

**Consolidated Financial Statements  
And Independent Auditor's Report**

**For the Year Ended  
June 30, 2017**

**Consolidating:**

**Caliber Schools**

**Caliber East Bay Real Estate  
Valle Vista Education LLC**

**Currently Operating:**

**Caliber Beta Academy  
Caliber ChangeMakers Academy**

**CALIBER SCHOOLS**

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CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Caliber Schools  
Richmond, CA

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Caliber Schools (the School), a California nonprofit public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, cash flows and functional expenses 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 of 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.

Board of Directors  
Caliber Schools

## **Opinion**

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the consolidated financial position of the School as of June 30, 2017, 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 Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated September 20, 2017 on our consideration of School'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**  
Glendora, CA  
September 20, 2017

**CALIBER SCHOOLS**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
June 30, 2017**

	<b>Caliber:</b>				
	<b>Caliber: Beta</b>	<b>ChangeMakers</b>			
	<b>Academy</b>	<b>Academy</b>	<b>CMO</b>	<b>CEBRE</b>	<b>Total</b>
<b><u>ASSETS</u></b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 859,082	\$ 320,901	\$ 1,537,658	\$ 45,505	\$ 2,763,146
Accounts receivable - federal and state	987,730	801,778	-	-	1,789,508
Accounts receivable - other	106,809	4,375	2,305	-	113,489
Prepaid expenses and other assets	132,599	60,793	54,466	25,000	272,858
Total current assets	<u>2,086,220</u>	<u>1,187,847</u>	<u>1,594,429</u>	<u>70,505</u>	<u>4,939,001</u>
<b>LONG-TERM ASSETS:</b>					
Property, plant and equipment, net	37,817	-	-	1,990,018	2,027,835
Total long-term assets	<u>37,817</u>	<u>-</u>	<u>-</u>	<u>1,990,018</u>	<u>2,027,835</u>
Total assets	<u>\$ 2,124,037</u>	<u>\$ 1,187,847</u>	<u>\$ 1,594,429</u>	<u>\$ 2,060,523</u>	<u>\$ 6,966,836</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable and accrued liabilities	\$ 676,635	\$ 214,111	\$ 84,286	\$ -	\$ 975,032
Total current liabilities	<u>676,635</u>	<u>214,111</u>	<u>84,286</u>	<u>-</u>	<u>975,032</u>
<b>NET ASSETS:</b>					
Temporarily restricted	-	-	636,275	-	636,275
Unrestricted	1,447,402	973,736	873,868	2,060,523	5,355,529
Total net assets	<u>1,447,402</u>	<u>973,736</u>	<u>1,510,143</u>	<u>2,060,523</u>	<u>5,991,804</u>
Total liabilities and net assets	<u>\$ 2,124,037</u>	<u>\$ 1,187,847</u>	<u>\$ 1,594,429</u>	<u>\$ 2,060,523</u>	<u>\$ 6,966,836</u>

