



# American Indian Model Schools

171 12<sup>th</sup> Street Oakland, CA 94607

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AIM Schools has taken steps to address many of the concerns expressed by Oakland Unified School District (OUSD) Office of Charter Schools. Below is the timeline of events at AIM Schools since January 2012:

1. The January 11, 2012 AIM Schools board minutes documents the founder's resignation from the AIM Schools Board. The January 11, 2012 minutes state "Michael thanked Dr. Chavis who resigned on 12/14/2011. He agreed to work with the board for a little over a month on the renewal process of AIPCS II." (see **Appendix A page 1, 01/11/2012 AIMS Board Minutes**).
2. As of January 23, 2012, AIM Schools has had no ties with Amador&Amador Business Solutions (AABS) (see **Appendix B page 1-3, AABS' Last Payment**).
3. At the May 29, 2012 AIM Schools Board meeting, the AIMS Board approved a new independent auditor: Vavrinek, Trine, Day & Co., LLP (see **Appendix C page 1-6, New Independent Auditor**) and (see **Appendix D page 1-4, 05/29/2012 AIMS Board Minutes**).
4. On May 29, 2012, AIM Schools had a board training with Mr. Eric Premack from the Charter Schools Development Center (CSDC). Mr. Premack focused on "Charter Schools Governance Fundamentals" (see **Appendix E page 1-48, Board Training Agendas and Presentations from CSDC**).
5. At the May 29, 2012 AIM Schools Board meeting, the AIMS Board elected Ms. Jean Martinez-Jackson as a board member and new President of the AIMS Board (see **Appendix D page 1-4, 05/29/2012 AIMS Board Minutes**) and (see **Appendix F page 1, Ms. Martinez' Resume**).
6. From June 15, 2012 to June 24, 2012, Ms. Jennifer McQuarrie was hired by the AIM Schools Board to review the FCMAT report and help draft board meeting agendas and minutes to be in compliance with the Brown Act. Ms. McQuarrie was present at the June 19, 2012 and June 24, 2012 AIMS Board meetings to provide legal counsel as the AIMS Board conducted the board meeting (See **Appendix G page 1, Invoice from the Law Office of Jennifer McQuarrie**).
7. At the June 19, 2012 AIM Schools Board meeting, the AIMS Board approved a "A two person sub-committee consisting of President Jackson-Martinez and Mr. Rodriguez to draft three items of correspondence: (1) A letter to Dr. Ben Chavis and Mrs. Marsha Amador notifying them that they cannot have any contact or involvement with the school. (2) A letter to the parents notifying them not to have any contact with Dr. Ben Chavis and Mrs. Marsha Amador. (3) A letter to the teachers and staff notifying them not to initiate any contact with Dr. Ben Chavis and Mrs. Marsha Amador." (See **Appendix H page 1-3, 06/19/2012 AIMS Board Minutes**).



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8. On June 23, 2012, the AIM Schools President issued the founder a letter which stated "...the board has determined that it is in the best interest of AIMS Schools that both of you [Dr. Chavis and Mrs. Amador] refrain from having any contact with the AIMS Schools, including teachers, staff and students, until further notice from the board." (see **Appendix I page 1, Letter to the Founder and Spouse**).
9. At the June 24, 2012 AIM Schools Board meeting, the AIMS Board elected Mr. Steven Leung as a new member of the AIMS Board (see **Appendix J page 1-4, 06/24/2012 AIMS Board Minutes and Mr. Steven Leung's Resume**).
10. At the June 24, 2012 AIM Schools Board meeting, the AIMS Board took no action on the 171 12<sup>th</sup> Street lease agreement between AIPCS II and Lumbee Holdings, LLC. The June 24, 2012 minutes state, "Mr. Rodriguez motions to appoint President Jean Jackson-Martinez and Mr. Steven Leung on a two person advisory sub-committee to work through the lease issues and report back to the board." (see **Appendix J page 1-5, 06/24/2012 AIMS Board Minutes**).
11. On June 26, 2012, Ms. Marsha Amador, the founder's spouse, received her last payment as an AIM Schools employee (see **Appendix K page 1-4, Last Payments to Ms. Amador**).
12. On July 5, 2012, AIM Schools hired a new Financial Administrator (See **Appendix L page 1-3, Dianne Hatcher's Contract and Resume**). Ms. Dianne Hatcher has over 25 years of experience in finance, accounting, budgets and business operations.
13. At the July 17, 2012 AIM Schools Board meeting, the AIMS Board elected Mr. Nedir Bey and Mr. Ronald Grant as board members of the AIM Schools Board of Directors (see **Appendix M page 1-9, 07/17/2012 AIMS Board Meeting Minutes and Resumes of Mr. Bey and Mr. Grant**).
14. On July 30, 2012, AIM Schools hired a Staff Accountant (See **Appendix N page 1-4, Mercedes Askew's Contract and Resume**). Ms. Mercedes Askew has over 20 years of experience in accounting, payroll and bookkeeping.
15. On August 13, 2012, the AIM Schools Board hired an Administrative Assistant to the AIM Schools Board of Directors (see **Appendix O page 1, Karely Ordaz' Resume**).
16. On August 16, 2012, AIM Schools hired a new Bookkeeper (See **Appendix P page 1-3, Alice Atienza's Contract and Resume**). Ms. Alice Atienza has over 10 years of experience in accounting and bookkeeping.



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17. On August 31, 2012, the AIM Schools Board had a training with Mr. Paul Minney, from Middleton, Young & Minney, LLP. Mr. Minney covered the Brown Act, Conflict of Interest laws, Public Records Act and roles and fiduciary duties of AIM Schools Board members (See **Appendix Q page 1-32, Board Training Presentation of the Law Offices of Middleton, Young & Minney, LLP**).
18. On September 4, 2012, the founder of AIM Schools was removed as a signatory on the AIM Schools Community Bank of the Bay accounts (See **Appendix R page 1, AIMS' Community Bank of the Bay Letter**).
19. At the September 7, 2012 AIM Schools Board meeting, the AIMS Board unanimously approved the legal services agreement with Middleton, Young & Minney, LLP (See **Appendix S page 1-3, 09/7/ 2012 AIMS Board Minutes**). At the same board meeting, four (4) board committees were approved: (1) Finance Committee, (2) Board Training Committee, (3) Facilities and Compliance Committee, and (4) Faculty Committee.
20. At the September 18, 2012 and September 26, 2012, Mr. Minney provided legal counsel as the AIMS Board conducted their meetings (See **Appendix T page 1-8, 09/18/2012 and 09/26/2012 AIMS Board Minutes**).
21. On September 27, 2012, the AIM Schools Board requested and received a contract from the Charter School Management Corporation (CSMS) for comprehensive back-office services and charter vision access (see **Appendix U page 1-9, CSMC Contract with AIMS**).
22. On October 1, 2012, the AIM Schools Board requested and received a proposal from Dr. Brian L. Carpenter to conduct a board training (see **Appendix V page 1-12, Dr. Carpenter's Proposal**).
23. At the October 16, 2012 AIM Schools Board meeting, the AIMS Board approved Ms. Toni Cook and Dr. Laura Armstrong as AIMS board members. Ms. Cook has been an educator, has served on the OUSD Board from 1990-1998 and is currently the Dean at College of Alameda. Dr. Armstrong has over 26 years of experience and is the founder and director of East Oakland Leadership Academy (EOLA) (see **Appendix W page 1-8, 10/16/2012 AIMS Board Minutes and Resumes of Ms. Cook and Dr. Armstrong**).
24. At the October 16, 2012 AIM Schools Board meeting, the AIMS Board approved the AIM Schools Financial Specialist Committee to advise the AIMS Board and AIMS Finance Department (See **Appendix X page 1-6 Resumes' of Financial Specialist Committee**) and (see **Appendix W page 1-8, 10/16/2012 AIMS Board Minutes and Resumes of Ms. Cook and Dr. Armstrong**).



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25. On November 1, 2012, the former AIM Schools Director sent a memo to all AIM Schools Site Administrators stating “It will be the duty of the AIMS Director and each of the Site Administrators to maintain their own records of the AIMS Board agendas and approved minutes.” (see **Appendix Y page 1, Memo to AIMS Site Administrators**).
  
26. At the November 13, 2012 AIM Schools Board meeting, the AIMS Board approved the AIM Schools Board Manual 2012-2013 which includes historical references of the organization, the strategic framework, minutes from recent AIM Schools Board meetings, policies pertaining to the AIM Schools Board, finance information, staffing charts, and other pertinent information. The AIM Schools Board Manual serves two functions: (1) For new AIM Schools Board members, the AIM Schools Board Manual is an orientation handbook that provides useful information about the organization, board structure and operations, and fellow board members and staff. (2) During the AIM Schools Board member's tenure, the manual serves as an indispensable working tool and a central resource about the organization and the board (See **Appendix Z, AIM Schools Board Manual 2012-2013**).
  
