asked the Bali Consultant about the reason line item 5890 (Other services and operating expenses) increased from \$10,000 in 2012-13 to \$128,724 in 2013-14. He asked what services were included in this line item and why the increase was so dramatic.

The audio recording documents that The Bali Consultant stated he was only prepared to give a summary report and did not have the information to answer the question. The Board requested an explanation be presented at its next meeting.

The Board stated it was aware of the necessity of approving the budget as it was late August and the school needed to spend money to start the school year.

The Board took action to have line item 5890 restored to \$10,000 and instructed Bali to hold the difference of \$118,000 in reserve until the Board received an explanation of the expenditures contained in the line item. The Board voted to approve the budget with the change stated, above.

- vii. September 26, 2013 Board Meeting: Agenda (Exhibit 13) lists 2013-14 Budget approval as action item; minutes state, "Unable to address this item at this time as presenter has not yet arrived."
- viii. October 24, 2013 Board Meeting:

Minutes from August 29, 2013 presented for approval did not indicate that 2013-14 Budget was approved with the stipulation that line item 5890 was returned to \$10,000. (Exhibit 13)

The audio recording of the meeting documents that the Board, in its approval of the Minutes, amended them to reflect Mr. Espinoza's motion that the budget was approved with line item 5890 restored to \$10,000 until further clarification of that line item could be provided. Revised meeting minutes were never received by LACOE.

Agenda (Exhibit 13) lists discussion and possible action on 2013-14 Budget with presentation from Bali Business Management. A review of the audio recording documents that no discussion or action took place. The meeting minutes (Exhibit 13) state, "A DISRUPTION OCCURRED AT THE END [of] CLOSED SESSION BY AN ADMISTRATIVE EMPLOYEE. NO OTHER BOARD BUSINESS WAS ABLE TO BE CONDUCTED." A November 12, 2013 letter from the Executive Director to LACOE that accompanied the audio recording corroborates that the meeting ended abruptly. (Exhibit 26)

- ix. February 4, 2014 email from LACOE Controller's Office to Director of Operations/On-Site Financial Manager: The communication requests evidence of board approval of the annual budget due in July each year and other items. (Exhibit 27)

- x. February 5, 2014, Response from Director of Operations/On-Site Financial Manager: Email with August 29, 2013 Board minutes of the attached. (Exhibit 28)

The document sent by the Director of Operations/On-Site Financial Manager to LACOE was the first page of the August 29, 2013 minutes, signed by Board Members Valenti and Johnson and dated February 3, 2014.

The minutes show the budget was approved, but does not reflect the approved amendments to the budget made on August 29, 2013 (e.g., restoration of line item 5890 to \$10,000), which was further documented through the audio recording of the October 24, 2013 meeting.

While the February 3, 2014 Agenda lists Board action to approve Minutes for the August 29, 2013 meeting, these Minutes had been approved on October 24, 2013. Additionally, the Board lacked a quorum at the point in this meeting when this action took place.

The WAYS Board did not establish sufficient policies and/or approve policies prior to implementation.

- e. It improperly authorized the expenditure of school funds.
 - i. It authorized staff stipends without appropriate criteria or supporting documents. On February 27, 2014, the Board approved Item IX. b. "*Performance Based 2013-14 School Year Stipends Round One – Action.*" (Exhibit 13)

The audio recording of that Board meeting indicates the Board Chair asked the Executive Director about classroom observation used to substantiate these "*Performance Based Stipends.*" The Executive Director said the stipends were for staff that performed extra duties, not for their classroom performance. The Board committed two (2) errors in approving these stipends as follows:

First, the item was improperly stated on the agenda in violation of the *Brown Act*. Performance based stipends are not the same as extra duty compensation; and

Second, without written criteria and supporting documentation to justify the payments, they may constitute a gift of public funds.

- ii. It approved the expenditure of funds to the founder/former executive director without evidence the funds were owed. WAYS Board paid the founder/former executive director for alleged unused vacation and time-off without proper documentation as previously described on page 8 of this report and in the FCMAT Audit. (Exhibit 6, p. 21)

2. The WAYS Board did not establish and/or approve policies prior to implementation.

- a. The Board did not develop and approve sufficient Fiscal Policies as documented above.
- b. The Board did not develop Personnel Policies. A review of Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) indicates the WAYS Board did not develop or approve Personnel Policies, and Personnel Policies were not submitted to

LACOE. If such policies existed, they were required to be submitted to LACOE per the fully executed LACOE MOU.

- c. The Board did not approve policies before implementation and/or submission to LACOE. A review of Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) does not indicate that the Board had approved policies the school's administration had submitted to LACOE. A November 20, 2013 email from Board President Tolbert to the Executive Director states her concern that the Board had not approved policies that needed to be submitted to LACOE. (Exhibit 25)

3. The WAYS Board did not hold monthly meetings and did not follow its bylaws and the *Brown Act* with regard to meetings.

The charter dated December 18, 2012 states, "*The Governing Board of WAYS will meet monthly.*"

Section 15 of the WAYS 2011 bylaws states, "*Regular meetings of the Board of Directors, including annual meetings, shall be held monthly...*"

Section 18 of the WAYS 2011 bylaws states, "*QUORUM. A majority of the directors then in office shall constitute a quorum. All acts or decisions of the Board of Directors will be by majority vote based upon the presence of a quorum. Should there be less than a majority of the directors present at any meeting, the meeting shall be adjourned. Directors may not vote by proxy.*"

- a. The Board held an insufficient number of Regular Meetings to effectively govern the school and provide necessary oversight. Between July 2011 and March 2014, the Board held 33% of the Regular Monthly Meetings stated in the charter and bylaws (11 of a possible 33). Regular Meetings were cancelled, postponed, or rescheduled 20 times.
- b. The school does not publish a schedule of Regular Meetings for parents, staff, or the community through its website or school calendar. It does submit a yearly list of Regular Meeting dates to LACOE as required by the MOU. The school does not comply with the requirements of the *Brown Act* with regard to establishing a Regular Meeting schedule, although the charter states the school will comply with the *Brown Act*.

The *Brown Act* differentiates between Regular and Special Meetings:

Regular Meetings are held at a preset time and place. Each local agency must establish a regular meeting schedule by resolution or ordinance; 72-hour notice is required.

Special Meetings are held for a specific purpose. Special meetings may be called by the presiding officer or a majority of the members of the legislative body; 24-hour notice is required⁵.

- c. The WAYS Board relies on Special Meetings to conduct its regular business, which is a violation of the *Brown Act* and the school's charter.

The chart below provides information regarding the Regular Meeting schedule of the WAYS Board based on the yearly list of dates it submits to LACOE in August each year and/or as amended. Special Meetings that were scheduled and/or held are provided under Notes.

Analysis of WAYS Regular and Special Board Meetings: July 2011 – March 2014

⁵ *A Public Official's Guide to the Brown Act*, Neumiller & Beardsee, January 2013. Retrieved 2/10/2014 from www.toddb.ca.gov/images/2013_Additional_Material/Brown_Act_2013...