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

**CALIBER SCHOOLS**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2017**

	Caliber:					Total
	Caliber: Beta	ChangeMakers	CMO	CEBRE	Eliminations	
	Academy	Academy				
<b>UNRESTRICTED REVENUES:</b>						
State revenue:						
State aid	\$ 4,717,466	\$ 2,100,926	\$ -	\$ -	\$ -	\$ 6,818,392
Other state revenue	884,788	204,510	-	-	-	1,089,298
Federal revenue:						
Grants and entitlements	934,919	733,112	-	-	-	1,668,031
Local revenue:						
In-lieu property tax revenue	1,875,561	543,256	-	-	-	2,418,817
Investment income	-	2,459	-	81,000	-	83,459
Other revenue	132,170	950,276	891,635	1,400,000	(923,721)	2,450,360
Total unrestricted revenues	<u>8,544,904</u>	<u>4,534,539</u>	<u>891,635</u>	<u>1,481,000</u>	<u>(923,721)</u>	<u>14,528,357</u>
<b>EXPENSES:</b>						
Program services	7,133,341	3,249,668	409,506	70,590	-	10,863,105
Management and general	1,199,030	557,493	1,085,548	-	(923,721)	1,918,350
Total expenses	<u>8,332,371</u>	<u>3,807,161</u>	<u>1,495,054</u>	<u>70,590</u>	<u>(923,721)</u>	<u>12,781,455</u>
Change in unrestricted net assets	212,533	727,378	(603,419)	1,410,410	-	1,746,902
<b>TEMPORARILY RESTRICTED REVENUES:</b>						
Other revenue	-	-	636,275	-	-	636,275
Change in temporarily restricted net assets	-	-	636,275	-	-	636,275
Beginning net assets	<u>1,234,869</u>	<u>246,358</u>	<u>1,477,287</u>	<u>650,113</u>	<u>-</u>	<u>2,958,514</u>
Ending net assets	<u>\$ 1,447,402</u>	<u>\$ 973,736</u>	<u>\$ 1,510,143</u>	<u>\$ 2,060,523</u>	<u>\$ -</u>	<u>\$ 5,341,691</u>

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

## CALIBER SCHOOLS

### CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended June 30, 2017

	Caliber:				
	Caliber: Beta	ChangeMakers	CMO	CEBRE	Total
	<u>Academy</u>	<u>Academy</u>			
<b>CASH FLOWS from OPERATING ACTIVITIES:</b>					
Change in net assets	\$ 212,533	\$ 727,378	\$ 32,856	\$ 1,410,410	\$ 2,383,177
Adjustments to reconcile change in net assets to net cash flows from operating activities:					
Depreciation	4,054	-	-	-	4,054
Change in operating assets:					
Accounts receivable - federal and state	18,567	(703,025)	-	-	(684,458)
Accounts receivable - other	(61,282)	(4,375)	301	-	(65,356)
Prepaid expenses and other assets	(97,341)	(59,893)	(53,116)	(21,029)	(231,379)
Change in operating liabilities:					
Accounts payable and accrued liabilities	370,033	196,052	(10,378)	(2,425)	553,282
Net cash flows from operating activities	<u>446,564</u>	<u>156,137</u>	<u>(30,337)</u>	<u>1,386,956</u>	<u>1,959,320</u>
<b>CASH FLOWS from INVESTING ACTIVITIES:</b>					
Purchases of property, plant and equipment	(33,764)	-	-	(1,340,018)	(1,373,782)
Net cash flows from investing activities	<u>(33,764)</u>	<u>-</u>	<u>-</u>	<u>(1,340,018)</u>	<u>(1,373,782)</u>
<b>CASH FLOWS from FINANCING ACTIVITIES:</b>					
Repayment of debt	-	-	-	(735,508)	(735,508)
Net cash flows from financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(735,508)</u>	<u>(735,508)</u>
Net change in cash and cash equivalents	412,800	156,137	(30,337)	(688,570)	(149,970)
Cash and cash equivalents at the beginning of the year	446,282	164,764	1,567,995	734,075	2,913,116
Cash and cash equivalents at the end of the year	<u>\$ 859,082</u>	<u>\$ 320,901</u>	<u>\$ 1,537,658</u>	<u>\$ 45,505</u>	<u>\$ 2,763,146</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,672</u>	<u>\$ 26,672</u>

