

**The American Virtual Academy, Inc.  
dba Primavera Online  
Chandler, Arizona**

**Report**

**June 30, 2016**

**The American Virtual Academy, Inc.  
dba Primavera Online  
Chandler, Arizona**

**Independent Auditor's Reports and Financial Statements**

**June 30, 2016**

**The American Virtual Academy, Inc.**  
**dba Primavera Online**  
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June 30, 2016

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholder of  
The American Virtual Academy, Inc.  
dba Primavera Online

We have audited the accompanying financial statements of The American Virtual Academy, Inc. dba Primavera Online (an Arizona for-profit corporation) which comprise the balance sheet as of June 30, 2016, and the related statements income and comprehensive income, statement of changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Virtual Academy, Inc. dba Primavera Online as of June 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016, on our consideration of The American Virtual Academy, Inc. dba Primavera Online's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The American Virtual Academy, Inc. dba Primavera Online's internal control over financial reporting and compliance.

Scottsdale, Arizona  
November 15, 2016

*Johnson Staff & Company PLLC*

**The American Virtual Academy, Inc.**  
**dba Primavera Online**  
Balance Sheet  
June 30, 2016

**ASSETS**

**Current Assets**

Cash and Cash Equivalents, including restricted cash of \$2,468,899	\$ 6,764,316
Investments in Marketable Securities	48,302
Funds Receivable from State of Arizona	5,297,059
Prepaid Expenses	<u>1,057,441</u>
<b>Total Current Assets</b>	<u>13,167,118</u>

**Property and Equipment, Net**

289,979

**TOTAL ASSETS**

\$ 13,457,097

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**Current Liabilities**

Accounts Payable	\$ 243,994
Accrued Expenses	228,663
Liabilities Assumed at Transfer	2,305,636
Due to Related Parties	522,387
Other Liabilities	9,130
Unearned Revenue Due to State of Arizona	<u>680,971</u>
<b>Total Current/Total Liabilities</b>	<u>3,990,782</u>

**Stockholder's Equity**

9,466,315

**TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY**

\$ 13,457,097

See Accompanying Notes and Auditor's Report

**The American Virtual Academy, Inc.**  
**dba Primavera Online**  
Statement of Income and Comprehensive Income  
Year Ended June 30, 2016

<b>Revenues</b>	
Governmental	\$ 40,653,261
Tax Credit Contributions	1,000
Interest and Dividend Income	421
Other Revenues	<u>25,751</u>
<b>Total Revenues</b>	<u>40,680,433</u>
<b>Expenses</b>	
Program	24,820,192
Management and General	<u>5,713,379</u>
<b>Total Expenses</b>	<u>30,533,571</u>
<b>Other Income (Expense)</b>	
Interest Expense	<u>(12,104)</u>
<b>Net Income</b>	10,134,758
<b>Other Comprehensive Income (Loss)</b>	
Increase in Fair Value of Marketable Equity Securities Arising During Period	<u>1,557</u>
<b>Comprehensive Income</b>	<u><u>\$ 10,136,315</u></u>

See Accompanying Notes and Auditor's Report

**The American Virtual Academy, Inc.**  
**dba Primavera Online**  
Statement of Changes in Stockholder's Equity  
Year Ended June 30, 2016

**Common Stock**

Authorized 100,000 Shares at No Par Value, 100,000 Shares Issued  
and Outstanding  
Beginning and Ending Balance

\$ -

**Retained Earnings**

Beginning Balance  
Transfer Net Assets to Parent  
Distributions  
Net Income  
Ending Balance

\$ 2,046,854  
(2,046,854)  
(670,000)  
10,134,758  
\$ 9,464,758

**Accumulated Other Comprehensive Income (Loss)**

Beginning Balance  
Other Comprehensive Income (Loss)  
Ending Balance

\$ -  
1,557  
\$ 1,557

**Summary of Components of Stockholder's Equity**

**Common Stock**  
**Retained Earnings**  
**Accumulated Other Comprehensive Income (Loss)**

\$ -  
9,464,758  
1,557

**TOTAL STOCKHOLDER'S EQUITY**

\$ 9,466,315



**The American Virtual Academy, Inc.**  
**dba Primavera Online**  
Statement of Cash Flows  
Year Ended June 30, 2016

**Cash Flows Provided (Used) by Operating Activities:**

Comprehensive Income	\$ 10,134,758
<b>Adjustments to Reconcile Change in Net Income to Net Cash from Operating Activities:</b>	
Depreciation	91,116
Comprehensive Income on Marketable Equity Securities	1,557
Reclassification of Money Market Fund	3,535
<b>Changes in Assets and Liabilities:</b>	
Funds Receivable	(5,297,059)
Prepaid Expenses	(1,057,441)
Accounts Payable	243,994
Other Liabilities	9,130
Due to Related Party	522,387
Accrued Expenses	228,663
Liabilities Assumed at Transfer	2,305,636
Unearned Revenue Due to State	680,971

**Net Cash Provided by Operating Activities** 7,867,247

**Cash Flows (Used) by Investing Activities:**

Purchase of Investments	(51,837)
Purchase of Property and Equipment	<u>(381,093)</u>

**Net Cash (Used) by Investing Activities** (432,930)

**Cash Flows (Used) by Financing Activities:**

Distributions	(670,000)
Transfer to Parent Company	<u>(1,485,625)</u>

**Net Cash (Used) by Financing Activities** (2,155,625)

**Net Increase in Cash and Cash Equivalents** 5,278,691

**Cash and Cash Equivalents at June 30, 2015** 1,485,625

**Cash and Cash Equivalents at June 30, 2016** \$ 6,764,316

**Supplemental Information:**

Cash Paid for Interest	<u>\$ 12,104</u>
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See Accompanying Notes and Auditor's Report