27. On November 15, 2012, the AIM Schools Board received a governance training from Mr. Sylvester Hodges, a former OUSD Board of Education member. Mr. Hodges specializes in board training and was accompanied by Mr. Steve Stevens, a former OUSD principal (during the 1970's and 1980's) and a former executive assistant to the OUSD Superintendent . The specialized governance training focused on Mr. Hodges' observation notes from the November 13th 2012 AIMS Board meeting. Mr. Hodges and Mr. Stevens covered the Brown Act and Robert's Rule of Order and Parliamentary Procedure. The AIMS Board was provided with practical tools to set ground rules and methods for developing protocols for future board meetings. Mr. Hodges will continue to observe the AIMS Board meetings and provide guidance through ongoing training (see **Appendix A<sub>1</sub> page 1-32, 11/15/2012 AIMS Board Governance Training Material from Mr. Sylvester Hodges and Mr. Steve Stevens**).
  
28. On November 26, 2012, AIM Schools submitted the responses to the Notice of Violation (NOV). The 13 binders submitted contained AIMS responses to the allegations in the NOV, questions for the Office of Charter Schools, process improvements, remediation, recommendations and supporting documentation (see **Appendix B<sub>1</sub>, Disk with AIMS' Response to OUSD' NOV**).
  
29. At the December 18, 2012 AIM Schools Board meeting, the AIMS Board elected new AIMS board positions. Ms. Jean Jackson-Martinez was re-elected as president, Ms. Cook and Mr. Grant were elected as Vice Presidents, Mr. Leung was elected as treasurer and Mr. Locklear was re-elected as secretary of the AIMS Board (see **Appendix C<sub>1</sub> page 1-6, 12/18/2012 AIMS Board Meeting Minutes**).



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30. At the December 18, 2012 AIM Schools Board meeting, the AIMS Board approved the independent audits for the year ending in June 30, 2012. Professionals at Vavrinek, Trine, Day and Company, LLP performed a financial audit of the financial Statements for all AIM Schools. On December 3, 2012, they issued a report of their findings. The auditors concluded that there were “no transactions entered into by the organization during the year for which there is a lack of authoritative guidance or consensus.” They stated that, “all significant transactions have been recognized in the financial statements in the proper period.” The report also stated that the auditors “encountered nonsignificant difficulties in dealing with management in performing and completing [their] audit.” (see **Appendix D<sub>1</sub> page 1-99, AIM Schools Independent Audits 2011-2012**).
31. At the December 18, 2012 AIM Schools Board meeting, the AIMS Board approved new AIM Schools Financial Policies and Procedures Manual (see **Appendix E<sub>1</sub> page 1-11, AIM Schools’ Financial Procedures and Policies Manual**). The financial policies and procedures manual was developed by the AIM Schools Finance Department and reviewed by the AIMS Financial Specialist Committee.
32. At the January 10, 2013 AIM Schools Board meeting, the AIMS Board appointed Mr. Sylvester Hodges as the new AIM Schools Interim Director (see **Appendix F<sub>1</sub> page 1-3, 01/10/2013 AIMS Board Meeting Minutes**).
33. On February 4, 2013, Mr. Sylvester Hodges, AIM Schools Interim Director, sent a memo to AIM Schools administrative staff which stated “Any communication with the founder will be limited to safety and facilities **ONLY**. Communication with the founder-outside of safety and facilities-must be first approved by me or Ms. Karely Ordaz...” (see **Appendix G<sub>1</sub> page 1, Memo to AIMS Administrative Staff**).
34. At the February 4, 2013 AIM Schools Board meeting, the AIMS Board came under new leadership when Ms. Toni Cook was elected as the new board president. Ms. Cook has been an educator, has served on the OUSD Board from 1990-1998, and is currently the Dean at College of Alameda (see **Appendix H<sub>1</sub> page 1-9, 02/04/2013 AIMS Board Meeting Minutes**).
35. At the February 4, 2013 AIM Schools Board meeting, the AIMS Board approved new board committees. The committees approved are: (1) Facilities Committee, (2) Finance Advisory Committee, and (3) Personnel and Policy Committee (see **Appendix H<sub>1</sub> page 1-9, 02/04/2013 AIMS Board Meeting Minutes**).



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36. At the February 4, 2013 AIM Schools Board meeting, the AIMS Board approved Mr. Patrick Martin's contract of which amount was to be determined at a later time. Mr. Patrick Martin will ensure productive fiscal management of AIM Schools. He has over 10 years of experience in financial procedures with charter schools. Mr. Martin worked as a Financial Analyst with Aspire Public Schools. His duties included Finance Management which deals with budget, opex analysis, forecast, cost containment, operations support and internal/external reporting for 9 high volume transaction Charter Schools - \$28M (annual) complex revenue stream (see Appendix H<sub>1</sub> page 1-9, 02/04/2013 AIMS Board Meeting Minutes) and (see Appendix I<sub>1</sub> page 1-2, Mr. Patrick Martin's Resume).
37. At the February 4, 2013 AIM Schools Board meeting, the AIMS Board authorized the Interim Director, Mr. Sylvester Hodges, to "...begin immediately to enter into discussion and possible negotiation with the appropriate Oakland Unified School District administrator to assist the AIM Schools organization in finding alternative space for a cheaper price. Further, any space that is identified must be such that the existing grade configurations at each site remain as is; and that it be within one mile radius of the existing sites to insure student stability and continuity. Finally, that Board Director Leung serves as an advisor to Director Hodges on this matter as I understand that he is a realtor by profession." (see Appendix H<sub>1</sub> page 1-9, 02/04/2013 AIMS Board Meeting Minutes).
38. On February 11, 2013, Mr. Sylvester Hodges, Interim Director of AIM Schools, requested that all Site Administrators, Assistant Site Administrators and Financial Administrators complete a Statement of Economic Interest form (Form 700) for 2012-2013. He stated that the Form 700 be completed and delivered in person to the Administrative Assistant to the AIM Schools Board by Friday, February 15th, 2013. (see Appendix J<sub>1</sub> page 1-26, Director's Memo to AIMS Administrators Regarding Form 700s)
39. On February 11, 2013 at 12 P.M., Mr. Sylvester Hodges, AIM Schools Interim Director, met with Mr. David Kakishiba, President of Oakland Unified School District (OUSD).
40. On February 11, 2013 at 2:30 P.M., Mr. Sylvester Hodges, AIM Schools Interim Director, met with Mr. Tim White, Assistant Superintendent for Facilities to discuss availability of facilities for AIM Schools.
41. On February 12, 2013 at 12 P.M., Mr. Sylvester Hodges, AIM Schools Interim Director, met with Ms. Jacqueline Minor, General Counsel of Oakland Unified Schools District (OUSD) and Mr. David Montes de Oca, Executive Director of OUSD's Quality Schools Development.
42. On February 12, 2013, Mr. Sylvester Hodges received a letter from Family Bridges, INC requesting to lease space from AIPCS II at 171 12<sup>th</sup> Street. In the letter, Ms. Coriinne Jan, Chief Executive Officer, states that Family Bridges, INC needs about 8,000 to 10,000 square feet of





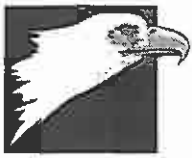
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space for about 120 enrollees ages 2-5 (see Appendix K<sub>1</sub> page 1-2, Family Bridges, INC Letter).