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

**CALIBER SCHOOLS**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2017**

	<b>Program</b>	<b>Management</b>		<b>Total</b>
	<b>Services</b>	<b>and General</b>		<b>Eliminations</b>
<b>Caliber Schools:</b>				
Salaries and wages	\$ 5,450,751	\$ 1,000,640	\$ -	\$ 6,451,391
Pension expense	130,616	23,978	-	154,594
Other employee benefits	592,491	108,769	-	701,260
Payroll taxes	455,677	83,653	-	539,330
Management fees	-	89,386	-	89,386
Legal expenses	-	64,381	-	64,381
Accounting expenses	-	11,520	-	11,520
Instructional materials	900,968	-	-	900,968
Other fees for services	2,412,734	1,174,682	(923,721)	2,663,695
Office expenses	29,080	139,400	-	168,480
Printing and postage expenses	83,248	23,837	-	107,085
Information technology expenses	4,173	44,789	-	48,962
Occupancy expenses	392,101	-	-	392,101
Travel expenses	123,383	6,392	-	129,775
Conference and meeting expenses	103,408	-	-	103,408
Depreciation expense	-	4,054	-	4,054
Insurance expense	-	34,252	-	34,252
Other expenses	113,885	32,338	-	146,223
Subtotal	<u>10,792,515</u>	<u>2,842,071</u>	<u>(923,721)</u>	<u>12,710,865</u>
<b>CEBRE:</b>				
Legal expenses	16,298	-	-	16,298
Other fees for services	14,841	-	-	14,841
Interest expense	26,672	-	-	26,672
Insurance expense	6,570	-	-	6,570
Other expenses	6,209	-	-	6,209
Subtotal	<u>70,590</u>	<u>-</u>	<u>-</u>	<u>70,590</u>
Grand total	<u>\$ 10,863,105</u>	<u>\$ 2,842,071</u>	<u>\$ (923,721)</u>	<u>\$ 12,781,455</u>

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

## CALIBER SCHOOLS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended June 30, 2017

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Activities*** – Caliber Schools (the School) is a California non-profit public benefit corporation and is organized to manage and operate public charter schools. The School is funded principally through State of California public education monies received through the California Department of Education (CDE). The charters may be revoked by the sponsor for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

The accompanying financial statements include the accounts of Caliber: Beta Academy (CBA), Caliber: ChangeMakers Academy (CCMA), Caliber Schools Charter Management (CMO) and Caliber East Bay Real Estate (CEBRE), a separate 501(c)(3) nonprofit corporation and sole member of Valle Vista Education, LLC (VVE). All significant intracompany and intercompany accounts and transactions between these entities have been eliminated in the financial statements.

***Cash and Cash Equivalents*** – The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

***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 the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

***Basis of Accounting*** – The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

***Functional Allocation of Expenses*** – Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

***Basis of Presentation*** – The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Financial Accounting Standards Board.

***Net Asset Classes*** – The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Net assets of the School consist of the following:

- Unrestricted: All resources over which the governing board has discretionary control to use in carrying on the general operations of the School.
- Temporarily restricted: These net assets are restricted by donors to be used for specific purposes. The School has temporarily restricted net assets for their capital campaign.
- Permanently restricted: These net assets are permanently restricted by donors and cannot be used by the School. The School does not currently have any permanently restricted net assets.

## CALIBER SCHOOLS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended June 30, 2017

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Receivables** – Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2017. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

**Property Taxes** – Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of School schools are required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

**Compensated Absences** – The School does not allow employees to carryover unused vacation. Accordingly, there were no accumulated compensated absence benefits at June 30, 2017.

**Revenue Recognition** – Amounts received from the California Department of Education are recognized as revenue by the schools 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.

**Contributions** – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as temporarily restricted. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair market value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

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

**Allocations Between Charter Schools and CMO** – For the year ended June 30, 2017, the School has chosen to identify each charter school and the CMO separately within the basic financial statements. In cases where specific identification of each charter's activities was not possible, items were allocated based upon identified criteria.

## CALIBER SCHOOLS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended June 30, 2017

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Evaluation of Subsequent Events* – The School has evaluated subsequent events through September 20, 2017, the date these financial statements were available to be issued.

#### **NOTE 2: CONCENTRATION OF CREDIT RISK**

The School maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

#### **NOTE 3: EMPLOYEE RETIREMENT**

##### **Defined Contribution Plan**

The School offers an Internal Revenue Code Section 401(k) retirement plan to each of its qualifying employees. Employer matching contributions are made at the rate equal 3 percent of salary for each employee who is eligible for employer contributions. The amount of employer contributions for the year ended was \$154,594.