**The American Virtual Academy, Inc.**  
**dba Primavera Online**  
Notes to Financial Statements  
Year Ended June 30, 2016

**NOTE 1 – NATURE OF OPERATIONS:**

Effective July 1, 2015, Primavera Technical Learning Center (PTLC), a non-profit corporation, transferred its charter holder to The American Virtual Academy Inc. dba Primavera Online (the School), a company owned by Flipswitch Inc. which is owned by the School's founder and CEO. The American Virtual Academy, Inc. dba Primavera Online is an Arizona for-profit corporation formed in November 2000 and became a qualified subchapter S Subsidiary to FlipSwitch, Inc. effective on July 1, 2015. The School operates under a charter contract with the Arizona State Board for Charter Schools (ASBCS) which mandates policy and operational guidelines. The charter contract was renewed on July 1, 2016 and ends June 30, 2036 and may be renewed for successive periods of twenty years if the ASBCS deems that the School is in compliance with its charter and statutory provisions. PTLC began operations as a classroom-based charter high school in Chandler, Arizona in August 2001. In 2003, the ASBCS approved the PTLC's application to begin an internet-based campus providing online instruction. The online program is authorized to serve the educational needs of all students in sixth through twelfth grades in both metropolitan and rural Arizona, and is ideally suited to educate students who are at risk of not graduating, from those with behavioral issues, those identified as dropouts, those who are pregnant and/or teen parents, those adjudicated as youthful offenders, and those with a poor academic standing as demonstrated by their failure to maintain with their cohort group. The School served 20,211 individual students during the 2015-16 school year.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting. The accrual basis recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when payment is made.

**Date of Management's Evaluation**

The School has evaluated subsequent events through November 15, 2016, which is the date that the financial statements were available to be issued.

**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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash Equivalents**

For purposes of the statement of cash flows, the School considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Fair Value Measurements and Income Recognition**

The School uses Accounting Standards Codification (ASC) 820, *Fair Value Measurement* to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments in debt and equity securities that are classified as available for sale on a recurring basis. ASC 820 defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements. It also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets fall within three different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the assets. Investments recorded in the financial statements are categorized based on the inputs to valuation techniques as follows:

Level 1 – These are assets where values are based on unadjusted quoted prices for identical assets in an active market that the School has the ability to access. Marketable equity securities currently held by the School are considered to be Level 1.

**The American Virtual Academy, Inc.**  
**dba Primavera Online**  
Notes to Financial Statements  
Year Ended June 30, 2016

***NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):***

Level 2 – These are assets where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the assets. The School currently has no Level 2 assets.

Level 3 – These are assets where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the assets. The School currently has no Level 3 assets.

**Funds Receivable**

The School recognizes income from funds provided by the state of Arizona in connection with its charter agreements. Due to the concentrated nature of the School's income sources and historical collectibility trends, the School does not provide an allowance for funds receivable.

**Property and Equipment**

Property and equipment are recorded at cost. For financial statement purposes, depreciation is calculated on the straight-line method over estimated useful lives of the assets that range from 5 to 40 years. When property or equipment is sold or otherwise disposed of, the related costs and accumulated depreciation are removed from accounts and any gain or loss is included in income. All leasehold improvements above \$3,000 and all furniture and equipment above \$1,000 are capitalized.

Maintenance and repairs are charged to expense in the period incurred; major renewals and betterments are capitalized. For federal income tax purposes, depreciation is computed using the accelerated and modified accelerated cost recovery methods.

**Revenue Recognition**

The School recognizes revenue as earned calculated using a "base support level" determined by the Arizona Department of Education. The "base support level" is a calculation using student counts as a basis for allocating equalization funds to the School such that the School is funded at an amount approximating the amount which public schools in the same district receive on a per pupil basis. State equalization funds are allocated on a fiscal year that ends June 30 of each year and are paid to the School on a periodic basis throughout the school year.

**Income Taxes**

The School elected to be taxed as a Qualified Subsidiary Subchapter "S" Corporation, and is taxed as a disregarded entity. The School does not pay federal or state income taxes on its taxable income. Instead, the stockholder is responsible for federal and state income taxes on the School's taxable income.

**Advertising**

Advertising and marketing costs are expensed as incurred. For the year ended June 30, 2016, the School incurred \$3,679,242 of advertising and marketing expense.

**Comprehensive Income**

Comprehensive income is defined as the change in equity during a period from transactions and other events from non-owner sources. Comprehensive income is the total of net income and other comprehensive income which, for the Company, is comprised entirely of unrealized gains and losses on investment securities available for sale.

**Expenses**

Expenses are charged directly to program or management and general categories based on direct expenditures incurred. All expenditures not directly chargeable are allocated based on personnel activity, or on building space used for applicable functions.

**The American Virtual Academy, Inc.**  
**dba Primavera Online**  
Notes to Financial Statements  
Year Ended June 30, 2016

**NOTE 3 – RELATED PARTY TRANSACTIONS:**

**Transfer Net Assets to Parent Company**

On July 1, 2015, the original operations, assets, liabilities, and retained earnings of The American Virtual Academy, Inc. were transferred to FlipSwitch, Inc., the parent company which is owned by the School’s founder and CEO. Assets transferred totaled \$2,979,297, liabilities transferred totaled \$932,443, and retained earnings transferred totaled \$2,046,854. Effective on July 1, 2015, 100,000 shares of common stock of The American Virtual Academy, Inc. with no par value were transferred to FlipSwitch, Inc. The transferred items had an estimated fair value equal to book value.