Calendared Regular Meeting Dates	Meeting Held	Notes
July 28-29, 2011	Yes	Meeting held in Orange County, which is outside the jurisdiction of the authorizer in violation of the bylaws and Charter.
August 19, 2011	No	Agenda received for <u>Special Meeting</u> on this date; however, LACOE did not receive audio recording or minutes.
September 16, 2011	Cannot Confirm	Agenda received; however, LACOE did not receive audio recording or minutes. Special Meeting scheduled for September 22, 2011; however, 9/12/11 email from Board Member Lewis stated meeting cancelled for lack of quorum.
October 21, 2011	No	10/20/11 email from Director of Operations stated meeting postponed. Special Meeting scheduled for October 5, 2011; however, 10/5/11 email from Board Member Lewis stated meeting cancelled. Special Meetings held October 8, October 14, and 29, 2011.
November 18, 2011	No	11/16/11 email from Director of Operations stated meeting to be rescheduled. Special Meetings held November 3, and November 30, 2011. The November 11 meeting was held at a restaurant in Marina Del Rey.
December 2011: None	No	Special Meeting held December 15, 2011.
January 20, 2012	Yes	
February 17, 2012	No	2/16/12 email from Executive Director stated, "until further notice board meetings will be set according to the announced monthly available days common for all Board members." Special Meeting held February 29, 2012.
March 16, 2012	No	LACOE did not receive an agenda, minutes, or an audio recording for this date.
April 20, 2012	No	Special Meeting held April 25, 2012.
May 18, 2012	No	Special Meeting held May 24, 2012.
June 22, 2012	No	Special Meeting held June 28, 2012.
2011-12 Summary:	Calendared Regular Meetings held 2 of 12 months	
July 26, 2012	No	7/26/12 email from Executive Director stated meeting postponed to July 31, 2012 for lack of quorum. Special Meeting held July 31, 2012.
August 30, 2012	No	8/28/12 email from Executive Director stated meeting postponed to September 5, 2012, for lack of quorum; 9/5/12 email from Executive Director stated meeting cancelled for lack of quorum.
September 27, 2012	Yes	
October 25, 2012	No	10/23/12 email from Director of Operations stated meeting moved to October 26. Special Meeting held October 26, 2013.
November 29, 2012	No	LACOE did not receive agenda, minutes, or audio recording. Special Meeting scheduled for November 30, 2012; 11/30/12 email from Director of Operations stated meeting postponed until further notice due to illness and weather.
December 2012: None	No	Special Meeting scheduled for December 11, 2012; 12/11/12 email from Executive Director stated meeting cancelled due to lack of a quorum.
January 31, 2013	Yes	

Analysis of WAYS Regular and Special Board Meetings: July 2011 – March 2014

Calendared Regular Meeting Dates	Meeting Held	Notes
February 28, 2013	Yes	
March 28, 2013	No	LACOE did not receive an agenda, minutes, or an audio recording for this date. A <u>Regular Meeting</u> was held March 22, 2013.
April 25, 2013	Yes	
May 30, 2013	No	5/30/12 email from Executive Director stated meeting postponed until the following week for anticipated lack of a quorum.
June 27, 2013	No	Agenda for June 6, 2013 not identified as regular or special meeting. LACOE did not receive agenda, minutes, or audio recording for June 27, 2012 meeting. LACOE received an agenda for <u>June 26, 2013 Regular Meeting</u> ; however, 6/27/2013 email from Executive Director stated meeting cancelled for lack of quorum. Special Meeting scheduled for June 28, 2012; LACOE did not receive minutes or audio recording.
2012-13 Summary:	Calendared Regular Meetings held 4 of 12 months	
July 25, 2013	No	Special Meeting and Board Retreat held at the Radisson Hotel, LAX on July 26, 2013.
August 29, 2013	Yes	Special Meeting scheduled for August 9, 2013; 8/28/13 email from Director of Operations stated meeting cancelled for lack of quorum.
September 26, 2013	Yes	
October 24, 2013	Yes*	Special Meeting scheduled for October 9, 2013; 10/23/13 email from Director of Operations stated meeting cancelled due to lack of a quorum. *Per minutes, meeting did not resume to Open Session due to “disruption...by an administrative employee.” Meeting not properly adjourned.
November 21, 2013	No	11/19/2013 email from Executive Director stated meeting was postponed.
December 2013: None	No	
January 30, 2014	Yes	Special Meeting held January 6, 2014. Agenda received for January 27, 2014; 2/7/14 email from Director of Operations stated meeting cancelled due to lack of a quorum. Agenda received for January 29; LACOE attended and can confirm the meeting was held and an audio recording was received. January 30, 2014 Meeting Posted as a Special Meeting, not a Regular Meeting. 1/30/14 email from Executive Director states meeting changed because agenda not posted with 72-hour notice.
February 27, 2014	Yes	Special Meeting held February 3, 2014.
March 27, 2014	No	Special Meeting held March 13, 2014 Agenda received for March 27, 2014; LACOE staff was in attendance to present to WAYS Board, but meeting did not occur; 3/31/14 email from Executive Director stated the meeting cancelled due to lack of a quorum.
2013-14 Summary: (through March 2014)	Calendared Regular Meetings held 5 of 9 months	

4. The WAYS Board did not provide proper oversight of the school’s Executive Director and Director of Operations/On-Site Financial Manager and did not conduct performance evaluations.

Charter Element 5: Employee Qualifications (Section 5.2) of the WAYS charter dated December 18, 2012, states:

“Evaluation: The Executive Director reports to and is evaluated by WAYS Board of Directors....”

“Evaluation: The Director of Operations reports to and is evaluated by the Board of Directors.”

“Evaluation: The On-Site Financial Manager reports to and is evaluated by the Board of Directors.”

- a. The WAYS Board did not provide proper oversight of the school’s Executive Director and Director of Operations/On-Site Financial Manager and did not conduct performance evaluations.

Failure to provide oversight of its key administrators is evidence the Board did not assume its duty of care or fulfill the terms of the charter with respect to oversight of its administrative employees.

- i. It failed to properly oversee the activities of the founder/former executive director, which resulted in an improper Professional Liability Settlement. On December 4, 2012, a former WAYS teacher was awarded \$566,803 in a judgment against MWF for wrongful termination. The settlement was the result of actions by the founder/former executive director. (Exhibit 6, p. 22; Exhibit 10)
- ii. A review of WAYS Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) shows the WAYS Board did not evaluate these administrators, although the charter petition states each of these positions “reports to and is evaluated by WAYS Board of Directors....”
- iii. At the May 24, 2012 Special Board Meeting, the Board directed the school’s administrators to bring it options for hiring a Business Management Consultant (e.g., back office provider). The request was made again at the June 28, 2013 Board meeting. (Exhibit 13)

To date, there is no evidence through Board agendas, minutes, or audio recordings that staff complied with this request.