#### **NOTE 4: LINE OF CREDIT**

The School has a 1.2 million dollar revolving line of credit from Focus Business Bank at an approximately 4.75% interest rate. The balance was \$-0- at June 30, 2017.

#### **NOTE 5: CONTINGENCIES**

The School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

**SUPPLEMENTARY INFORMATION**

## **CALIBER SCHOOLS**

### **LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE For the Year Ended June 30, 2017**

Caliber Schools (the School) is a California non-profit public benefit corporation and is organized to manage and operate public charter schools.

The School began serving students at Caliber: Beta Academy in August 2014. Caliber: Beta Academy (#1622) is sponsored by the Contra Costa County Office of Education. The current charter expires June 30, 2019.

The School began serving students at Caliber: ChangeMakers Academy in August 2016. Caliber: ChangeMakers Academy (#1779) is sponsored by Vallejo City United School District. The current charter expires June 30, 2021.

## CALIBER SCHOOLS

### LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (continued) For the Year Ended June 30, 2017

The Board of Directors and the Administrators as of the year ended June 30, 2017 were as follows:

#### BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Ron Beller	Co-Founder and Secretary	2017
Jennifer Moses	Co-Founder and CEO	2018
Anthony Adams	Board Chair	2018
Pete Briger	Member	2019
Dan Katzir	Member	2018
Vivian Wu	Member	2017
Dr. Jose Lopez	Member	2018

#### ADMINISTRATORS

Ernest Peterson	Head of Schools
Rachael Weingarten	School Leader
Ashlee Gutierrez	School Leader
Markus Mullarkey	Chief Operating Officer

**CALIBER SCHOOLS**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**For the Year Ended June 30, 2017**

**Caliber: Beta Academy**

	<b>Instructional Minutes</b>		Traditional	Status
	Requirement	Actual	Days	
Kindergarten	36,000	60,550	179	In compliance
Grade 1	50,400	67,615	179	In compliance
Grade 2	50,400	67,615	179	In compliance
Grade 3	50,400	67,615	179	In compliance
Grade 4	54,000	67,615	179	In compliance
Grade 5	54,000	67,615	179	In compliance
Grade 6	54,000	67,615	179	In compliance
Grade 7	54,000	67,615	179	In compliance
Grade 8	54,000	67,615	179	In compliance

**Caliber: ChangeMakers Academy**

	<b>Instructional Minutes</b>		Traditional	Status
	Requirement	Actual	Days	
TK/Kindergarten	36,000	65,775	180	In compliance
Grade 1	50,400	65,775	180	In compliance
Grade 2	50,400	65,775	180	In compliance
Grade 3	50,400	65,775	180	In compliance
Grade 6	54,000	65,775	180	In compliance

*See independent auditor's report and the notes to the supplementary information.*

**CALIBER SCHOOLS**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
For the Year Ended June 30, 2017**

**Caliber: Beta Academy**

	<u>Second Period Report</u>		<u>Annual Report</u>	
	Classroom		Classroom	
	<u>Based</u>	<u>Total</u>	<u>Based</u>	<u>Total</u>
K-Grade 3	344.49	346.24	345.58	348.06
Grades 4-6	213.46	214.14	211.86	213.71
Grades 7-8	146.85	147.12	148.31	149.08
ADA Totals	<u>704.80</u>	<u>707.50</u>	<u>705.75</u>	<u>710.85</u>

**Caliber: ChangeMakers Academy**

	<u>Second Period Report</u>		<u>Annual Report</u>	
	Classroom		Classroom	
	<u>Based</u>	<u>Total</u>	<u>Based</u>	<u>Total</u>
TK-Grade 3	233.57	234.74	232.95	233.97
Grade 6	43.88	44.03	43.92	44.09
ADA Totals	<u>277.45</u>	<u>278.77</u>	<u>276.87</u>	<u>278.06</u>

*See independent auditor's report and the notes to the supplementary information.*

**CALIBER SCHOOLS**  
**RECONCILIATION OF ANNUAL FINANCIAL REPORT**  
**WITH AUDITED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

There were no differences between the Annual Financial Report and the Audited Financial Statements for the year ended June 30, 2017.