**Transfer Select Assets and Liabilities from Non-profit Corporation**

On July 1, 2015, in connection with the transferred charter as disclosed in Note 1, PTLC, a non-profit corporation operated by the School’s founder and CEO, transferred the following: prepaid marketing expenses in the amount of \$380,256, the liability for unearned revenue due to State of Arizona in the amount of \$2,723,884 and a liability assumed at transfer of \$2,305,635 for Arizona Classroom Site Funds (CSF) carryover; in exchange for a receivable of \$4,649,263 from PTLC. The transferred items had an estimated fair value equal to book value.

**NOTE 4 – RESTRICTED CASH:**

Monies received from Arizona Classroom Site Funds (CSF) are restricted solely for use at school sites. The School’s restricted cash of \$2,468,899 as of June 30, 2016 is available for teacher compensation increased based on performance and employment related expenses.

**NOTE 5 – INVESTMENTS IN MARKETABLE EQUITY SECURITIES:**

The School invests a portion of its available cash in marketable equity securities. Available-for-sale securities are carried in the financial statements at fair value, which are based on quoted market prices. The change in fair value during the year is excluded from earnings and recorded as a component of other comprehensive income.

At June 30, 2016, the cost, accumulated unrealized gains (losses), and fair value of the investments are as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized (Losses)</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Mutual Funds	\$ 46,745	\$ 1,591	\$ (34)	\$ 48,302	\$ 48,302
Total Assets at Fair Value	<u>\$ 46,745</u>	<u>\$ 1,591</u>	<u>\$ (34)</u>	<u>\$ 48,302</u>	<u>\$ 48,302</u>

The net adjustment to unrealized gains and losses on available-for-sale securities have been included in accumulated other comprehensive Income.

Management evaluates securities at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation.

**The American Virtual Academy, Inc.**  
**dba Primavera Online**  
Notes to Financial Statements  
Year Ended June 30, 2016

**NOTE 6 – PROPERTY AND EQUIPMENT:**

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

Computer Equipment	\$	217,066
Software		135,789
Furniture and Fixtures		23,851
Vehicles		4,389
		<hr/>
Total Property and Equipment		381,095
(Less) Accumulated Depreciation		(91,116)
		<hr/>
Property and Equipment, Net	\$	<u>289,979</u>

Depreciation expense for the year ended June 30, 2016 was \$91,116.

**NOTE 7 – UNEARNED REVENUE DUE TO STATE OF ARIZONA:**

The School receives state equalization payments during the year based on estimates of student counts. When total payments for student attendance exceed earned payments, ADE withholds the amount ratably from equalization revenue during the course of the two years subsequent to the overpayment. For year ended June 30, 2016, the School owed \$680,971.

**NOTE 8 – CONCENTRATIONS OF RISK:**

**Revenue Sources**

Approximately 99% of the School's revenues for the year ended June 30, 2016 were derived from funds passed through by Arizona state agencies. Collection from the State of Arizona is reasonably assured, provided that the School complies with contract terms stipulated in its contract with the ASBCS. The School's compliance with certain laws and regulations is subject to review by the Arizona Department of Education and the ASBCS. Although such reviews could result in a reduction of state equalization assistance, in the opinion of the School's management, any reductions that may result are not expected to be significant. Changes in state funding levels for charter schools could have a significant impact on the School's ability to operate.

**Cash**

The Company has concentrated its credit risk for cash by maintaining deposits in one financial institution, which at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The maximum loss that would have resulted from that risk totaled \$6,717,140 at June 30, 2016, for the excess of deposit liability reported by the banks over the amounts that would have been covered by financial insurance. The Company has not experienced any losses in such accounts and believes that it is not exposed to significant credit risk to cash.

**The American Virtual Academy, Inc.**  
**dba Primavera Online**  
Notes to Financial Statements  
Year Ended June 30, 2016

**NOTE 9 – LEASE AND CURRICULUM AGREEMENTS:**

**FlipSwitch, Inc. (Related Party)**

The School contracts with FlipSwitch, Inc., the parent company which is owned by the School’s founder and CEO, for software and curriculum services. The license contract calls for a single annual price paid in monthly installments for curriculum services. The price is independent of the number of students enrolled or classes available for enrollment. The transfer price was last determined in December 2012 by an accounting firm in accordance with IRC §482. The result of the study showed that the lower and upper quartile annual transfer prices were calculated between \$12,750,329 and \$14,423,696. The term of the contract is continuous until terminated by either the School or FlipSwitch, Inc. with a ninety day notice. During the year ended June 30, 2016, the School recognized \$13,427,502 in licensing and database expenses, and paid FlipSwitch Inc. \$13,425,804. The School prepaid FlipSwitch Inc. for software licensing fees in the amount of \$1,018,817 at June 30, 2016.

The School entered into a contract with FlipSwitch, Inc for support services agreement on July 1, 2015. The contract calls for service fees of their incurred cost plus a reasonable mark-up for any additional services requested on monthly payments for support services. The contract is effective through June 30, 2017 and may be renewed for one year. During the year ended June 30, 2016, the School paid \$2,531,471 in support service expense to FlipSwitch, Inc.

Certain vendors of the School request payments from FlipSwitch, Inc. for expenses incurred by the School. The School regularly reimburses and requests reimbursement from AVA for such expenses. At June 30, 2016, the School owed FlipSwitch, Inc. \$289,666 for amounts paid by FlipSwitch, Inc. for School expenses.

**NOTE 10 – OPERATING LEASE COMMITMENTS:**

**Primavera Technical Learning Center (Related Party)**

In July 2015, the School entered into a lease agreement to lease two buildings from PTLC, a non-profit corporation operated by the School’s founder and CEO, under two rental agreements. Under the terms of the agreements, the School pays PTLC monthly payments of \$15,400 and \$7,292 plus operating costs that are not to exceed \$5,000 for each building leased. Both leases are effective through June 30, 2017 with an option for renewal for two years. The School paid \$333,616 under the leases during the year ended June 30, 2016.