43. On February 16, 2013, the *San Francisco Chronicle* issued an article titled “Cheap rent for charter schools is going away” (see Appendix L<sub>1</sub> page 1-2, SF Chronicle Article).
44. At the February 19, 2013 AIM Schools Board Meeting, the AIMS Board approved an amendment to AIM Schools Financial Policies and Procedures Manual 2012-2013 to add the Board Treasurer as a signatory on AIM Schools Community Bank of the Bay accounts. This will insure greater fiscal management of AIMS funds (see Appendix M<sub>1</sub> page 1-11, Updated AIM Schools Financial Policies and Procedures Manual 2012-2013)
45. At the February 19, 2013 AIM Schools Board Meeting, the AIMS Board approved an updated AIM Schools’ Credit Card Policy. The new policy requires that (1) all credit cards are kept centrally in the finance office, (2) credit cards must be signed in and out, and (3) all expenditures above \$500 must have two quotes and must be pre-approved by the Director of AIM Schools (see Appendix N<sub>1</sub> page 1, New AIM Schools Credit Card Policy).
46. At the February 19, 2013 AIM Schools Board Meeting, the AIMS Board approved an updated AIM Schools Conflict of Interest Code (see Appendix O<sub>1</sub> page 1-5, AIM Schools Updated Conflict of Interest Code).
47. On February 25, 2013 at 4:00 P.M., Mr. Sylvester Hodges, AIM Schools Interim Director, met with Mr. John Dolby, Senior Vice President, and Mr. Barry W. Cohn, Partner of Cassidy Turley. Mr. Hodges and the representatives of Cassidy Turley agreed to the following: (1) Cassidy Turley will survey properties within a two mile radius of AIM Schools facilities, (2) Based on the zip codes of current AIM Schools students, Cassidy Turley will develop a list of facilities within proximity of the homes of AIMS’ students, and (3) Cassidy Turley will search for vacant facilities available that may or may not require modifications. Mr. Hodges will meet with representatives of Cassidy Turley in the next ten days.
48. On February 26, 2013, Mr. Sylvester Hodges, AIM Schools Interim Director, sent a letter to the founder of AIM Schools and his spouse stating “..in deference to your past roles that are no longer in effect; you are not a board member nor the Director of AIM Schools or administrative staff.” (see Appendix P<sub>1</sub> page 1, Letter to Founder and Spouse).

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# **Appendix A**

**01/11/2012 AIMS Board**

**Minutes**

AIM Schools Board minutes for January 11, 2012

At 171 12<sup>th</sup> Street

Oakland, CA

The meeting was called to order after 6:00 pm. Board members in attendance were Judi Marquardt, Jordan Locklear, and Michael Stember.

**ADMINISTRATIVE REPORT**

4.1 Financial update: Marsha noted the audits were completed for each school. They were submitted to OUSD, Alameda County Office of Education and California Department of Education. Schools had over \$500,000 in cash reserve.

**ACTION ITEMS**

5.1 Judi Marquardt to approve working with Tucson AIM Schools and seconded by Jordan Locklear. Approval unanimous.

5.2 Judi moved to approve new employee contracts. Seconded by Jordan Locklear . All approved.

5.3 Charter Renewal. Judi made a motion to approve charter renewal and seconded by Jordan Locklear. Approval unanimous.

5.4 Judi motioned to approve AIM School audit. It was approved by all board members in attendance.

5.5 Judi motioned to approve AIM school Site Plan. It was approved by all board members in attendance.

Michael thanked Dr. Chavis who resigned on 12/14/2011. He agreed to work with the board for a little over a month on the renewal process of AIPCS II. Meeting was adjourned at 6:30 pm.

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## **Appendix B**

### **AABS' Last Payment**

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL**  
**All Transactions for AABS**  
All Transactions

Type	Num	Date	Account	Amount
Check	7416	02/23/2012	CBOB CHECKING 3	0.00
Check	7358	01/23/2012	CBOB CHECKING 3	-4,000.00
<b>Total</b>				

**AMERICAN INDIAN CHARTER SCHOOL II**  
**All Transactions for AABS**  
 All Transactions

5:15 PM  
 02/22/13

Type	Num	Date	Account	Amount
Check	2326	02/23/2012	AIPCS II CBOB 1	0.00
Check	2289	01/23/2012	AIPCS II CBOB 1	-4,166.66
<b>Total</b>				



American Indian Public High School  
**All Transactions for AABS**  
 All Transactions

Type	Num	Date	Account	Amount
Check	2298	02/23/2012	AIPHS CBOB 2 (Cl...	0.00
Check	2272	01/23/2012	AIPHS CBOB 2 (Cl...	-4,166.66
<b>Total</b>				

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# **Appendix C**

## **New Independent Auditor**

## Chartered Public Accountants

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### Charter Schools

Since California passed the Charter School Legislation in 1992, VTD has been working with and building long-term relationships with our Charter School clients. Our auditors are trained, experienced and kept up to date with specific compliance requirements such as attendance accounting of classroom and non-classroom based mode of instruction as well as any other ongoing changes at the State and Federal level.

We continuously communicate and work with the sponsoring district and county office of education related to any issues or concerns that may arise. Services provided include assistance with State Compliance Requirements contained in the *Standards and Procedures for Audits of California K-12 Local Educational Agencies* issued by the California Education Audit Appeals Panel as regulations and Federal Compliance Requirements as described in the *OMB Circular A-133*. In addition to audits, we have highly-qualified experts on site to assist in the filing and preparing of tax documents directed towards the specific laws for Nonprofit Organizations. VTD promotes a team approach in order to meet reporting requirements and provide the highest quality audit while maintaining excellent client relations in order to meet our clients' needs.

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Our audit approach is tailored to our client's industry, environment and risk. This gives us the ability to identify the key issues in order to be able to conduct a timely, efficient, and effective audit.

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## Controller *John Chiang*

### California State Controller's Office

## CPA Detail

### CPA Information

**CPA Name:** Vavrinek, Trine, Day & Co., LLP  
**Contact Person:** Terri A. Montgomery, CPA  
**Mailing Address:** 5000 Hopyard Road, Suite 335  
 Pleasanton, CA 94588-3351  
**Phone:** (925) 734-6600

### CPA Statistics

Audit Report Fiscal Year	2007 - 2008	2008 - 2009	2009 - 2010
Total Audit Reports Submitted	30	21	23
Audit Reports Initially Accepted	22	11	15
Audit Reports Initially Rejected	8	10	8
Delinquent Audit Reports *	6	2	3

\* An audit report is considered delinquent if it is not received by SCO by the Dec. 15 expected date or approved extension date.

### Quality Control Review (QCR) Reports for this CPA

Report	Report Date
<u>Vavrinek, Trine, Day &amp; Co., LLP</u>	8/4/2004

### Check the firm's current status with the California Board of Accountancy

<http://www.dca.ca.gov/cba/>

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California State Controller's Office, Controller John Chiang

**Oakland Unified School District  
Independent Auditor Selection Form  
Fiscal Year 2011/12**

**American Indian Public High School - CDS Code: 01-61259-0111856**

Each year the State Controller's Office confirms that the county offices of education, school districts, charter schools and certain joint powers entities have arranged for their annual audits.

Please complete the following:

**Audit Firm:** Vavrinek, Trine, Day & Co., LLP

**Address:** 5000 Hopyard Road, Suite 335

**City, State & Zip Code:** Pleasanton, CA 94588-3351

**Telephone Number:** (925)734-6600

**2011/12 Fiscal Year Audit Fee:** \$6,750

If a multiple year contract, please state the fiscal years covered and fee for each year:

Yr \_\_\_\_\_ \$ \_\_\_\_\_      Yr \_\_\_\_\_ \$ \_\_\_\_\_      Yr \_\_\_\_\_ \$ \_\_\_\_\_

**Date of Governing Board Approval:** 03/26/2012

I have verified that this firm is authorized to conduct school audits by confirming this firm's name appears on the Certified Public Accountants Directory Service (i.e. CPADS) for Local Education Audits list. <http://www.sco.ca.gov/cpads/main/CPADSList.aspx>

Christina Chen  
Authorized Charter Representative (Print Name)

(510)893-8701  
Phone Number

\_\_\_\_\_  
Charter Representative's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Sponsoring District Representative's Signature

\_\_\_\_\_  
Date

**Charter Schools:** Please complete and return to your sponsoring district representative listed below.

Please return to Minh Co by **March 26, 2012**

**Districts:** Please complete highlighted areas before sending to charter. After reviewing and signing:

Please return by **April 2, 2012** to Rose Liu, District Business & Advisory Services, Room 348.

**Oakland Unified School District  
Independent Auditor Selection Form  
Fiscal Year 2011/12**

**American Indian Public Charter School - CDS Code: 01-61259-6113807**

Each year the State Controller's Office confirms that the county offices of education, school districts, charter schools and certain joint powers entities have arranged for their annual audits.