- iv. It failed to ensure the school’s conditions of employment were being enforced. The WAYS Vice Principal operated a private school during paid hours as an employee of the charter school in violation of employment contract language, which states:

2. Work Schedule

*Although teachers are contracted for 8 hours per day, the minimum on-site hours re listed below. From time to time, **Vice Principal** is expected to fulfill regular contracted hours in order to accommodate parents’ schedules, and school activities.*

*Minimum on-site hours: **M, T, W, Th, Fr: 7:30a. – 4:30pm***

Workdays for the Employee shall be consistent with the applicable calendar of work days for this position for the period of one school year in accordance

with the provisions of this Agreement. Employment is at-will as specified in Section [C] below.

Employee will not render services in person or by electronic means, paid or otherwise, for any other person or entity during contracted work hours with Wisdom Academy for Young Scientists. (Underlining added)

The WAYS Vice Principal made her affiliation with her private school, Innovative WAYS Academy, public through the private school's website and other Internet postings. The information documenting the WAYS Vice Principal's involvement with her private school began as early as the summer of 2012. (Exhibit 29)

A private investigator documented that WAYS Vice Principal spent time at her private school during the "Minimum on-site hours" stipulated in her employment contract. (Exhibit 6, p. 38)

5. The WAYS Board President did not provide an annual report to the WAYS Board as required by the charter. A review of WAYS Board agendas, minutes, and audio recordings from July 2011 to March 2014 (Exhibit 13) shows there has never been an annual report from the Board President to the WAYS Board.
- C. The WAYS Board and its Employees Violated Charter Element 5: Employee Qualifications (Section 5.2)

The WAYS Executive Director violated his duties as specified in the charter. The WAYS charter dated December 18, 2012, states:

Evaluation: The Executive Director reports to and is evaluated by WAYS Board of Directors....

Governance: will work with the Board Chair to ensure that the Board of Directors fulfills its governance functions. She [sic] will be responsible for facilitating optimum performance of the Board, its committees, and individual members;

Financial Management: will oversee the financial systems of the organization, including the development of the annual Budget;

Compliance: is responsible for ensuring that the school follows all legal requirements implemented by the authorizing authority as well as the State of California. This includes Charter Renewal, WASC accreditation, required tracking of State and Federal funds...

The WAYS Director of Operations/On-Site Financial Manager violated his duties as specified in the charter. The WAYS charter dated December 18, 2012, states:

Evaluation: The Director of Operations reports to and is evaluated by the Board of Directors.

Safety: Ensure safety on campus by overseeing Emergency Preparedness, Environmental Health and Safety, Fire Prevention Services

Purchasing: purchases parts and materials at a reasonable quality and at a reasonable price. Monitor all interest, credit, and purchase order accounts.

Financial: Participates in the development and implementation of the annual budget related to personnel matters and position control, and authorizes expenditures in accordance with established limitations.

Programs: Collaborate with the principal to ensure that the school remains aligned to relevant programs including Title I, Special Ed, Prepares various reports and correspondence as needed or requested.

Contracts/Contractors management: management of contracts made with customers, vendors, partners, or employees. Including negotiating the terms and conditions in contracts, ensuring compliance with the terms and conditions, as well as documenting and agreeing on any changes that may arise during its implementation or execution.

Evaluation: The On-Site Financial Manager reports to and is evaluated by the Board of Directors.

Inform the Executive Director of the guidelines and procedures for the year's budget process. Provide the management staff with the formats and timelines for preparing the school budget.

Review the budget and check the calculations and the basis for the calculations.

Prepare a draft budget based on the requests by the Executive Director taking into account other operating expenses of the school, and all other contractual obligations of the school. This budget will include both capital and operating budgets for the fiscal year.

Meet with the Executive Director and review the budgets, their assumptions and computations related to both revenue projections and expenditure estimates. In reviewing the budgets for recommendation to the finance committee the priorities of the school, revenue availability and fiscal responsibility must be considered.

Prepare the final recommended budget based on agreements reached from the meeting with the Executive Director for presentation to the Finance Committee and Board of approval.

Responsible for making sure the budgets are being implemented correctly. This includes working with the Accounting Staff to input the budgets into the accounting system to help monitor budgets to actual comparison. Also working with the Administrative Assistant and Staff Consultant to answer budget related questions and reporting any problems and proposed solutions to the Executive Director

Review budget to actual report prepared by Staff Consultant and make necessary adjustments and narratives or comments before presenting to Executive Director, and Board.

Revise the budget for board consideration when there is a material change in the approved budget.

Analysis:

1. The WAYS Executive Director violated his duties as specified in the charter. Evidence includes, but is not limited to the following:
 - a. The Executive Director failed to facilitate optimum performance of the Board, its committees, and individual members.
 - i. He did not provide the Board with timely and accurate information regarding federal tax filing (Form 990). At the February 27, 2014 (Exhibit 13) Board meeting, the Executive Director presented an unsigned 2012 Form 990 for Board approval.

However, the Form 990 had been signed by the Executive Director on November 14, 2013, and is date stamped as received on November 18, 2013. (Exhibit 30)

- ii. He failed to cooperate with and support the Board President. A November 20, 2013 email from WAYS Board President Tolbert to the Executive Director (Exhibit 25) indicates the Executive Director was not “working with the Board Chair.” President Tolbert’s email states:

...I read your [Executive Director’s] email unilaterally postponing the Board of Directors’ meeting; even though I emailed a draft agenda to you at 4:40 PM – in time for you to post it by 5:00 PM to meet the 72-hour deadline required by the Brown Act... However, you did find time to send out a scurrilous email requesting that the ‘new’ board members step down; and identifying me specifically.

a. Your administrative responsibilities do not give you the prerogative to postpone Board meetings... Moreover, you were keenly aware of the time-sensitive documents being requested by LACOE. We were to submit these documents below not later than November 22, 2013...

e. An overdue monthly budget presentation from Bali Business Management explaining to the Board a line item budget increase of \$118,000 from the previous school year in supplies. As you may recall, in August the Board ‘conditionally’ approved this year’s budget in order that some funds could be used to open the school-year, although LACOE would receive a ‘conditionally approved’ 2013-14 budget. Since August, the Board has not had an opportunity to review the school’s budget. In September, the contractor was called and instructed not to come. In October, when the contractor did come, the Board meeting was disrupted and the contractor was unable to present the budget, nor was the Board able to continue with the meeting as we were told to “get out”. In fact, was directly yelled at and threatened by the employee to, “Get out and don’t come back!” among his other verbal and physically menacing gestures.

f. Scheduling of Board Retreat that every board member agreed was needed for several reasons. (See Agenda)

g. Hearing critical Closed Session items

h. The review/approval of a contract for the Executive Director; if one had been provided. In fact, no contracts for this school year have been presented to the Board for review, approval or denial. Were the teachers’ contracts approved prior to the end of school? I know this current Board did approve their Salary Schedule.

Since there is no scheduled Board Meeting in December, I am recommending that the Board schedule a December meeting, due to ‘postponement’ of its November meeting.