The following is a schedule of future minimum lease payments for all operating leases:

<u>Year Ended June 30,</u>	
2017	\$ 272,303
Total Minimum Lease Income	<u>\$ 272,303</u>

Certain vendors of the School request payments from PLTC for expenses incurred by the School. The School regularly reimburses and requests reimbursement from PLTC for such expenses. The School purchased fixed assets from PLTC. At June 30, 2016, the School owed PLTC \$232,721 for purchases of fixed assets and amounts paid by PLTC for School expenses.

**The American Virtual Academy, Inc.**  
**dba Primavera Online**  
Notes to Financial Statements  
Year Ended June 30, 2016

***NOTE 11 – LINES OF CREDIT:***

The School has a revolving line of credit and associated credit card with a limit of \$156,000, which the School uses to pay operating expenses. The balance is paid in full every month. There is no extended payment option on the accounts therefore there is no interest rate associated with the credit card. The outstanding credit card balance at June 30, 2016 totaled \$42,499.

On April 20, 2015, the School entered into a revolving line of credit agreement with the Wells Fargo Bank. Under the revolving credit loan, the Company may borrow up to \$2,000,000. Borrowing under the revolving credit loan bears interest at a floating rate equal to the index rate which is the lender's prime rate, at closing the index was 3.250%. The credit agreement has various terms and conditions, including certain financial covenants. The note is secured by the School's assets. The line was renewed on May 26, 2016 and matures on May 20, 2017 with an increase borrowing limit of \$4,000,000 and interest at a floating rate equal to the index rate which is the lender's prime rate, at closing the index was 3.500%. The School was in compliance with its loan covenants at June 30, 2016. The outstanding balance under the line of credit at June 30, 2016 was \$-0-.

***NOTE 12 – EMPLOYEE BENEFIT PLAN:***

The American Virtual Academy 401k Plan (the "plan"), a defined contribution plan, elected a Safe Harbor Matching program starting July 1, 2015. The plan covers most School employees, whose contributions to the plan are generally tax-deferred. As of June 30, 2016, eligible employees may contribute up to \$18,000 of compensation annually, and eligible employees over age 50 may contribute an additional \$6,000. The School contributes 3% of all eligible wages regardless if eligible employee is contributing to the plan. The School's contributions were \$70,389 for the year ended June 30, 2016.

**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 and Stockholder of  
The American Virtual Academy, Inc.  
dba Primavera Online

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The American Virtual Academy, Inc. dba Primavera Online (an Arizona for-profit corporation), which comprise the balance sheet as of June 30, 2016, and the related statements of income and comprehensive income, statement of changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2016.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The American Virtual Academy, Inc. dba Primavera Online's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

Scottsdale, Arizona  
November 15, 2016

*Johnson Goff & Company PLLC*  
 PrimeGlobal  
An Association of Independent Accounting Firms



**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors and Stockholder of  
The American Virtual Academy, Inc.  
dba Primavera Online

We have performed the procedures enumerated in the accompanying Legal Compliance Questionnaire which were agreed to by The American Virtual Academy, Inc. dba Primavera Online and the Arizona State Board for Charter Schools (ASBCS), solely to assist you and the ASBCS in evaluating School's compliance with the requirements of the ASBCS Legal Compliance Questionnaire for the year ended, June 30, 2016. The American Virtual Academy, Inc. dba Primavera Online's management is responsible for compliance with all requirements listed in the Legal Compliance Questionnaire. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the Legal Compliance Questionnaire for the purpose for which this report has been requested or for any other purpose.

Our procedure and findings are included in the accompanying 6/6 version of the Arizona State Board for Charter Schools Legal Compliance Questionnaire in accordance with the instructions contained therein.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the School's compliance with the requirements of the Legal Compliance Questionnaire. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of The American Virtual Academy, Inc. dba Primavera Online and the Arizona State Board for Charter Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

*Johnson Goff & Company PLLC*

Scottsdale, Arizona  
November 15, 2016



Arizona State Board for Charter Schools  
Legal Compliance Questionnaire  
The American Virtual Academy, Inc.  
dba Primavera Online  
Fiscal Year Ended June 30, 2016

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## INSTRUCTIONS

**NOTE:** This questionnaire should only be used for charters that are exempt from the Uniform System of Financial Records for Arizona Charter Schools (charters that **HAVE** an exception). If a charter is subject to procurement requirements pursuant to A.R.S. §§15-189.02 and 41-2535(A), this questionnaire should be used in conjunction with the Procurement Compliance Questionnaire (see audit guidelines) which is available on the Arizona State Board for Charter Schools' website <https://asbcs.az.gov>.

In order to determine whether a charter that is exempt from the requirements of the Uniform System of Financial Records for Arizona Charter Schools (USFRCS) is complying with applicable legal requirements, the auditors must complete the following Legal Compliance Questionnaire in accordance with both the agreed upon procedures (instructions contained herein) and the attestation standards established by the American Institute of Certified Public Accountants. (Note: This questionnaire is not comprehensive of all legal requirements for charter schools. As such, this document should not be the sole reference to determine all laws and regulations that are applicable to charter schools).

The following prescribed minimum agreed upon procedures, as well as those identified throughout the questionnaire, must be used for completing the Legal Compliance Questionnaire in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The State Board for Charter Schools may reject questionnaires not meeting these standards.

- ◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the charter complies with the legal requirements, and the evidence must be included in the documentation.
- ◆ Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" answers to the questionnaire.
- ◆ Population size should be considered in determining the number of items to test, and the items selected should be representative of the population.
- ◆ The number of items tested must be sufficient to determine whether a deficiency was the result of an isolated incident or a recurring problem. Therefore, testing one transaction, record, or item is not sufficient.
- ◆ The sample size should be expanded if the audit firm cannot clearly determine whether the charter complies with the legal requirements of the question.