Please complete the following:

**Audit Firm:** Vavrinek, Trine, Day & Co., LLP

**Address:** 5000 Hopyard Road, Suite 335

**City, State & Zip Code:** Pleasanton, CA 94588-3351

**Telephone Number:** (925)734-6600

**2011/12 Fiscal Year Audit Fee:** \$6,750

If a multiple year contract, please state the fiscal years covered and fee for each year:

Yr \_\_\_\_\_ \$ \_\_\_\_\_      Yr \_\_\_\_\_ \$ \_\_\_\_\_      Yr \_\_\_\_\_ \$ \_\_\_\_\_

**Date of Governing Board Approval:** 03/26/2012

I have verified that this firm is authorized to conduct school audits by confirming this firm's name appears on the Certified Public Accountants Directory Service (i.e. CPADS) for Local Education Audits list. <http://www.sco.ca.gov/cpads/main/CPADList.aspx>

Christina Chen  
Authorized Charter Representative (Print Name)

(510)893-8701  
Phone Number

\_\_\_\_\_  
Charter Representative's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Sponsoring District Representative's Signature

\_\_\_\_\_  
Date

**Charter Schools: Please complete and return to your sponsoring district representative listed below.**

Please return to Minh Co by **March 26, 2012**

**Districts: Please complete highlighted areas before sending to charter. After reviewing and signing:**

Please return by **April 2, 2012** to Rose Liu, District Business & Advisory Services, Room 348.

5



**Oakland Unified School District  
Independent Auditor Selection Form  
Fiscal Year 2011/12**

**American Indian Public Charter School II - CDS Code: 01-61259-0114363**

Each year the State Controller's Office confirms that the county offices of education, school districts, charter schools and certain joint powers entities have arranged for their annual audits.

Please complete the following:

**Audit Firm:** Vavrinek, Trine, Day & Co., LLP

**Address:** 5000 Hopyard Road, Suite 335

**City, State & Zip Code:** Pleasanton, CA 94588-3351

**Telephone Number:** (925)734-6600

**2011/12 Fiscal Year Audit Fee:** \$6,750

**If a multiple year contract, please state the fiscal years covered and fee for each year:**

Yr \_\_\_\_\_ \$ \_\_\_\_\_      Yr \_\_\_\_\_ \$ \_\_\_\_\_      Yr \_\_\_\_\_ \$ \_\_\_\_\_

**Date of Governing Board Approval:** 03/26/2012

I have verified that this firm is authorized to conduct school audits by confirming this firm's name appears on the Certified Public Accountants Directory Service (i.e. CPADS) for Local Education Audits list. <http://www.sco.ca.gov/cpads/main/CPADSList.aspx>

Christina Chen  
Authorized Charter Representative (Print Name)

(510)893-8701  
Phone Number

\_\_\_\_\_  
Charter Representative's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Sponsoring District Representative's Signature

\_\_\_\_\_  
Date

**Charter Schools:** Please complete and return to your sponsoring district representative listed below.

Please return to Minh Co by **March 26, 2012**

**Districts:** Please complete highlighted areas before sending to charter. After reviewing and signing:

Please return by **April 2, 2012** to Rose Liu, District Business & Advisory Services, Room 348.

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4



**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix D**

**05/29/2012 AIMS Board**

**Minutes**

American Indian Model Schools

171 12th, Suite 101

Oakland, CA 94612

Board of Education Regular Meeting

Tuesday, May 29, 2012 7:00 P.M.

Meeting at 171 12th Street

### Minutes

Welcome to the meeting of the American Indian Model Schools Board of Education. If you would like to address the Board during Public Comments on any agenda item or any item not on the agenda, please fill out a comment card on the table and give it to the Chair. You will be called on to comment during this time and comments will be limited to three (3) minutes. To ensure that all speakers are provided an equal opportunity to address the Board during Public comments, individual speakers may not "yield" their allotted time to address the Board to other speakers. The Board may, in accordance with the Brown Act (section 54954.3(b) of the Government Code), limit the total amount of time allocated for comment on a particular issue. The Board may choose to respond to agenda item comments or reserve their responses for discussion and action when the agenda item appears during the course of the meeting. Individuals who require special accommodation should contact the AIM Schools Lead Site Administrator's Office at 510-482-6000 Ext. 10. As a courtesy to others, please turn off your cell phone upon entering the meeting.

Board members present: Ms. Jean Jackson-Martinez, Mr. Jordan Locklear, Mr. Chris Rodriguez, and Mr. Michael Stember.

Teachers and Staff present: Mrs. Claudia Walker, Ms. Kaytena Beckford, Mr. Nathan Lomeli, Mr. Jason Chu, Mr. Burns, Ms. He, Mr. Zhou.

Guest present: Ms. Bernadette Coleman, Mr. Kevin Covarrubias, Ms. Alexandria Lai, Ms. Susan Tang, Mr. Chao Hun Tang, Ms. Gail Greely, and Dr. Ben Chavis

1. CALL TO ORDER - Mr. Michael Stember called the meeting to order at 6:02 p.m.

2. APPROVAL OF MINUTES – Mr. Stember motioned to approve the previous meeting's minutes. Mr. Jordan Locklear seconded the motion and is approved 4-0.

### 3. PUBLIC COMMENTS –

3.1. Mr. Kevin Covarrubias, an AIPCS II student was accepted into the Junior State of America Princeton summer school program. He will take AP U.S. History for the entire month of July. He has taken into account the number of units needed to graduate early. Kevin says he has every high school credit to meet CDE requirements for graduation. He wants to see if he can graduate from AIPHS a year early to attend college.

3.2. Ms. Alexandria Lee, a student at AIPCS II wants to focus on a four week math and science program. She wants financial assistance.

3.3. Ms. Bernadette Deville Coleman, is a parent that has a daughter who attends AIM schools. She wants to know

what our plans are on adding more grade levels. She wants more information about how the high school is going to expand ( see agenda packet).

#### 4. ADMINISTRATOR'S REPORT

4.1. Financial Update – Mrs. Christina Chen - AIPCS II is in a good financial situation and has significant increase in enrollment for grades K-8.

4.2. Enrollment Update – Mrs. Claudia Walker/Ms. Kaytena Beckford

4.2.1. Ms. Kaytena Beckford reported AIPCS's and AIPCS II's Projected Enrollment for 2012-2013 – At AIPCS, there is an expected 335 students total. Sixth, seventh, and eighth grades will have 134, 121, and 80 students respectively. At AIPCS II, it is projected that 637 students will attend grades K-8: Kindergarten-24 students, 1st grade – 28 students, 2nd grade – 29 students, 3rd grade – 31 students, 4th grade – 31 students, 5th grade – 79 students, 6th grade – 149 students, 7th grade – 147 students, and 8th grade – 92 students.

4.2.2. Mrs. Walker reported AIPHS projected enrollment for 2012-2013 and AIM Schools projected enrollment for 2012-2013 – At AIPHS, it is projected that 242 students will attend in grades 9 -12: 9th grade – 90 students, 10th grade – 68 students, 11th grade – 61 students, and 12th grade – 23 students. AIM Schools projected enrollment for 2012-2013 is 1214 students.

4.3. ASES Update – Mr. Nathan Lomeli

4.3.1. Safety/Sign Out Policy – On April 24, a new school-wide sign out policy was instituted that applies to non-ASES as well as ASES students. All students must record their exit time immediately before leaving the building and may not re-enter without permission from staff. Ms. Amy Yu, who speaks both Cantonese and English, is enforcing this policy at the door and will answer parents' questions.

4.3.2. Q3 Expenditure Report – The quarter three expenditure report spans from the January 1 through March 31. Successfully submitted, AIPCS II spent \$34,961.65. \$115,302.99 remains in our account. The quarter four report will be due July 31.

4.3.3. 2nd Round Disbursement – Grant funds from the state were received. One third of this disbursement minus custodial fees, \$31,875, has been delivered to East Oakland Leadership Academy (EOLA) and will be delivered to the Conservatory of Vocal and Instrumental Arts (COVA) this week.

4.3.4. 2nd Semester Attendance Report – Currently compiling sign out records for second semester attendance report, due July 31. Also coordinating with COVA and EOLA to ensure that their attendance records are accurately compiled before the reporting deadline.

4.3.5. General Operations – ASES operating smoothly with an average daily attendance of 115 students.

4.3.6. Continuing ASES – should we continue to take on the ASES grant? The upside is that there is \$150,000 to operate an after school program for students in grades 5th through 8th. The downsides include: operating the program on every normal school day until at least 6:00 p.m. and establishing minimum attendance requirements, nutrition requirements. In addition, programming requirements, and administrative resources must be dedicated

to compliance, record-keeping, and reporting. With this in mind, we are concerned with how the after school program will integrate with or be affected by the elementary school expansions.

4.4. Teachers Update – Mr. Jason Chu - Teachers have been meeting every Friday at 12:30 PM to collaborate with one another. Minutes have been taken by Ms. Merritt and Ms. Frediani. All notes have been shared with staff through the teacher email list. Star testing was a success and results will be available in late summer/early fall. Teachers are transitioning into the next year's text and preparing for the summer session.