- iii. He did not ensure the Board held Regular Board Meetings with the frequency necessary for the Board to fulfill its fiduciary responsibilities in a timely and responsible manner. He unilaterally cancelled meetings and held meetings that did not comply with the charter and the *Brown Act* as documented above.

- iv. He acted with the Director of Operations to remove two (2) Board members, improperly utilizing the WAYS School Site Council.
- ▶ On May 13, 2014, LACOE staff conducted a routine site visit to the WAYS Salvation Army and Manchester campuses. As a part of the visit, staff requested to see the School Site Council (SSC) binder for the current school year showing the roster of members, meeting agendas, and minutes. LACOE staff reviewed the agenda, minutes, sign-in sheets for each month a meeting was held, by-laws and roster of members. Review of these documents provide evidence that:
 - The January 23, 2014 WAYS SSC agenda identifies item III as “*New business-Resolve regarding WAYS governance-Jason Okonkwo, Mr. Cabil*” (Exhibit 31) Jason Okonkwo is the Director of Operations/Onsite Financial Manager; Mr. Cabil is the Executive Director. The only other item of business listed on the agenda was the review of minutes from the previous SSC meeting.
 - At that meeting a completed resolution was provided to the group for approval. (Exhibit 32) It was signed as approved by Tanya Castro, SSC Secretary and WAYS’ Office Manager.
 - LACOE staff reviewed the agendas and meeting minutes for SSC meetings prior to January 23, 2014, and saw no evidence that concerns about the WAYS Board Members or other governance related concerns were discussed.
 - The SSC’s resolution regarding removal of WAYS Board Members is outside the scope of purpose, responsibility, and duties of a SSC, which exists by state and federal law to provide input on and monitor the Single Plan for Student Achievement and use of Title 1 Funds.
 - ▶ A flier distributed to parents and posted at the school site corroborates the Executive Director’s efforts to remove the two (2) Board Members by name. (Exhibit 33)
- b. The Executive Director failed to oversee the financial systems of the organization. Examples include:
- i. Failure to appropriately oversee the development of the 2013-14 Annual Budget as described, above, and ensure that it was approved by the Board prior to its July 3, 2013 submission to LACOE.
 - ii. Failure to ensure that the Director of Operations/On-site Financial Manager and Bali complied with the Board’s August 29, 2013 request for information regarding Budget line item 5890 as described above.
 - iii. Failure to ensure WAYS’ compliance with the requirements for using State and Federal Funds as reported in the 2013 Independent Audit (Exhibit 9, pp. 35-36)
- c. The Executive Director failed to apprise the WAYS Board of all concerns communicated by LACOE, to whom the County Board delegates the administrative function of providing oversight to the charter schools it authorizes under Board Policy 0420.4.

Between January and June 2012, LACOE issued 18 letters to the WAYS Executive Director and governing board. A review of WAYS Board agendas for 2012 indicates

only the February 29, 2012 agenda reflects a communication from LACOE as a discussion item (under closed session). The May 24, 2012 Agenda documents a discussion about the County Board's May 1, 2012 action directing LACOE to mediation with WAYS. (Exhibit 13)

2. The WAYS Director of Operations/On-Site Financial Manager violated his duties as specified in the charter. Evidence includes, but is not limited to, the following:

- a. He failed to purchase parts and materials at a reasonable quality and at a reasonable price.

- i. The audio recording of the July 31, 2012 WAYS Board meeting indicates the WAYS Board authorized school personnel to "*look into*" purchasing a vehicle for school business. Rather than researching and bringing back information on suitable vehicles for the Board for approval, the Director of Operations/On-Site Financial Manager entered into a contract to purchase a Lexus 350X for approximately \$40,000. The purchase of a luxury vehicle for school business is not reasonable; the same purpose could have been served by a less expensive vehicle. Additionally, the Director of Operations/On-Site Financial Manager did not have Board authorization to purchase any vehicle. In January 2014, Director of Operations/On-Site Financial Manager also sold the vehicle prior to obtaining Board authorization to do so as described previously in this report.

The FCMAT Audit identified the fiscal impact to the school. "*The [FCMAT] team has determined that the sale of the Lexus resulted in a (\$4,187) loss to WAYS. The purchase price of the Lexus was \$41,163 on August 19, 2012 and the Bill of Sale dated December 17, 2013 states that the Lexus was sold for \$26,000 to an individual in Canada. The Lexus was owned by WAYS for approximately 16 months between August 19, 2012 and December 17, 2013. Depreciation of the vehicle is calculated over five years or 60 months at \$686 per month, and accumulated depreciation over 16 months is calculated as \$10,976.*" (Exhibit 6, p. 42)

- ii. The FCMAT Audit (Exhibit 6, p. 24) states that the Director of Operations/On-Site Financial Manager authorized payments to OSE Business Services on invoices that contained multiple irregularities including pricing and shipping charges, and did not include packing slips identifying the shipping contents and quantities. Additionally, WAYS failed to provide an IRS Form 1099 for OSE for 2011 or 2012.
- b. He failed to prepare final recommended budgets. Examples include but are not limited to the following:
 - i. The June 6, 2013 WAYS Board agenda (Exhibit 13) lists the 2013-14 Budget as a discussion item. The audio recording of that meeting documents that the Director of Operations/On-Site Financial Manager did not have the budget prepared in time to present it to the Board at that meeting. The budget was submitted to LACOE on July 3, 2013 without proper Board approval.
 - ii. On August 29, 2013, the WAYS Board took action to approve the 2013-14 Budget with adjustments to line item 5890. (Exhibit 13) These adjustments were not made and the Director of Operations failed to provide the Board with the detail requested regarding other operating expenses in the line item.