- ◆ If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.
  
- ◆ All “No” and “N/A” answers must be adequately explained in the comments column or in an attachment. Findings must be described in sufficient detail to enable the State Board for Charter Schools to describe the finding in a letter. The description should include the number of items tested and the number of exceptions noted.
  
- ◆ A “Yes” answer indicates that the audit firm has determined that the charter complies with the legal requirements of the question and a “No” answer indicates the charter does not comply. However, the final determination of compliance on each question, as well as overall compliance with legal requirements, is made by the State Board for Charter Schools based on the evidence presented in the questionnaire, audit reports, resulting documentation, and any other sources.

The resulting documentation supporting the audit firm’s answers to the Legal Compliance Questionnaire must be made available on request for review by the State Board for Charter Schools. To facilitate this review, the audit firm may wish to include in the documentation a copy of the questionnaire containing references to procedures performed for each question.

## Legal Compliance Questionnaire<sup>1</sup>

Questions/Subject Area	Yes/No	Comments
<b>Personnel</b>		
1. Did the school have valid fingerprint clearance cards (FCC) for 100% of the required personnel as of the testing date? <b>A.R.S. §15-183 (C)(5) and A.R.S. §15-512(H)</b>	Yes	
(QUESTIONS #2a THROUGH 2c ONLY APPLY TO NEW HIRES REQUIRED PURSUANT TO A.R.S. §15-183(C)(5) TO HAVE VALID FCCS AND DO NOT APPLY IF AN INDIVIDUAL'S FCC HAS EXPIRED.)		
2. For each individual referenced in #1 that did not have a valid FCC, please provide the following information (provide supplemental pages, if necessary) (See agency guidance available on the Board's website prior to completing these questions) <b>A.R.S. §15-183(C)(5):</b>		
a. Was an application for a FCC on file with the Department of Public Safety (DPS) as of the testing date?	N/A	All required personnel had FCCs
b. Did DPS receive the application prior to the hire date?	N/A	All required personnel had FCCs
c. Prior to placement, did the school do all of the following?		
i) Document the necessity for hiring/placing the individual prior to receiving a FCC?	N/A	All required personnel had FCCs
ii) Obtain statewide criminal history information on the individual?	N/A	All required personnel had FCCs
iii) Obtain references from the applicant's current and previous employers?	N/A	All required personnel had FCCs
3. Did the charter school maintain up-to-date fingerprints of all Governing Body members as of the testing date? <b>Charter Contract<sup>2</sup></b>	Yes	
4. Were all other personnel fingerprint checked as of the testing date? <b>A.R.S. §15-183 (C)(5) and A.R.S. §15-512</b>	Yes	
5. Did the charter school inform the parents and guardians of pupils enrolled in the school of the availability of resume		

<sup>1</sup> For the purposes of this questionnaire, please note that "Governing Body" means the group of persons required by A.R.S. §15-183(E)(8) that is responsible for policy decisions of the charter school. The term "Governing Board" means the group of persons that the charter holder has assigned the responsibility addressed by the question. The applicable group of persons may be the Governing Body or the officers, directors, members or partners of the charter holder. The applicable group of persons may vary depending on the issue addressed by the question.

<sup>2</sup> Specific contract cites could not be provided as term references vary per contract year.

information for all employees who provide instruction to pupils? <b>A.R.S. §15-183 (F)</b>	Yes	
	<b>Yes/No</b>	<b>Comments</b>
<b>Required Filings</b>		
1. Is the school in good standing with the following regulatory bodies:		
a. Internal Revenue Service <b>U.S.C. Title 26</b>		
i. For payroll taxes, income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	Yes	
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30 <sup>th</sup> ) is a true statement.	Yes	
iii. If the response to 1.a.i, 1.a.ii, or both is "no", does the school have a payment plan in place with the Internal Revenue Service?	N/A	1.a.i & 1.a.ii are Yes
iv. If the answer to Question 1.a.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 <sup>th</sup> )?	N/A	1.a.iii is not Yes
b. Arizona Department of Revenue <b>A.R.S. §43-401 and §43-1111</b>		
i. For payroll taxes, state income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	Yes	
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30 <sup>th</sup> ) is a true statement.	Yes	
iii. If the response to 1.b.i, 1.b.ii, or both is "no", does the school have a payment plan in place with the Arizona Department of Revenue?	N/A	1.b.i & 1.b.ii are Yes
iv. If the answer to Question 1.b.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 <sup>th</sup> )?	N/A	1.b.iii is not Yes
c. Arizona Department of Economic Security <b>A.R.S. § 23-721 et seq.</b>		
i. State unemployment contributions requirements for the audited fiscal year?	Yes	
ii. The school did not have any state unemployment contributions payable from a prior year(s) as of audited fiscal year end (June 30 <sup>th</sup> ) is a true statement.	Yes	
iii. If the response to 1.c.i, 1.c.ii, or both is "no", does the school have a payment plan in place with the Arizona Department of Economic Security?	N/A	1.c.i & 1.c.ii are Yes