#### 5. ACTION ITEMS

5.1. New Officers – motion by Mr. Locklear to approve Ms. Jackson-Martinez and Mr. Michael Yu as new board officers. Mr. Stember seconds, vote approved 5-0. Mr. Michael Yu motions to approve Ms. Jackson-Martinez as Presidents of the Board, vote approved 5-0.

5.2. AIPCS II's Budget/Employee Raises – Mr. Rodriguez motioned to approve budget/employee raises. President Ms. Jackson-Martinez seconds, vote approved 5-0.

5.3. New Employees – No action taken.

5.4. Lease: 171 12th Street – No action taken.

5.5. ADA/Bathroom Update – Motion by Mr. Michael Stember to approve bathroom update, which Mr. Locklear seconds and vote is approved 5-0. Mr. Rodriguez asked if the bids were competitive. He was concerned with the low bid at \$6,000. The highest bid was \$19,500. We were informed that Mr. Fu, who provided the lowest bid, did the architectural plans for AIPCS II.

5.6. 2012-2013 AIM schools' Calendar – Mr. Rodriguez motioned to approve 2012-2013 AIM Schools Calendar. Mr. Stember seconds, voted approved 5-0.

5.7. Purchase Property at 3512-3516 MacArthur Blvd., Oakland, CA – Mr. Harry Murphy from Affiliated Brokers gave a presentation on the property and its location. Mr. Stember motioned to approve a sub-committee consisting of President Jean Jackson-Martinez and Mr. Yu to study purchasing the property. Mr. Rodriguez seconded the motion. 5 votes to approve.

5.8. S.A.I.L. Math Camp for 6th & 8th Graders – Mr. Stember motions to approve SAIL math camp seconded by Mr. Locklear and is approved 5-0.

5.9. Administrative Intern – No action taken on the matter.

5.10. New Auditor- Mr. Rodriguez motioned to approve new auditor, which was seconded by Mr. Stember and approved 5-0.

5.11. Changing Account Number with ACEO – Mr. Rodriguez motioned to approve account change, which was seconded by Mr. Stember and approved 5-0.

6. CLOSED SESSION – None

7. REPORT FROM CLOSED SESSION

8. ADJOURNMENT TIME – Mr. Stember moved to adjourn the meeting. It was seconded by Mr. Rodriguez and approved 5-0 by board. Meeting adjourned at 8:24 p.m.

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix E**

**Board Training Agendas and  
Presentations from CSDC**


**Charter Schools Development Center**  
 817 14th Street, Suite 300  
 Sacramento, CA 95814-2923

# Invoice

Date	Invoice #
5/30/2012	2408

<b>Bill To</b>
American Indian Public Charter School Attn: Accounts Payable 3637 Magee Ave Oakland, CA 94619

**Please update your records with our  
 NEW ADDRESS AND PHONE #.**

P.O. No.	Terms	Due Date
	Upon receipt	5/30/2012

Quantity	Description	Rate	Amount
9	Consulting Services provided by Eric Premack re: preparation for and presentation of board training on May 29, 2012.	175.00	1,575.00
3	Travel Time re: board training on May 29, 2012.	75.00	225.00
180	Travel Expense Reimbursement re: board training on May 29, 2012: - 180 miles @ \$0.555/mile = \$99.90	0.555	99.90

*e*

Phone #	Fax #	E-mail
(916) 538-6612	(916) 471-0155	jgrexton@chartercenter.org

<b>Total</b>	\$1,899.90
<b>Payments/Credits</b>	\$0.00
<b>Balance Due</b>	\$1,899.90

For questions regarding your account, please contact Jen at [jgrexton@chartercenter.org](mailto:jgrexton@chartercenter.org) or 916-538-6612 ext. 303. Thank you!

*Jen*



**Trigger Threat Grows to Over \$440/ADA**

Category: Finance

Author: Eric Premack, Executive Director, Charter Schools Development Center

Posted: Friday, May 25, 2012

CSDC MEMBERS

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[www.chartercenter.org/index/membership](http://www.chartercenter.org/index/membership)

**SACRAMENTO** – The Governor’s May Revise budget proposals continue general themes of his original 2012-13 budget proposal, but with deeper cuts to bridge a growing state budget gap. He continues to push a proposed ballot initiative to increase taxes. Though these tax increases would provide no additional funding for K-12 schools, the Governor continues to propose targeting the related cuts almost exclusively on education funding if the voters reject the tax increases.

Meanwhile, the Governor recently signed new cash deferral legislation that implements some—but not all—of his proposed cash flow deferral changes, including a new, quick-turnaround exemption application. This article provides an expanded analysis of our earlier take on the May Revise, including CSDC’s estimated funding rates and other key data from what may be the most complex May budget revision in recent memory.

**Estimated Two-Year Budget Gap Increases to \$15.7 Billion**

The estimated state budget shortfall for the remainder of current (2011-12) and upcoming fiscal year has grown by \$6.5 billion, from the \$9.2 estimated in the Governor’s January budget proposal, to an estimated \$15.7 billion, according to Governor Brown and his staff. The gap grew due to several key factors, including over-estimated state tax revenues (\$4.3 billion), an increase in the “Prop 98” K-14 education funding guarantee (\$2.4 billion), and various federal actions and court decisions (\$1.7 billion). The gap was

slightly offset by \$1.9 billion in savings related to reduced caseloads and other factors.

To close this growing gap, the Governor continues to propose a mix of tax increases, cuts, and other changes, including the following key items:

- a November ballot measure to increase sales and income taxes;
- spending cuts across a broad range of items (child care, health care, state employee compensation, and other items);
- accounting tricks to reduce the state’s constitutional funding obligations for K-14 schools and community colleges; and
- miscellaneous actions such as capturing assets from local redevelopment agencies, deferring loan payments, and the like.

If the voters reject the proposed ballot measure to increase tax revenues, the Governor continues to propose a “trigger” mechanism to cut expenditures by over \$6 billion, with 90 percent of the cuts focused on K-14 schools and colleges, including larger general-purpose funding cuts.

**Dueling Tax Measures Headed to November Ballot**

The Governor continues to push a ballot initiative to increase state tax revenues. The revised version would increase the state sales tax by one-quarter of one percent, starting January of 2013 and expiring at the end of 2016. It would also increase income taxes on high income earners, ranging from a 1-3 percent boost, starting with the 2012 tax year and extending through 2018. When fully implemented, the two would generate over \$9 billion per year in additional taxes, but little of this would result in increased funding for schools in 2013-14 because the Governor proposes to use the funds to balance the state budget and partially buy-down deferrals of funding for K-12 schools.

Wealthy activist Mollie Munger continues to press her



**Trigger Threat Grows to Over \$440/ADA... (Continued)**

competing ballot initiative, entitled "Our Children, Our Future," and it will likely appear on the November ballot alongside the Governor's proposed measure. Hers would also increase income taxes, but across a broader base of taxpayers, not just the highest earners. It would also direct a much higher proportion of the added funding toward K-12 schools. At first blush, the Munger initiative is more appealing to fiscally-strapped schools because it would provide more funding whereas the Governor's initiative would direct most of the funding to balance the state's own budget.

April polling data from the Public Policy Institute of California, however, indicates that the Governor's proposal enjoys support from only a slim majority (54 percent) of likely voters while the broader-based tax increases proposed by Munger enjoy only 40 percent support. Thus, while Munger's version provides more funding, it is much less likely to pass and even the Governor's proposal is very vulnerable to well-organized opposition. More recent May polling data shows similar results, with 56 percent favoring the Governor's proposed tax increases.

Conventional wisdom also holds that when voters face two or more competing ballot measures on the same topic, they tend to vote "no" more frequently on all of the measures. CSDC fears that a combination of concerted opposition and voter fatigue over facing competing initiatives could doom both measures. As such, CSDC does not believe charter schools without strong reserves can bet that either or both will pass.