*See independent auditor's report and the notes to the supplementary information.*

**CALIBER SCHOOLS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2017**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Pass Through Program From California Department of Education:			
No Child Left Behind Act			
Title I, Part A, Basic Grants			
Low-Income and Neglected	84.010	14329	\$ 290,915
Title II, Part A, Teacher Quality	84.367	14341	3,628
Title III	84.365	N/A	30,180
Special Ed: IDEA	84.027	13379	99,742
Public Charter Schools Grant Program	84.282A	14941	<u>485,029</u>
<i>Total U.S Department of Education</i>			<u>909,494</u>
<b><i>U.S. Department of Agriculture:</i></b>			
Pass Through Program From California Department of Education:			
Child Nutrition Programs	10.555	N/A	<u>758,537</u>
<i>Total U.S Department of Agriculture</i>			<u>758,537</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 1,668,031</u></u>

N/A - Pass-through entity number not readily available or not applicable.

*See independent auditor's report and the notes to the supplementary information.*

## CALIBER SCHOOLS

### NOTES TO THE SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2017

#### **NOTE 1 – PURPOSE OF SCHEDULES**

##### **Schedule of Instructional Time**

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

##### **Schedule of Average Daily Attendance**

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

##### **Reconciliation of Annual Financial Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.

##### **Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal governmental for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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  
Caliber Schools  
Richmond, CA

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 Caliber Schools (the School), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, the related notes to the consolidated financial statements, and have issued our report thereon dated September 20, 2017.

**Internal Control Over Financial Reporting**

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

**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***

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether School'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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Glendora, CA

September 20, 2017



CliftonLarsonAllen LLP  
CLAconnect.com

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

Board of Directors  
Caliber Schools  
Richmond, CA

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

We have audited the compliance of Caliber Schools (the School) with the types of compliance requirements described *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The School's 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 federal statutes, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

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

**AUDITOR’S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**

**Opinion on Each Major Federal Program**

In our opinion, School 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, 2017.

**Report on Internal Control Over Compliance**

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

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

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

**AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**

**Purpose of this Report**

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Glendora, CA

September 20, 2017



CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

Board of Directors  
Caliber Schools  
Richmond, CA

We have audited Caliber Schools’s (the School) compliance with the types of compliance requirements described in the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2017. The School’s State compliance requirements are identified in the table below.

### Management’s Responsibility

Management is responsible for the compliance with the State laws and regulations as identified below.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the School’s compliance based on our audit of the types of compliance requirements referred to below. 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 *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the School’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 state compliance. Our audit does not provide a legal determination of the School’s compliance.

### Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Not applicable
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes



## INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	No <sup>1</sup>
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Not applicable

<sup>1</sup> ADA was under the threshold for compliance testing.

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### **Opinion on State Compliance**

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

### **Purpose of this Report**

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Glendora, CA

September 20, 2017

CALIBER SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2017

SECTION I – SUMMARY OF AUDITOR’S RESULTS

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?                           Yes              X   No

Significant deficiency(ies) identified?                   Yes              X   None Reported

Noncompliance material to financial statements noted?                   Yes              X   No

**Federal Awards**

Internal control over major federal awards:

Material weakness(es) identified?                           Yes              X   No

Significant deficiency(ies) identified?                   Yes              X   None Reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

       Yes              X   No

**Identification of Major Federal Programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	Child Nutrition Cluster
84.282A	Public Charter School Grant Program

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

\$750,000

Auditee qualified as low-risk auditee?

  X   Yes                   No

**CALIBER SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2017**

All audit findings must be identified as one or more of the following categories:

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

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for June 30, 2017.

**CALIBER SCHOOLS**

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2017**

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the prior year.