iv. If the answer to Question 1.c.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 <sup>th</sup> )?	N/A	1.c.iii is not Yes
d. Corporation Commission (e.g., annual report)? <b>Charter Contract</b>	Yes	
2. Was a copy of the adopted budget submitted electronically to the Superintendent of Public Instruction no later than July 18 <sup>th</sup> ? <b>A.R.S. §15-905 (E) and §15-183 (E)(6)</b>	Yes	
3. Was the Annual Financial Report (AFR) sent to the Superintendent of Public Instruction by October 15 <sup>th</sup> ? <b>A.R.S. §15-183 (E) (6) and 15-904 (A)</b>	Yes	
<b>Special Education</b>		
1. Is the staff the school uses to provide special education services (internal or contracted) certified in special education?	Yes	
2. Does the school conduct 45 day screenings on all new students? <b>AAC R7-2-401</b>	Yes	
3. Are evaluations and IEPs on file for special education students? <b>34 CFR 300.341-350 and 300.531-536</b>	Yes	
<b>Classroom Site Fund - A.R.S. §15-977 &amp; OAG Memorandum No. 44</b>		
1. Did the school properly allocate Classroom Site Fund receipts among the following projects: 1011 – Base Salary (20%), 1012 – Performance Pay (40%), and 1013 – Other (40%)?	Yes	
2. For Project 1011, were expenses only for teacher base salary increases and employment-related expenses?	Yes	
3. For Project 1012, were expenses only for performance-based teacher compensation increases and employment-related expenses?	Yes	
4. For Project 1013, were expenses only for class size reduction, teacher compensation increases, AIMS intervention programs, teacher development, dropout prevention programs, and teacher liability insurance premiums?	Yes	
5. Did the school use Classroom Site Fund monies to supplement rather than supplant, existing funding from all other sources? (See USFRCS Memorandum No. 44 for guidance on the Classroom Site Fund.)	Yes	
6. If the school had monies remaining at year-end, were they properly carried forward in the three Classroom Site Projects (1011, 1012, and 1013) to help ensure that the restrictions placed on the original allocation of revenues is applied in future years?	Yes	
7. Did the school have sufficient cash at year-end to cover the carry over monies, and what was the Classroom Site Fund <u>cash</u> carryover balance at year-end?	Yes	CSF cash carryover balance at year end: \$2,468,899

<b>Student Attendance Reporting</b>		
<b>If test work performed in this section discloses a net overstatement or understatement of membership and/or absence days, based on A.R.S. and ADE’s membership and attendance guidelines, report the net overstatement or understatement in the “Comments” column next to each applicable question.</b>		
	<b>Yes/No</b>	<b>Comments</b>
1. Was school in session for at least 180 days or did the Governing Board adopt a calendar with an equivalent number of minutes of instruction per school year based on a different number of days of instruction? <b>A.R.S. § 15-341.01</b>	Yes	
2. Did the school ensure that [A.R.S. §§15-808(J)(1) and 15-901(A)(1)]: (Note: Instructional hours do not include periods of the day in which an instructional program or course of study is not being offered, including, but not limited to, lunch, recesses, home room periods, study hall periods, and early release or late start hours.) <b>ADE’s External Guidelines GE-17 and GE-18</b>		
a. Preschool children with disabilities were enrolled in a program that met at least 360 minutes a week that meets at least 216 hours over the minimum number of days?	N/A	No grades offered below 6 <sup>th</sup> grade
b. Kindergarten was in session for at least 356 hours or 346 hours for Arizona Online Instruction (AOI) Programs?	N/A	No grades offered below 6 <sup>th</sup> grade
c. Grades 1 through 3 were in session for at least 712 hours?	N/A	No grades offered below 6 <sup>th</sup> grade
d. Grades 4 through 6 were in session for at least 890 hours?	Yes	
e. Grades 7 and 8 were in session for at least 1,000 hours or 1,068 hours for AOI Programs?	Yes	
f. Grades 9 through 12, other than AOI Programs, were in session at least 720 hours?	N/A	All Programs were AOI
g. Grades 9 through 12, other than AOI Programs, include at least four subjects, each of which if taught each school day for the minimum number of days required in a school year, would meet a minimum of 123 hours a year?	N/A	All Programs were AOI
h. Grades 9 through 12 of AOI Programs include at least four courses throughout the year that meet at least 900 hours during the school year?	Yes	
<p><b>For Student Attendance Reporting questions, the audit firm must select and test the specified number of transactions (records, entries, withdrawals, or days) as shown in the sample size instructions before each section. These samples should include 3 or more grade levels and 3 or more campuses, where applicable. The listed sample sizes represent the minimum level of required test work. The audit firm should use its judgment in determining whether a larger sample is needed. All student attendance records tested should be selected from the 100<sup>th</sup> day reporting period.</b></p> <p><b>In the parentheses provided within the questions, write the actual number of transactions tested. If all transactions were tested, indicate such in the “Comments” column.</b></p>		



<p><b>For questions 3-5 select at least 3 student attendance records.</b></p> <p>3. If the school had an early (pre-) kindergarten program, based upon review of (0) early (pre-) kindergarten students' attendance records, did the school only calculate and submit membership/absence information for this program for students with disabilities? <b>A.R.S. §15-901(A)(1)(a)(i) and USFRCS Memorandum No. 33</b></p>	N/A	No early (pre-) kindergarten offered								
<p>4. Based upon review of (0) students' attendance records in kindergarten programs, if the instructional time for the year was between 356 and 692 hours, were students not in attendance for at least three-quarters of the day counted as being absent or, if the instructional time for the year was 692 hours or more, were students not in attendance at least one-half of the day counted as being absent? <b>A.R.S. §§15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i)</b></p>	N/A	No kindergarten offered								
<p>5. If the school had an early first grade program, based upon review of (0) early first grade students' attendance records, did the school calculate and submit membership/absence information for this program as it would for kindergarten? <b>A.R.S. §§15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i), and USFRCS Memorandum No. 33</b></p>	N/A	No early first grade program								
<p><b>For questions 6 and 7, use the following sample sizes:</b></p>										
<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>SCHOOLWIDE ADM</u></th> <th style="text-align: center;"><u>Student Attendance Records</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">&lt;1,000</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">1,000-5,000</td> <td style="text-align: center;">10</td> </tr> <tr> <td style="text-align: center;">&gt;5,000</td> <td style="text-align: center;">15</td> </tr> </tbody> </table> <p>6. Based upon review of (0) students' attendance records at elementary and junior high schools in which attendance was based on half days, were students in attendance for less than one-half the day counted as being absent for one full day; were students in attendance for at least one-half day, but less than three-quarters of a day, counted as being absent for one-half day; and were students in attendance for at least three-quarters of a day counted in attendance for a day? <b>A.R.S. §15-901(A)(5)(b)(ii)</b></p>	<u>SCHOOLWIDE ADM</u>	<u>Student Attendance Records</u>	<1,000	5	1,000-5,000	10	>5,000	15	N/A	All attendance is based on minutes
<u>SCHOOLWIDE ADM</u>	<u>Student Attendance Records</u>									
<1,000	5									
1,000-5,000	10									
>5,000	15									