**CSDC's Estimated Charter Funding Rates**

Under the Governor's revised budget proposals, funding for K-12 schools would remain relatively flat if the proposed tax increase ballot measure passes in November. If not, the Governor proposes cutting funding for K-12 schools by an estimated \$440 per ADA, which is significantly deeper than the \$370 per ADA cut proposed in January. The following table displays CSDC's current estimates of 2012-13 grant funding rates for charter schools. They include some reductions relative to the January estimates due to technical changes in the underlying school district funding system. They also assume the following:

Funding levels commensurate with the Governor's May

Revise budget proposals

- The proposed November ballot measure to increase taxes fails and results in a "trigger" cut of \$440 per ADA
- The Governor's proposal to begin a multi-year transition to a new, per-pupil funding system is not implemented (details below)

Table 1  
Charter School General-Purpose Grant Rates  
2012-13 Fiscal Year  
CSDC's Estimates Based on Governor's May Revise  
Budget Proposals

Program/Grade Span	K-3	4-6	7-8	9-12
General-Purpose Grant	\$5,114	\$5,192	\$5,348	\$6,190
Estimated Cut If Tax Initiative Fails	-440	-440	-440	-440
Charter Categorical Block Grant *	400	400	400	400
Totals	\$5,074	\$5,152	\$5,308	\$6,150

\* These base amounts are supplemented with (1) In-Lieu EIA funding for schools serving English learner and poverty income students and (2) "new" charter schools (those that started in 2008-09 or thereafter) that are entitled to a \$127/ADA Supplemental Categorical Block Grant.

To help districts and charter schools accommodate these cuts, the Governor proposes authorizing a reduction in the minimum school year of up to 15 days across the next two years, further decreasing already-reduced levels. Schools could decide whether to take these reductions in 2012-13 and/or 2013-14, provided the reduction is not more than 15 days total across the two years. This flexibility is of little comfort to many charter schools given that academic performance expectations for charter renewal remain high.

Charter Categorical Block Grant funding remains subject to a variable deficit, depending on whether the line-item appropriations for the program keep pace with charter growth. We have reduced our 2012-13 projection slightly from \$412 to \$400 per ADA based on several factors, including the fact that current-year funding for the Categorical Block Grant also is running short. For the In-Lieu Economic Impact Aid supplement, CSDC estimates \$338 per eligible



**Trigger Threat Grows to Over \$440/ADA** (Continued)

pupil, with minimum funding floors of \$5,749 (1-10 eligible pupil count) and \$8,676 (11+ eligible pupil count). These rates could also vary depending on amounts appropriated versus statewide demand.

**Flat Funding For Other State Categorical Programs**

The Governor continues to propose flat funding for nearly all other state-funded categorical programs. CSDC suggests budgeting flat funding for all state-funded categorical "flex" programs (e.g., Supplemental Hourly Instruction, CAHSEE Prep, Art & Music Block Grant, etc.) and the Grades K-3 Class Size Reduction (K-3 CSR) program. As noted above, however, these programs, especially the K-3 CSR program, are subject to change depending on whether the Governor's proposal to create a new, weighted, per-pupil funding system gains traction.

Though the Governor proposes full flexibility for all of these "flexed" state categorical programs, including the K-3 CSR, we wouldn't count on flexing K-3 CSR just yet. Instead, for now, CSDC suggests budgeting based on the current, partially-flexed laws governing the program.

For now, we also anticipate full funding for the Charter School Facilities Grant Program. Cash flow for this program, however, remains unclear. Current law requires the California Department of Education (CDE) to apportion funds by October 1st. In practice, however, very few schools received their funds by that date and many are still waiting for their funding. The Governor continues to propose earlier cash flow for this program by advancing the apportionment date to August 31. Initial cash flow would be based on estimated entitlements and later true-up to current data. During budget subcommittee hearings, CDE opposed this shift, arguing it wasn't feasible. The Legislative Analyst's Office (LAO), however, noted that the CDE regularly uses similar apportionment schedules for similar funding programs. For now, the Senate opted to keep the issue open while the Assembly rejected it—and the outcome will likely be settled late in budget deliberations.

**Lottery Funding**

The most recent quarterly Lottery apportionments are up, perhaps due to large, high profile jackpots, and provide one of the few bright spots in the school funding picture. Past

experience, however, shows that Lottery earnings are volatile. CSDC suggests budgeting for \$116 per ADA for the unrestricted portion and \$22 per ADA for the restricted portion of lottery revenues.

**Cash Flow: One Step Forward, Two Steps in Reverse**

The Governor signed AB 103 into law this week, a law that will soften some of the intra-year deferrals a bit and enacts a new deferral exemption process for cash-strapped schools. The Governor's revised budget proposal, however, proposes two additional cash deferrals scenarios, in addition to the new ones implemented through AB 103, making 2012-13 cash flow projections especially unclear. The Governor's first cash flow scenario assumes voter approval of the tax increases on the November ballot. The good news is that this first scenario reduces inter-year cash deferrals by \$2.2 billion. The bad news is that this scenario still includes billions of dollars of both intra- and inter-year deferrals, including a massive, new \$6.9 billion deferral related to the proposed new tax revenues that would not be apportioned until June.

The second scenario, effective if voters reject the tax increase, still defers over \$3.8 billion worth of assumed new tax revenue in the beginning of the year, effectively betting that voters approve the tax increases, with payback to schools spread over February through July in the event that they reject it. The second scenario also includes other major intra- and all of the current inter-year deferrals.

CSDC continues to analyze these cash flow scenarios and plans to publish detailed, charter-specific projections soon. What is clear is that very little of the Advance Apportionment will flow in the early months of the school year. The good news is that AB 103 also enacts another opportunity to apply for exemptions from some of the intra-year deferrals, including the upcoming deferrals of most of the July and much of the August 2012 Advance Apportionment. Charter schools whose summer cash flow is tight should keep their eyes peeled for CDE's posting of the deferral exemption paperwork. Such schools will need to turn around a cash flow projection and application quickly and secure approval by their granting agency and county superintendent. Though AB 103 includes a June 1 official application deadline (yes, that's next week), California Department of Education staff



**Trigger Threat Grows to Over \$440/ADA ... (Continued)**

inform us that this deadline likely will be pushed out to June 15 (similar to last year's exemption deadline extension).

**Governor's Spine Softens on Per-Pupil Funding Proposal**

The Governor substantially revised his ambitious proposal to overhaul the K-12 education funding system—including several changes that are very unfavorable to charter schools. In January, the Governor proposed a major transition from the current, complex funding system that includes an inequitable general-purpose grant with dozens of categorical programs to a more simple, per-pupil funding system where all schools and districts would receive the same amount per-pupil, with additional "weighted" funding for low-income and English learners.

Some of the major changes and features of this detailed proposal are summarized as follows:

- **Higher, grade-specific base grant.** The January proposal had a low base grant of \$4,920 per ADA for all grade levels. The revised proposal increases the base grant to \$5,421. It also adds grade-span adjustments using the figures that currently differentiate charter school funding.
- **Reduced weighting for English learners and low-income students.** The January proposal provided a hefty, 37 percent increase to the base grant for students who are either English learners and/or who qualify for free/reduced-price meals. The revised proposal reduces the weighting—down to 20 percent—cutting it by nearly half.
- **Reduced concentration grants for English learners and low-income students.** The January budget included a hefty and stepped concentration bonus for serving high proportions of English learner and low-income students. The revised formula would boost the weighting for qualifying students to the extent that they represent more than 50 percent of the population. The proposed legislation would also cap charter schools' concentration grants at the level provided to the local school district.
- **Carve two key programs out of the system.** The Governor's original proposal would have swept funding from nearly all state funding programs, except Special Education and a few others, into the common system, even-

tually leading to a much higher level of funding equity across schools and districts. The revised proposal would take funding from two key programs, the Home-to-School Transportation and the Targeted Instructional Improvement Grant (TIIG—formerly known as desegregation), increasing base funding for current recipients, while providing none to the rest (including charter schools).

- **Slower, graduated, and contingent phase-in.** The original proposal would have shifted from the current funding system to the new one over a five-year period. The revised proposal stretches the transition to 7+ years, transitioning slowly in the early years by adding a "hold harmless" provision during year one, and conditioning future year transitions on meeting minimum funding targets and other factors. The final year transition would be contingent on the state having fully funded the large deficit (currently in excess of 20 percent) in the general-purpose funding system.
- **Partial funding restriction.** Under the original program, funding would be flexed and could be spent at local discretion. The revised proposal requires spending the extra dollars generated by English learners and low-income students on those students and calls for using the state's elaborate school account codes to track and report the related revenue and expenditure data.

CSDC, which has been a major proponent of the weighted, per-pupil funding concept since we first proposed it as the basis for the current charter school grant system in the late 1990s, is deeply disappointed with some of these proposed changes. Since the Transportation and TIIG programs are amongst the state's most inequitable and archaic funding programs, excluding them represents a major retreat from the core of per-pupil funding concept. It is especially painful for charter schools because charter schools have never been eligible to receive funding from these large programs. The cap on charter schools' concentration funding for English learner and low income students would also severely discriminate against the many charter schools that serve unusually high proportions of eligible students.