- iii. WAYS did not submit its 2013-14 Title I budget to LACOE by November 15, 2013, as required by the September 27, 2013 *Notice of Concern Regarding Student Achievement*. (Exhibit 34) To date, LACOE has not received the requested budget.
- c. He failed to participate in the development and implementation of the annual budget related to personnel matters and position control, did not authorize expenditures in accordance with established limitations, and did not revise the budget for board consideration when there was a material change in the approved budget. For example:
 - i. The February 27, 2014 WAYS Board agenda (Exhibit 13) lists 2013-14 School Year Employment Agreements as an action item. The Report to the Board was co-prepared with the Executive Director. The Report states in part, “...*salary increases for seven classified and two certificated employee [sic] were not considered in the operating budget that received Board approval on July 26, 2013. ... All salary increases total \$24,698. Additional staffing increases total \$60,534.*” (Exhibit 35)
 - ii. Additionally, the Report was inaccurate. The July 26, 2013, was a non-calendared Special Meeting and Board Retreat held at the Radisson Hotel, LAX. While the budget was on the agenda for this meeting, meeting minutes indicate the item was tabled until the next meeting held on August 29, 2013. (Exhibit 13)
 - iii. The audio recording of the February 27, 2014 Board meeting documents that the Bali Consultant cautioned the Board not to unconditionally approve the contracts until such time as the sufficiency in funds to cover the contracts could be verified; accordingly, the Board postponed action on approval of the contracts even though the school year was more than half over.
- d. He failed to ensure budgets were implemented correctly. The 2013 Independent Audit (Exhibit 9) presented multiple findings related to insufficient internal controls and budget practices. Specifically, bank statements and payroll were not appropriately reconciled and the budgets for Federal programs (National School lunch Program and Special Education Cluster) were not being kept separately and accounted for correctly. Additionally, the Auditor’s Report stated that the recommendations related to bank and payroll reconciliation from the prior year audit had not been fully implemented.
- e. He did not effectively work with the Accounting Staff to...help monitor the budgets to actual comparison or review budget to actual report prepared by Staff Consultant and make necessary adjustments and narratives or comments before presenting to Executive Director, and Board. For example:
 - i. In the WAYS “*Financial Reports and Narratives December 2012*” prepared by Bali and presented to the WAYS Board on January 31, 2013 (Exhibit 13), the narrative states “*Salaries and benefits is expected to be over budget by about \$30,000 based on the level of spending to date. Books and supplies is over budget by \$38,000 and is expected to be over budget by the end of the year by about \$70,000.*” The Bali narrative also advised WAYS management to review the related line items and revise the budget or cut back expenses in these areas. (Exhibit 36)
 - ii. The budget report prepared by Bali and presented to the Board on June 6, 2013 (Exhibit 13), states that as of April 30, 2013, the “*Salaries and Benefits are expected to be over budget by about \$30,000...Books and Supplies are already over budget and are expected to be over budget at the end of the year by about \$70,000.*” This

indicates that despite the recommendation of the Bali Consultant, WAYS management did not revise the budget or cut back on spending in the identified areas of concern. (Exhibit 37)

II. Concern Regarding the General Capacity to Operate a Charter School

In addition to and as confirmed by the specific violations described above, based on document review and interviews, LACOE has serious concerns regarding the lack of capacity and accountability demonstrated by the WAYS Board and administration, which raises larger questions about their ability to exercise sound judgment and conduct fiduciary oversight of the school.

First, it is a concern that WAYS Board lacks an understanding of its roles and responsibilities and has not taken a sufficiently active and proactive role in decision making and oversight. The Board lacks the breadth of knowledge necessary to oversee the use of public funds; it relies on the administration for its information. The evidence shows that the Executive Director and Director of Operations/Onsite Financial Manager, both of whom report to the Board, have not provided the Board with necessary and timely information that would allow it fulfill its oversight responsibilities, and in fact, have thwarted board efforts to obtain information when it has attempted to exercise its oversight responsibilities.

Second, in spite of multiple years of audit findings, the Board failed to make necessary changes to address and correct these findings. At the time of renewal and again in the summer and fall of 2013, specific board members attempted to institute necessary changes to the school's policies and procedures that might have led to correction of the fiscal and governance shortfalls cited in the Independent Audit Reports, FCMAT Audit, and this *Notice of Violation*. These board members met with sufficient resistance that they resigned or were terminated from their positions on the Board. (Exhibit 38 and Exhibit 13)

Third, the WAYS Board demonstrates questionable governance by failing to evaluate and discipline its administrators despite repeated evidence that they failed to fulfill the requirements of their job descriptions and repeated notice from the LACOE and the County Board that there were serious concerns about the school's operations, including its failure to fulfill the terms of authorization and mediation. By failing to evaluate these administrators and provide them with adequate direction and oversight, the Board demonstrated a lack of accountability on its part and failed to require accountability from its administrators.

Fourth, LACOE has grave concerns regarding the capacity of the WAYS Board to fulfill its responsibilities to the public due to its failure to establish and maintain a regular schedule of meetings, thereby depriving families, the community, and the general public of its right to express opinions and provide input on school matters. Additionally, board turnover and the lack of preparation and accurate information from administrators and consultants, has led to inconsistent Board practices and oversight, with matters needing timely action being deferred multiple times and over multiple month, leaving the administrators to make decisions and take actions without Board approval.

LACOE concurs with the 2010-11 Independent Auditor's Report, which states the problem is "*systemic*" and the FCMAT Audit, which states, "*There is little evidence of responsible governance by the board and clearly a lack of fiscal accountability by the administration. The governing board has failed and often been prevented from its ability to maintain and exercise its responsibilities, authority, and control.*" (p. 45)

Reasonable Period of Time to Remedy Violations

The violations contained herein need to be addressed and remedied **on or before July 31, 2014**. Please provide a detailed, written response addressing each of the specifically identified violations that has been

approved by the WAYS Board (and evidence of such approval). You may attach to your written response any supporting evidence of your refutation of the identified violations or remedial actions that have been taken by WAYS. Please submit your response to LACOE's Charter School Office:

Judy Higelin, Project Director
Charter School Office
Los Angeles County Office of Education
9300 Imperial Highway
Downey, 90242

Upon the conclusion of the reasonable time to remedy, the County Board shall evaluate WAYS' response and any supporting evidence. Should the County Board deem that WAYS has not taken the appropriate measures to address and remedy the above concerns and violations, a public hearing to consider issuance of a *Notice of Intent to Revoke* and a Report on the Findings of Fact pursuant to Education Code § 47607(e) shall be scheduled. WAYS is also placed on notice that pursuant to Education Code section 47607(i), should the County Board revoke the charter of WAYS based on failure to follow generally accepted accounting principles and/or fiscal mismanagement, the charter school shall cease operations pending appeal.

Service

Upon the County Board's approval of issuance of the *Notice of Violation* at the regularly scheduled board meeting, to be held in open session in accordance with the *Brown Act*, on June 3, 2014, the County Superintendent of Schools shall issue the *Notice of Violation* to:

Edward Cabil, Executive Director
Armando Espinoza, Board Chair
706 East Manchester Blvd.
Los Angeles, California 90001
Email: edcabil@sbcglobal.net and Armando.espinoza.10@my.csun.edu

Easy new Peel-and-Stick airbill. No pouch needed.
Apply airbill directly to your package. See directions on back.

PULL AND RETAIN THIS COPY BEFORE AFFIXING TO THE PACKAGE. NO POUCH NEEDED.

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Page 1 of 1

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Ship (P/U) date :
Fri 6/06/2014 3:59 pm

DOWNEY, CA US

Actual delivery :
Tues 6/10/2014 10:16 am

LOS ANGELES

Delivered

Signed for by: L.LOPEZ

Request Proof of Delivery

**required fields*

To view a signature image and detailed proof of delivery information, enter the 9-digit shipper or payer FedEx account number associated to the shipment. Otherwise, you will receive a summary proof of delivery without an image.

Tracking No. or Nickname	Destination	Account no.	Signature image
801121647770	LOS ANGELES	<input type="text"/>	Yes

How would you like to request the Signature Proof of Delivery?