<p>7. Based upon review of (0) students' attendance records at elementary and junior high schools where attendance was based on quarter days, were students in attendance for more than three-quarters of the day counted in attendance for a day and students in attendance for three-quarters of the day or less counted in attendance for each quarter of the day in attendance? A.R.S. §15-901(A)(5)(b)(i)</p>	N/A	All attendance is based on minutes										
<p><b>For questions 8 through 15, use the following sample sizes:</b></p>												
<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>SCHOOLWIDE</u></th> <th style="text-align: center;"><u>Student Attendance Records</u></th> </tr> <tr> <th style="text-align: center;"><u>ADM</u></th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">&lt;1,000</td> <td style="text-align: center;">3</td> </tr> <tr> <td style="text-align: center;">1,000-5,000</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">&gt;5,000</td> <td style="text-align: center;">7</td> </tr> </tbody> </table> <p>8. For schools approved to report minutes of attendance, based upon review of the attendance records for a 1 month period for (7) students whose attendance was reported in minutes, did the school report minutes of attendance only for actual classroom instruction attended by the students?</p>	<u>SCHOOLWIDE</u>	<u>Student Attendance Records</u>	<u>ADM</u>		<1,000	3	1,000-5,000	5	>5,000	7	Yes	
<u>SCHOOLWIDE</u>	<u>Student Attendance Records</u>											
<u>ADM</u>												
<1,000	3											
1,000-5,000	5											
>5,000	7											
<p>9. Based upon review of (0) high school students' attendance records, whose attendance was reported in terms of absences, for all absence days reported in a 1 month period, did the school report absences in accordance with the method(s) provided by ADE?</p>	N/A	All attendance is based on minutes										
<p>10. Based upon review of (7) high school students' attendance records, did the school prorate the membership of the students enrolled in less than four subjects?</p>	Yes											
<p>11. For students enrolled in a program provided by a JTED in a facility owned and operated by a school:</p> <p>a. For schools-Based on a review of (0) students' attendance records, did the school report the actual enrollment and attendance data for only the school classes the student was enrolled in at that school (excluding JTED program classes) under the school's CTDS number?</p>	N/A	No JTED program										
<p>b. For schools-Based on the review of (0) students' attendance records for all absence days reported in a 1 month period, did the school calculate absences in accordance with the method(s) provided by ADE and based on the number of school classes the student was enrolled in and attended</p>												

(excluding JTED programs classes)?  [Note: Total membership claimed for the school and the JTED satellite locations for each student should not exceed 1.25. A.R.S. §15-393(P)]	N/A	No JTED program
12. For schools offering an AOI Program, based upon a review of (7) AOI students' attendance records for 4 weeks: (ADE's Policies and Procedures Manual, SF-0003)  a. Was the guardian-approved or school computer-generated daily log describing the amount of time spent by the student on academic tasks maintained by the participating AOI School? A.R.S. §15-808(E)	Yes	
b. Did the hours reported to ADE agree to the guardian-approved or school computer-generated daily log?	Yes	
c. Were all students who participated in an AOI Program, residents of this state? A.R.S. §15-808(B)	Yes	
d. Was the student's Intended Full Time Equivalency Enrollment Statement maintained?	Yes	
13. Based on review of the student's attendance records in question 12, did the school follow its procedures, to re-determine the actual FTE for each student enrolled in an AOI Program, following a student's withdrawal or after the end of the school year?	Yes	
14. Based upon review of (7) students' attendance records (all grades) for students withdrawn for having ten consecutive unexcused absences, was the student only counted in membership through the last day of actual attendance or excused absence? A.R.S. §15-901(A)(1)	Yes	
15. Based upon review of (7) students' attendance records, does the student's name entered in the student management system match the name on the legal document on file? A.R.S. §15-828(D)	Yes	
<b>For questions 16 and 17, use the following sample sizes:</b>		
<b>SCHOOLWIDE</b> <b>ADM</b> <hr/> <b>&lt;1,000</b> <b>1,000-5,000</b>	<b>Entries/Withdrawals</b> <hr/> <b>5</b> <b>10</b>	

>5,000	15	
16. Based upon review of (15) entries: ( <b>Note:</b> Enrollment forms are not required for continuing students at the same school.)		
a. Were the entry dates entered into the school's computerized attendance system within 5 working days after the actual date of entry and was documentation maintained to support the date of data entry?	Yes	
b. Did the entry date in the computerized attendance system agree to the entry form?	Yes	
c. Did the teachers' attendance registers, if used, and other documentation support the entry date in the computerized attendance system?	Yes	
d. Did membership begin on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school?	Yes	
e. Did the school obtain and maintain verifiable documentation of Arizona residency upon enrollment? <b>A.R.S. §15-802(B)(1) and ADE's Arizona Residency Documentation Guidelines</b>	Yes	
f. If a student was a nonresident of Arizona, was the student excluded from the school's student count and state aid calculations? <b>A.R.S. §15-823(K)</b>	N/A	No students were found to be non-Arizona residents
g. If the school admitted students who were nonresidents of Arizona, was tuition charged, as applicable? <b>A.R.S. §15-823</b>	N/A	No students were found to be non-Arizona residents