Though Governor Brown's amendments were intended to make the reform effort more politically palatable, major



**Trigger Threat Grows to Over \$440/ADA... (Continued)**

education lobbies continue to oppose it. From a political perspective, Brown Administration staffers acknowledge that the per-pupil funding proposal remains a "very heavy lift." CSDC continues to advocate for more equitable treatment of charter schools in these key provisions and will provide additional information on the potential funding implications for individual charter schools if the proposal gains political traction.

**Kindergarten Confusion Continues**

The Governor continues to propose the elimination of funding for the new, transitional kindergarten (TK) program. Recently-enacted law that is currently slated to take effect in the 2012-13 school year rolls the minimum entrance age for kindergarten back by 1 month, from December 2 to November 1. The law also calls for an additional one-month roll-back in each of the 2013-14 and 2014-15 school years, resulting in a three-year shift of the November 2 cutoff date to a September 1 cutoff date. The law also calls for funding for students whose fifth birthday falls in the transitional gap (November 2 to December 2nd) and providing such students with a two-year, "transitional kindergarten" (TK) program.

In his original budget proposal in January, the Governor proposed to continue to roll-back the entrance age to November 1 for 2012-13, but to eliminate funding for the TK program. This proposal enraged many child care and TK proponents who argued that the cut, combined with cuts to similar child care and preschool programs, would leave many kids un-served. The Governor continues his proposal to roll-back the entrance age in the May Revise, but also proposes shifting some of the estimated cost savings related to eliminating TK to support additional preschool funding.

The Governor also proposes a subtle, but important change to current law that allows admission of students whose birthdays fall after the usual kindergarten entry cutoff date, but who turn age five sometime later during the school year. Under current law, such students may be admitted on a case-by-case basis *on or after their fifth birthday*. In such cases, the law requires that the parent be provided with information regarding the advantages and disadvantages of early enrollment. In practice, this option is rarely used. The governor proposes to liberalize this law a

bit and allow schools to admit such students at the beginning of the school year, but presumably only on a case-by-case basis and with information provided to the parents regarding the advantages and disadvantages of early enrollment.

Transitional Kindergarten advocates, along with Senator Joe Simitian (D-Palo Alto) who sponsored the TK legislation, continue to vigorously oppose the Governor's proposal to cut the funding. The LAO has weighed-in too, recommending that the Legislature accept the Governor's proposal to eliminate TK funding as a budget-balancing measure, while rejecting his proposal to liberalize the case-by-case admissions law for underage children whose fifth birthday falls after the school year.

This unsettled matter makes it difficult for charter schools and school districts to plan. Most charter schools have already made admissions decisions for this fall. Those that have opted to admit TK-age students fear that if funding is cut, they may be left eating the costs.

To make matters even more confusing, TK advocates, the CDE, and some school districts are asserting that current law mandates offering TK. Charter school oversight staff in the Los Angeles district, for example, appointed themselves de-facto "transitional kindergarten cops," asserting "it is charter schools' responsibility to ensure compliance with this new requirement whether or not there is funding in addition to ADA" and demanding that charter schools provide written TK implementation plans to the district.

CSDC disagrees with these over-zealous advocates' interpretation of the TK laws and believes that offering TK is optional for both school districts and charter schools. TK zealots appear to be basing their interpretation on one particular sentence in the TK law, reading the sentence in isolation without regard to the surrounding section of the law. This sentence provides that "a child who will have his or her fifth birthday between November 2 and December 2 shall be admitted to a transitional kindergarten program maintained by the school district." Read in isolation, this clause could be read to imply that a district must operate a TK program because it is required to admit transitional-age students to it.

This sentence, however, is part of a larger code section that provides essential context. Specifically, the require-



**Trigger-Threat Grows to Over \$440/ADA... (Continued)**

ment to admit TK-aged students is a condition of receipt of TK funding. In other words, if a district or charter school receives the funding, it must offer the program. The law does not say that a district or charter school must opt to receive the funding and/or operate a TK program in the first instance. As such, CSDC believes a charter school or district may opt not to receive the funding and not offer the program. Moreover, the larger context also clarifies that TK

"shall not be construed as a new program or higher level of service," which is verblage commonly used to describe state mandates. The actual text of this law is shown on the left, with relevant portions highlighted.

Even if the law did mandate offering a TK program, law states that the TK-aged students should be admitted to a TK program "maintained by the school district" and there is no mention of requiring admission to a program maintained by a charter school. As such, CSDC is baffled by those who continue to maintain that the law mandates that charter schools operate a TK program.

Nonetheless, we think that, if funded, TK would fund schools to serve roughly one-quarter of incoming kindergarten students in an extended, two-year program. As such, TK would presumably provide schools with a significant opportunity to better prepare TK-age students for First Grade and beyond.

Charter schools that can afford the financial risk of assuming that either (1) TK will be funded and/or (2) adoption of the Governor's proposal to liberalize the early entrance may want to opt to implement a TK program. If, however, the Legislature opts to follow the LAO's recommendation and neither fund TK nor liberalize the early admissions laws, charter schools implementing TK would risk losing a few months' worth of ADA generated by TK-age students. Schools that cannot afford this risk presumably should steer clear of implementation.

**Tweaks to Mandated Cost Reimbursement Proposal**

The Governor continues his January proposal to shift from the current, claims-based process for reimbursing state-mandated costs to a block grant system. The proposal has evolved since his January budget proposal. Instead of eliminating or suspending most mandates, the Governor now proposes eliminating six large ones, including the following:

- High school graduation requirements (additional science course)
- Behavioral intervention plans for special need students
- Habitual truants
- Parent/guardian notification of truancy
- Teacher notification of pupil discipline records
- Pupil suspension, expulsion, and expulsion appeals

As a condition of receiving any portion of the state funding for a kindergarten program pursuant to subdivision (g) of Section 46300, a charter school or district shall:

(1) In the 2012-13 school year, a child who will have his or her fifth birthday between November 2 and December 2 shall be admitted to a transitional kindergarten program maintained by the school district.

(2) In the 2013-14 school year, a child who will have his or her fifth birthday between October 2 and December 2 shall be admitted to a transitional kindergarten program maintained by the school district.

(3) In the 2014-15 school year and each school year thereafter, a child who will have his or her fifth birthday between September 2 and December 2 shall be admitted to a transitional kindergarten program maintained by the school district.

(4) For purposes of this section, "transitional kindergarten" means the first year of a two-year kindergarten program that uses a modified kindergarten curriculum that is age and developmentally appropriate.

(5) A transitional kindergarten shall not be construed as a new program or higher level of service.





**Trigger Threat Grows to Over \$440/ADA... (Continued)**

Though none of these mandates explicitly governs charter schools, some charter schools opt to comply with them anyhow. While the Governor claims to be eliminating the six largest mandated cost items, one of the largest, the collective bargaining mandate, would remain in full effect. For these remaining mandates, the Governor continues to propose switching from the current and complex claims-based reimbursement system to a block grant system. The good news is that he proposes to allow charter schools to share in such grants. The bad news is that he also proposes to completely eliminate the current claims-based process, even as an option, meaning that legislation would be needed in the future to fund new any newly-imposed mandates. If adopted, the Governor's proposal would provide a modest mandated cost reimbursement grant in the range of \$28 per ADA.

**Charter School Fiscal Reforms**

The Governor also continues to press several budget-related charter school reform measures, with a few amendments. The amendments include the following:

- **Narrow the scope of district surplus property conveyance to charter schools.** The Governor's January budget proposed to require districts that seek to sell or lease surplus district property to first offer to "convey" the property to charter schools. The May Revise narrows the scope of this proposal to impact only those facilities that were bought with state funds. The charter school would hold title to the facility for as long as it uses the facility for educational purposes, with the property reverting to the district if the charter closes. Since many districts have used local bond and other funds rather than state bond funds to pay for facilities, this revised proposal would reduce the number of facilities subject to the proposal.
- **Continue but delay fiscal impact of elimination of "SB 740" funding determination process.** The Governor continues his proposal to eliminate the controversial funding determination requirements for "nonclassroom-based" charter schools. The May Revise proposal, however, would delay the restoration of funding for schools

currently experiencing cuts until their charters are renewed after 2012-13. Such schools would have their funding determination "grandfathered" until such time as their charters are renewed, at which time they, too, would be eligible for full funding (generally 1-4 years). This proposal may help mollify the concerns raised by some legislators regarding the cost to the state to fully fund the affected schools.

- **Authorize, but do not require county treasurers to lend funds to charter schools to meet cash flow needs.** In January, the Governor proposed several changes to aid charter schools in meeting cash flow needs, including requiring county treasurers to allow charter schools to borrow funds in the same manner that school districts and other local agencies currently enjoy. The May Revise would now authorize, but not require county treasurers to make such loans. Some county treasurers have opposed the Governor's original proposal, citing concerns over charter schools' ability to repay the loans and trumped-up legal arguments that such loans are unconstitutional.