☒ View/print letter ☐ E-mail letter ☐ Fax letter

☐ By selecting this check box and the submit button, I agree to these Terms and Conditions

Cancel

Subn

**APPROVED
NO. 33:2013-14**

**MINUTES
LOS ANGELES COUNTY BOARD OF EDUCATION
12830 Columbia Way
Downey, California 90242-2890
Tuesday, June 3, 2014**

A Board meeting of the Los Angeles County Board of Education was held on Tuesday, June 3, 2014, in the Los Angeles County Education, LACOE Conference Center, (ECW 606), 12830 Columbia Way, Downey, CA 90242-2890.

PRESENT: Mr. Douglas Boyd, Ms. Katie Braude, Dr. Jose Z. Calderon, Mrs. Rudell S. Freer, Mr. Thomas A. Saenz, and Dr. Rebecca Turrentine

COMPENSATED: Dr. Ray Reisler

OTHERS PRESENT: Superintendent Dr. Arturo Delgado; Administrative staff; Ms. Beatrice Robles, Senior Executive Assistant

PRELIMINARY ACTIVITIES

CALL TO ORDER

Dr. Turrentine called the meeting to order at 2:06 p.m.

PLEDGE OF ALLEGIANCE

Mrs. Freer led the Pledge of Allegiance to the Flag.

ORDERING OF THE AGENDA

Dr. Delgado indicated that there were no changes to the Board agenda.

APPROVAL OF MINUTES

- May 6, 2014 – Dr. Turrentine indicated that Downey was left off Community Day Schools on page 2.

It was **MOVED** by Ms. Braude, **SECONDED** by Dr. Calderon, to approve the minutes with the change. There were 5 ayes.

Mr. Boyd arrived at 2:09

- May 13, 2014 – The minutes were approved as presented.

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COMMUNICATIONS: BOARD / SUPERINTENDENT

Dr. Calderon

- Dr. Calderon indicated that he was selected to deliver the commencement speech for the graduating class at Cal State Poly Pomona last week. He said there were about 1,400 people in attendance and he was pleased to see that there were a good amount of students graduating in the Sciences. He said that he was impressed with Cal State Poly Pomona and the work the university is doing with students.
- Dr. Calderon will not be in attendance at the June 10, 2014 Board meeting as he will be attending a two-day conference for the past recipients of the Richard E. Cone Award for Excellence and Leadership in cultivating community partnerships in higher education, an award he received in 2004. Dr. Calderon said he appreciated that the Board agenda has been changed in order that he is available to partake in some of the issues and discussions at the June 17th meeting.

Mrs. Freer

- Mrs. Freer indicated that she attended the Los Angeles County School Trustees Association meeting on Thursday, May 29. She said that the meeting was informative and that one of the topics was bonds. Mrs. Freer shared information with the County Board.
- Mrs. Freer stated that she is concerned with the number of follow-up items that are pending.
- Mrs. Freer stated that she is concerned with the status of our Chief Financial Officer position as Dr. Cherniss, CFO prepares to leave LACOE to accept another position.
- Mrs. Freer wanted to know who else from LACOE attended the legislative trip to Washington D.C.
- Mrs. Freer indicated that she noticed that many staff members are attending the Children's Defense Fund - Freedom School Training and asked how much would be spent on the training. She also asked if the staff attending would be carrying out the program at the various JCS sites.

Dr. Delgado reported that \$100,000 would be spent for each of the JCS sites that would carry the program and that staff attending would be responsible for assisting in rolling out the program at the various sites.

- Mrs. Freer asked if we could avoid an overlap of LACOE events in the future, for example, Los Angeles County High School for the Arts graduation and the Asian Pacific Heritage Luncheon were held around the same time on the same day.

Mr. Boyd

- Mr. Boyd said he attended Career Day on Friday, May 30, 2014, at Camp Afflerbaugh-Paige. He said that this event is very different than events such as the Science award events where students come and showcase their work in the Board room. He said he spoke to many students and his goal that day was to reach as many kids and talk to them about believing in themselves and that they can succeed. Mr. Boyd said that while speaking with students about various options once they leave the Camp, he could see that many were interested with

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the information Mr. Boyd shared. Mr. Boyd thanked Dr. Delgado as he made a big impression on the students with his recent visit.

Dr. Turrentine

- Dr. Turrentine indicated that on Thursday, May 15, 2014, she attended the Golden Bell Awards Dinner event. This was the first event that brought all of the Los Angeles County district award winners together to celebrate their achievement. She said that those in attendance appreciated the effort to recognize them at this event. Dr. Turrentine thanked Dr. Delgado, Dr. Avila and staff for making this a great event.
- Dr. Turrentine attended the Road to Success Academy Summit on Friday, May 16. She said it was an amazing event and the room was filled with individuals who were excited, engaged and sharing plans for the future as they plan for RTSA at their school sites. She said it was well worth attending and encouraged other Board members to attend.

Dr. Delgado

- Dr. Delgado welcomed the audience and everyone attending the County Board meeting to the LACOE Conference Center. Dr. Delgado congratulated and thanked Ms. Jema Estrella, Director of Division of Facilities and Construction, who oversaw the work that went into building the LACOE Conference Center.
- Dr. Delgado gave an update regarding Dr. Cherniss, who is leaving LACOE to be the new Superintendent of San Marino Unified School District. Dr. Delgado said the he is proud of Dr. Cherniss and will miss him at LACOE as he had done a tremendously great job and made a turnaround for LACOE's budget, which is now in a healthy status. Dr. Delgado indicated that Ms. Marlene Dunn will be filling in as Interim Chief Financial Officer and that LACOE is already working on doing a national search to fill the position.
- Dr. Delgado indicated that he is happy to see Dr. Ybarra return and that he is mending his arm.
- Dr. Delgado mentioned that Dr. McDuffie is having surgery and will be taking a leave of absence for a month while he recuperates. In the meantime, Mr. Jonathan Crotty will be the Interim Assistant Superintendent of Human Resource Services until Dr. McDuffie's return.

COMMUNICATIONS: PUBLIC

Mr. Humberto Lopez gave an update of the business and activities for the Policy Council.

PRESENTATIONS

PRESENTATION OF THE WINNERS OF THE ANNUAL HISTORY DAY 2014

Michelle Herczog, Ed.D., Consultant III, History-Social Science, gave a presentation about History Day L.A. and introduced students Adrianna Banks and Jaylene Dewey from Marshall Fundamental School in the Pasadena Unified School District, who represented Los Angeles County at the History Day State Finals. Dr. Herczog also

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recognized Dr. Paul Gray, Vice Provost for Graduate Programs and Research and Dean of the University Libraries at Azusa Pacific University for their active support of History Day L.A. by Pacific University. Dr. Herczog read comments submitted by Dr. Gray, who was not able to attend the Board meeting.

The Superintendent and County Board recognized the students for their participation and support of history education.

History Day LA, "Rights and Responsibilities in History," was distributed to the County Board.

A document was shared with the County Board: Protection of American Citizens or Violation of Civil Rights, by Jaylene Dewey and Adriana Bank – Junior Division, Group Exhibit.