17. Based upon review of (15) withdrawals:										
a. Were the withdrawal dates entered into the school's computerized attendance system within 5 working days after the actual day of withdrawal and was documentation maintained to support the date of data entry? (Note: "Day of withdrawal" for determining timely data entry means: a. the later of the student's withdrawal date or the day the school is notified the student will not be returning; or b. the 10 <sup>th</sup> day of unexcused absence for students withdrawn for having ten consecutive unexcused absences.)	Yes									
b. Did the withdrawal date in the computerized attendance system agree to the withdrawal form? (Note: If the computerized attendance system requires the school to input the day following the withdrawal date for a student to be counted in membership through the last day of actual attendance or excused absence, the withdrawal date on the system should be the school day following the withdrawal date on the form.)	Yes									
c. Did the teachers' attendance registers, if used, and other supporting documentation agree to the withdrawal date in the computerized attendance system?	Yes									
d. Was an <i>Official Notice of Pupil Withdrawal</i> form prepared and retained for each withdrawal and signed by a school administrator? A.R.S. §15-827	Yes									
<p><b>For question 18, use the following sample sizes:</b></p> <table border="1" data-bbox="186 1312 1003 1528"> <thead> <tr> <th data-bbox="186 1312 527 1354"><b>SCHOOLWIDE ADM</b></th> <th data-bbox="527 1312 1003 1354"><b>Days</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="186 1354 527 1396">&lt;1,000</td> <td data-bbox="527 1354 1003 1396">3</td> </tr> <tr> <td data-bbox="186 1396 527 1438">1,000-5,000</td> <td data-bbox="527 1396 1003 1438">5</td> </tr> <tr> <td data-bbox="186 1438 527 1528">&gt;5,000</td> <td data-bbox="527 1438 1003 1528">7</td> </tr> </tbody> </table>	<b>SCHOOLWIDE ADM</b>	<b>Days</b>	<1,000	3	1,000-5,000	5	>5,000	7		
<b>SCHOOLWIDE ADM</b>	<b>Days</b>									
<1,000	3									
1,000-5,000	5									
>5,000	7									
18. Based upon review of (7) days for various campuses, grades, and classes in the computerized attendance system, did the student absences from each day agree to the teachers' attendance registers, absence slips, or other supporting documentation, if used?	Yes									

19. Did the school have adequate electronic or manual controls in place to ensure that any changes to the original record of student attendance data were properly authorized and documented, including the names or identification numbers of the persons making and authorizing the changes?	Yes	
20. Was the school's membership/absence information submitted to ADE electronically at least once every 20 school days for membership and 60 days for absence information through the last day of instruction (with the first 20 and 60 day periods beginning on the first day of school or the opening of SAIS or AzEDS, for current fiscal year data submission, whichever is later)? A.R.S. §§15-901(A)(1) and 15-1042(G)	Yes	
21. Based upon review of the school's 40 <sup>th</sup> and 100 <sup>th</sup> day information uploaded to ADE (ADMS 75-1 or equivalent report in AzEDS), did the membership and absences agree to the school's computerized attendance system records? (Note: For an AOI Program, review year-end attendance information.)	No	Total minutes recorded on the School's computer system are higher than uploaded count to ADE by 2,050,027 minutes. Correct amount will be determined and submit 15-915 request to ADE to correct.
	Yes/No	Comments
<b>Open Meeting Law A.R.S. § 38-431.01 and § 38-431.02 (See also Attorney General Opinion I00-009)</b>		
1. Did the school conspicuously post a statement on its website stating where all public notices of its meetings will be posted, including the physical and electronic locations?	Yes	
2. Did the school post all public meeting notices on its website?	Yes	
3. Did the school maintain a record of notices that includes a copy of each notice that was posted and information regarding the date, time and place of posting?	Yes	
4. Were notices and agenda of public meetings posted at least 24 hours before the meeting?	Yes	
5. Were written minutes prepared or a recording made of Governing Body meetings?	Yes	
<b>Insurance Requirements A.R.S. §15-183(M)</b>		
Does the school have the required insurance for liability and property loss?	Yes	

<b>Tuition A.R.S. §15-185 (B)(6) (See also Attorney General Opinion I98-007)</b>		
Did the school refrain from charging fees that may be considered tuition other than as provided for in A.R.S. §15-185(B)(6) [nonresidents]?	Yes	
<b>Records Management</b>		
1. Did the school retain records in accordance with the <i>General Retention Schedules for Education - K-12</i> published by the Arizona State Library, Archives and Public Records (based on the testing conducted during the course of the audit)? ( <a href="http://www.azlibrary.gov/arm/retention-schedules">www.azlibrary.gov/arm/retention-schedules</a> )	Yes	
2. Was adequate documentation retained to support amounts in the financial statements (if the school is not the primary reporting entity - was adequate documentation retained to support revenue and expenses in the charter school)?	Yes	

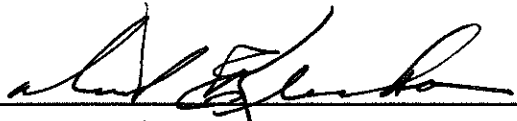
This Questionnaire was completed in accordance with the minimum standards as set forth in the instructions on pages 2 and 3.

Johnson Goff & Company PLLC

November 15, 2016

Audit Firm

Date



Partner

Preparer's Signature (Audit Firm Representative)

Title