HEARINGS (none)

REPORTS / STUDY TOPICS

REPORT ON THE WISDOM ACADEMY FOR YOUNG SCIENTISTS: NOTICE OF VIOLATION TO WISDOM ACADEMY FOR YOUNG SCIENTISTS (WAYS) PURSUANT TO EDUCATION CODE SECTION 47607(C) AND (D) AND REQUESTING REMEDY BY JUNE 30, 2014

There were three public speakers who spoke in support of WAYS: Ms. Greta Proctor, Attorney for Procopio, Cory, Hargreaves & Savitch, LLP; Mr. Daymond R. Johnson, Chairman of the 59th Assembly District; and Mr. Leonerd Delpit.

A report on WAYS: Notice of Violation to WAYS pursuant to Ed Code Section 47607(c) and (d) and requesting remedy by June 30, 2014. The report was introduced by Ms. Yolanda Benitez, Chief Academic Officer. She also provided background information on WAYS.

Ms. Benitez indicated that issuing a Notice of Violation notifies a charter school that the authorizer has significant concerns regarding the operation of the school. The Superintendent reports that there is substantial evidence showing that WAYS has engaged in activities and/or committed violations pursuant to Ed Code Section 47607(c) by failing to meet generally accepted accounting principles, or engaged in fiscal mismanagement; Committed a material violation of...the conditions, standards, or procedures set forth in the charter.

Dr. Cherniss summarized findings of facts and evidence as they related to financial concerns. He said that according to the FCAM Audit conducted, WAYS failed to meet Generally Accepted Accounting Principles (GAAP). Dr. Cherniss reported that WAYS lacks in effective internal controls; WAYS engaged in related party transactions and violated conflict of interest statutes; and WAYS violated provisions of the law.

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Dr. Cherniss also reported that the multiple concerns of the FCMAT report, coupled with the deficiencies and conditions identified in the WAYS 2012 and 2013 Independent Audits, demonstrate the school's continued departure from GAAP and resulting fiscal mismanagement.

Mrs. Dena Wilson summarized findings related to material violations of the charter. Mrs. Wilson reported that WAYS committed a material violation of conditions, standards, procedures set forth in the charter EC 47607 (c)(1), including: Board did not exercise fiscal and institutional control resulting in noncompliance with GAAP and fiscal mismanagement; Board did not comply with oversight requirements of Element 4 – Governance; and Board did not comply with oversight requirements of Element 5 – Employee Qualifications.

Ms. Benitez indicated that if the County Board approved the recommendation for WAYS, the school could submit to LACOE a written response by June 30, 2014, to address Notice of Violations issues.

The County Board had a discussion on this issue.

Mr. Saenz asked how LACOE arrived at the June 30, 2014, date for WAYS to submit their written response to LACOE and asked if 27 days would be a reasonable amount of time for WAYS to respond.

Ms. Benitez indicated that these same concerns have been the same since December 2013 and that LACOE looked at different districts and counties to see what timelines have been given to schools for a response time and the timeline has been a 20-25 day period.

Mr. Saenz indicated that six-weeks would be an appropriate time for a response. The County Board agreed.

Dr. Delgado and Ms. Benitez indicated that they would extend the timeline for a response from WAYS from June 30, 2014 to July 31, 2014.

LOS ANGELES COUNTY OFFICE OF EDUCATION'S PROPOSED 2014-15 BUDGET STUDY SESSION

Dr. Alex Cherniss, Chief Financial Officer, Business Services, presented the 2014-15 Budget Summary to the County Board, which included Restricted and Unrestricted Funds; Total Revenue – County School Service Fund: Business and Educational Services, Specially Funded Projects, Pupil Education, Designated Services, Services to Designated Agencies, Direct Support, and Indirect Support. Other Funds: Self-Insurance and Accrued Absences, Facilities and Capital Outlay.

Mr. Saenz asked that with regards to I-POLY (Indirect discontinued), he would like to see in writing how indirect expenses are being spent; what is the new approach provided by LACOE for programs?

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Mr. Saenz asked that with regards to Juvenile Court Schools (Reduced expenses and indirect), he would like to see in writing how JCS will be funded through LCFF vs. a “specialized” program such as LACHSA.

Mrs. Freer would like to add a Workers Comp update in July/August at a Finance Committee meeting.

CONSENT CALENDAR RECOMMENDATIONS

It was **MOVED** by Mrs. Freer, **SECONDED** by Dr. Calderon, and **CARRIED** to approve Consent Calendar Recommendations. There were 6 ayes.

APPROVAL OF ANNUAL DISTRIBUTION OF UNITED STATES FOREST RESERVE FUNDS

The Superintendent recommended that the annual distribution of United States Reserve Funds for fiscal year 2013-14 be approved.

APPROVAL FOR DISPOSAL OF SURPLUS PERSONAL PROPERTY

The Superintendent recommended that the County Board approve the disposal of surplus personal property. Surplus assets will be disposed of through e-waste.

The County Board took a break 4:20-4:21 p.m.

RECOMMENDATIONS

ADOPTION OF BOARD RESOLUTION NO. 16: SHORT-TERM CASH LOANS TO SCHOOL DISTRICTS IN LOS ANGELES COUNTY

The County Superintendent recommended that the County Board adopt Board Resolution No. 16. This resolution, pursuant to Education Code (EC) Sections 42621 and EC 42622, is to allow the Superintendent to loan up to, but not to exceed \$5 million from the County School Service Fund to the various individual school districts in Los Angeles County experiencing cash-flow emergencies.

It was **MOVED** by Mr. Saenz, **SECONDED** by Dr. Calderon, and **CARRIED** to approve the Superintendent’s recommendation to adopt Board Resolution No. 16: Short-Term Cash Loans to School Districts in Los Angeles County. There were 6 ayes.

APPROVAL OF HEAD START-EARLY HEAD START SELF-ASSESSMENT AND PROGRAM IMPROVEMENT PLAN

The County Superintendent requested that the County Board agree with his recommendation to approve the Head Start-State Preschool Division’s 2013-14 Self-Assessment Program Improvement Plan.

It was **MOVED** by Dr. Calderon, **SECONDED** by Ms. Braude, and **CARRIED** to approve the Superintendent’s request that the County Board agree with his recommendation to approve the Head Start-State Preschool Division’s 2013-14 Self-

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Assessment Program Improvement Plan. A roll call vote was taken. Voting yes were Mr. Boyd, Ms. Braude, Dr. Calderon, Mrs. Freer, and Mr. Saenz. Dr. Turrentine declined to vote on this item. Dr. Turrentine made the following statement to be captured in the minutes: "Since we have not yet resolved the Head Start Governance jurisdiction issue with an MOU, I am declining to cast a vote." The item was approved.

APPROVE THE SUPERINTENDENT'S RECOMMENDATION TO ISSUE A NOTICE OF VIOLATION TO WISDOM ACADEMY FOR YOUNG SCIENTISTS (WAYS) PURSUANT TO EDUCATION CODE SECTION 47607 (C) AND (D) AND REQUESTING REMEDY BY JUNE 30, 2014

The Superintendent recommended that the County Board adopt the written finding of facts based on the evidence provided and take action to Issue of Notice of Violation pursuant to Education Code Section 47607(c)(1) and (3).

It was **MOVED** by Mr. Saenz, **SECONDED** by Dr. Calderon, and **CARRIED** to approve the Superintendent's recommendation to issue a Notice of Violation to WAYS pursuant to Education Code Section 47607 (c) and (d), with an amendment that the Requesting Remedy date for WAYS to respond to the Notice of Violation be changed from June 30, 2014 to July 31, 2014. There were 6 ayes.

APPROVAL OF THE LOS ANGELES COUNTY BOARD OF EDUCATION SCHEDULE, 2014-15, ESTABLISHMENT OF MEETING TIMES, FUTURE AGENDA ITEMS, FOLLOW UP

It was **MOVED** by Mr. Boyd, **SECONDED** by Mr. Saenz, and **CARRIED** to approve the Los Angeles County Board of Education Schedule, 2014-15, Establishment of meeting times, future agenda items, and follow-up with the following changes:

- Move Board meeting of Tuesday, December 16 to Wednesday, December 17, 2014.
- Schedule a Board/Cabinet Luncheon on December 9, 2014.
- Adjust Board meeting dates to: July 8, 15, and 22 and September 9, 16 and 23.
- Save-the-date of January 20, 2015 for a Board retreat.

There were 6 ayes.

INFORMATIONAL ITEMS

There were no comments.

GOVERNMENTAL RELATIONS

Dr. Delgado gave an update on his recent visit to Washington DC to meet with congressional leaders. He said that he and Ms. Keesha Woods and Mr. Jim Davenport, lobbyist, visited 21 congressional offices regarding LACOE and education items. Dr.

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Delgado indicated that topics included LACOE's Preschool / Head Start programs and their continued support of the program. He also asked for their support for an RTSA pilot program LACOE is currently using for juvenile court schools and perhaps their interest for a similar model that can be used nationwide. Another topic he mentioned was the CALWorks program and funding, which has affected LACOE. In addition, Dr. Delgado indicated that he asked for support on any future grants or federal support opportunities and that they add flexible language that may assist in LACOE being able to apply for our JCS programs. He indicated that the visit was well worth it and beneficial.

Mr. Saenz asked that the Superintendent look at possible funding opportunities for LACOE through My Brothers Keeper Initiative.

Dr. Delgado indicated that Ms. Pam Gibbs, Director of Governmental Relations, will be attending the Board meeting on June 17.

BOARD COMMITTEE/LIAISON REPORTS

No reports.

LOS ANGELES COUNTY BOARD OF EDUCATION MEETING SCHEDULE, ESTABLISHMENT OF MEETING TIMES, FUTURE AGENDA ITEMS, FOLLOW-UP

Dr. Delgado reviewed the Board calendar with the County Board for June 10, 2014.

INTERDISTRICT AND EXPULSION APPEAL HEARINGS

Chase K. v. Lawndale Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his mother Ms. Cheryl Akagi. Mr. Jorge Arroyo, Director of Student Support Services, represented Lawndale School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting no were Mrs. Freer and Mr. Saenz. Voting yes were Mr. Boyd, Ms. Braude, Dr. Calderon and Dr. Turrentine. The appeal was granted.

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Isabella S. v. Las Virgenes Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by her mother Ms. Sandra Lares. Ms. Karen Kimmel, Chief Business Official, represented Las Virgenes Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Ms. Braude, Dr. Calderon, Mrs. Freer and Mr. Saenz. Voting no were Mr. Boyd and Dr. Turrentine. The appeal was granted.

Dean R. v. Las Virgenes Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his mother Mrs. Pany Rumteen. Ms. Karen Kimmel, Chief Business Official, represented Las Virgenes Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Mr. Boyd, Ms. Braude, Dr. Calderon, Mrs. Freer and Mr. Saenz. Voting no was Dr. Turrentine. The appeal was granted.

Limor S. v. Beverly Hills Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

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The appellant was present and was represented by her parents Mr. Mehran Shilyan and Ms. Shila Berookhim. Dr. Jennifer Tedford, Chief Academic Officer, represented Beverly Hills Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Mr. Boyd, Ms. Braude, Dr. Calderon, Mrs. Freer and Mr. Saenz. Voting no was Dr. Turrentine. The appeal was granted.

Amaris M. v. Los Angeles Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by her parents Mr. Jimmy Santos and Ms. Damaris Menjivar. Ms. Nancy Gutierrez, Pupil Services and Attendance Coordinator, represented Los Angeles Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Ms. Braude and Mr. Saenz. Voting no were Mr. Boyd, Dr. Calderon, Mrs. Freer and Dr. Turrentine. The appeal was denied.

~~Koshan D. v. Los Angeles Unified School District~~ – Appeal Postponed

Aliana T. A. v. Los Angeles Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by her father Mr. Michael Aguilera. Ms. Nancy Gutierrez, Pupil Services and Attendance Coordinator, represented Los Angeles Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant

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were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Ms. Braude and Mr. Saenz. Voting no were Mr. Boyd, Dr. Calderon, Mrs. Freer and Dr. Turrentine. The appeal was denied.

Kaiya A. v. Los Angeles Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by her parents Mr. and Mrs. Lakieth and Honesty Alsobrook. Ms. Nancy Gutierrez, Pupil Services and Attendance Coordinator, represented Los Angeles Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Mr. Boyd, Ms. Braude, Dr. Calderon, Mrs. Freer, Mr. Saenz, and Dr. Turrentine. The appeal was granted.

Kailyn A. v. Los Angeles Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by her parents Mr. and Mrs. Lakieth and Honesty Alsobrook. Ms. Nancy Gutierrez, Pupil Services and Attendance Coordinator, represented Los Angeles Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Mr. Boyd, Ms. Braude, Dr. Calderon, Mrs. Freer, Mr. Saenz, and Dr. Turrentine. The appeal was granted.

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Fernando E. v. Los Angeles Unified School District

The proceedings were conducted in open session to reach a decision on the interdistrict attendance appeal. Ms. Vibiana Andrade, General Counsel, represented the Los Angeles County Board of Education; Dr. Victor Thompson, Director, Student Support Services, Los Angeles County Office of Education, was also present.

The appellant was not present, but was represented by his mother Mary Salinas. Ms. Nancy Gutierrez, Pupil Services and Attendance Coordinator, represented Los Angeles Unified School District.

Fact-finding was conducted by a designated hearing consultant. A copy of the record, a summary of findings and conclusions, and a recommendation by the hearing consultant were provided to all parties. The representatives addressed the Board and responded to questions from the Board.

Four affirmative votes of the Board are required for an interdistrict appeal to be granted. A roll-call vote was taken. Voting yes were Mr. Boyd, Ms. Braude, Dr. Calderon, Mrs. Freer, Mr. Saenz, and Dr. Turrentine. The appeal was granted.

ADJOURNMENT

Dr. Turrentine adjourned the meeting at 6:46 p.m.

It was **MOVED** by Mr. Boyd, **SECONDED** by Dr. Calderon, and **CARRIED** to adjourn the meeting. There were 6 ayes.