The Governor also continues to press for a few other budget-related charter school policy changes that were not amended in the May Revise, including the following:

- **Authorize county superintendents to lend funds to charter schools to meet cash flow needs.** This proposal would explicitly authorize county superintendents to make short-term cash flow loans to charter schools under the same existing laws that currently authorize such loans to school districts.
- **Authorize the California School Finance authority to re-finance facilities and cash flow financings** (current law only explicitly authorizes the original financing and not re-financing).
- **Streamline the deferral exemption request process for charter schools by eliminating the requirement that the school district and/or county office certify the cash flow projection and exemption application.** This could be especially helpful for those charter schools where the district and/or county either refuse to certify the requests and/or deem them a sign of weak fiscal management.

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**Trigger Threat Grows to Over \$440/ADA... (Continued)**

- **Facilitate timely apportionment of Charter Facilities Grant funds by streamlining the application process.** Currently, CDE is struggling to provide timely payment of these funds. This year, for example, many schools have only recently begun to receive funding—months after the statutory deadline (October 1st). The Governor proposes to advance this deadline to August 31. This proposal currently enjoys only mixed support in the legislature and CSDC continues to advocate for it.
- **Tap the Charter School Revolving Loan Security Fund (interest proceeds) to bolster the Charter Revolving Loan Fund.** Several years ago, CSDC successfully advocated for legislation to use the interest earnings on the loan fund to backfill any loan losses stemming from closed or bankrupt charter schools. Currently, an estimated \$3.9 million in interest funds are available, but haven't been tapped due to bureaucratic obstacles. CSDC remains optimistic that this proposal will be adopted and both budget subcommittees in the legislature appear to support it.

**Creative Accounting on Proposition 98 Funding Guarantee**  
California's complex constitutional funding guarantee for education funding, colloquially known as "Prop 98," continues to play a central role in the larger education funding debate. The Governor continues to propose a dizzying mix of adjustments to the complex guarantee calculations, generally leading to counter-intuitive results and facilitating short-sheeting of funding for K-12 schools in the event that the tax initiative fails. The LAO proposes an alternative approach to calculating the Prop 98 guarantee that would lead to much smaller trigger cuts next year, but at the expense of future funding in ensuing years.

The reduced state revenue estimates relative to January leads to a reduction in the Prop 98 guarantee for the current fiscal year, but an increase for 2012-13. Most of the 2012-13 increase, however, is due to formulas in the Prop 98 guarantee that require the state to restore prior-year cuts to the funding formula base when year-over-year state revenues grow in subsequent years—these restorations are known as "maintenance factor" payments and the state is slowly restoring a \$10 billion maintenance factor that

it owes to schools due to prior suspensions of the funding guarantee. The reduced 2011-12 revenue estimates, combined with the Governor's proposed tax increases lead to a larger year-over-year growth estimate, and, per the Governor's read of the maintenance factor restoration laws, a larger maintenance factor payment for 2012-13.

If the proposed tax measure fails, however, the Prop 98 funding guarantee would drop by \$2.7 billion in 2012-13. The Governor, however, would not only cut these funds from K-14 schools and colleges, but could also cut an additional \$2.8 billion, resulting in nearly \$5.7 billion in cuts to K-12 schools. About half of these cuts would be meted out via the \$440/ADA trigger cut and the remainder would cancel the Governor's proposed reduction in cross-year cash flow deferrals. Cutting this deeply, however, would normally violate the minimum funding guarantee, so the Governor is also proposing several accounting manipulations to artificially deflate the guarantee by another \$2.8 billion.

These manipulations include moving programs into and out of the Prop 98 funding calculations. Such movement, however, requires some sort of re-benching of the funding guarantee calculations to account for the addition and deletion of programs that count toward the guarantee. The method the Governor proposes to use allows the state to make minimal increases to the formula because the programs he proposes to move into the formula (the big one is the state's debt service on school facilities bonds) were very small in past years, but have grown to be large in recent years. Since they were small in the base year, the formula is increased only a bit. But the programs are large today and the state budget captures the difference, allowing it to short-change schools.

The LAO, in contrast, argues that the state should reject both (1) the Governor's interpretation of the laws governing the maintenance factor and (2) the Governor's creative proposed re-benching of the Prop 98 formulas. Specifically, the LAO suggests that no maintenance factor payments are due during the current, lean budget years. As such, the Prop 98 funding guarantees are lower than the Governor estimates and would remain lower for the next few years. At the same time, the LAO proposes less manipulative re-benching methods and other accounting changes in the event the



**Trigger Threat Grows to Over \$440/ADA ... (Continued)**

trigger is pulled—along with continuing the current cross-year deferrals as the Governor would.

The net result under the LAO's approach is a \$1 billion cut to K-12 general-purpose funding in 2012-13, much lower than the \$2.8 billion cut proposed by the Governor. In per-ADA terms, the LAO's approach would translate to a \$170 per ADA cut—much lower than the \$440 per ADA cut proposed by the Governor.

Whether the Legislature opts to follow the LAO's approach, the Governor's, or something entirely different will obviously have a large impact on school's funding rates next year. The Legislature has only begun to digest the May Revise. Budget subcommittees have heard the broad strokes, but have yet to deliberate over any of the key issues. We anticipate that parts of the LAO's approach may be appealing to legislators who are loath to cut education funding. CSDC does not anticipate serious legislative action on these or other "big ticket" decisions until after the June 5 primary election.

**Budgeting Implications: CSDC's Suggestions**

While CSDC does not believe that a \$440 per ADA trigger cut is likely, we continue to believe that cuts of this magnitude are a distinct possibility and that most charter schools need to budget to accommodate cuts at that level. In addition to the very real possibility that voters reject proposals to increase taxes, the state budget faces several other major threats, including the following:

- **Volatile revenues.** More so than ever before, the LAO has noted that projecting state revenues is becoming increasingly difficult. While their revenue estimates are similar to the Governor's, the LAO notes that they "could easily be billions of dollars lower or higher."
- **Shaky assumptions.** As with many recent state budget proposals, the May Revise includes many questionable assumptions. Some examples include assuming that recently-shuttered local economic redevelopment agencies turn over \$1.2 billion in assets to schools in 2012-13. Many believe this figure to be greatly overstated and, in response to a query from CSDC, Brown Administration officials conceded that this estimate is "squishy." Several other major proposed cuts are also vulnerable to court

challenge and the like.

- **Double-dip recession.** While the economy is currently experiencing a modest recovery, a double-dip recession remains a possibility. This could be triggered by continued trouble in European finance markets, delay by federal officials regarding expiration of many key federal tax laws, a spike in oil prices, etc.

Given these factors, it is possible that cuts may be necessary even if the voters approve tax increases. It is also possible that revenues will swing to the positive. Charter school leaders and business officers should remind their stakeholders of this volatility if they desire to maintain their credibility and avoid being labeled a "fiscal squirrel" or "chicken little."

Charter schools with unusually large financial reserves may not need to budget for cuts of this magnitude, provided they can manage their cash flow, too.

Charter schools with limited cash reserves should continuously revise their cash flow projections, including preparing to submit a deferral exemption request in early June if needed to cope with the deferrals of most of the state's June and much of the August 2012 general-purpose apportionments. Those few charter schools with unionized staff should draft any labor agreement language with an eye toward flexibility and strenuously avoid language that may undermine the organization's ability to accommodate unanticipated cuts or policy changes such as shortened school years.


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**Charter School Governance Fundamentals**

For: American Indian Model Charter Schools

Presenter: Eric Premack, Executive Director—Charter Schools Development Center

May 29, 2012—Oakland, CA



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**Goals For The Session**

- Gain a basic grasp of key governance fundamentals
  - Purpose of governing boards
  - Scope of boards' authority and responsibility
  - What governing boards do and how they get it done
  - Common pitfalls and how to avoid them
  - Strategies toward working as a team
  - Fiscal oversight fundamentals
  - Managing and mitigating conflicts-of-interest
  - Making open meeting laws work in practice



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**Common Governance Problems**

- "Checked-out" board members
- "Noggin nodder" board members
- Micro-management
- Board-staff disputes
- Boardmember-to-boardmember disputes
- Founder's syndrome
- Inadequate expertise
- Board member(s) from Hell



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### Successful Governance Practices

- Board serves as strong partner to support school and administrative staff
  - Technical expertise
  - Fundraising and development support
  - Political, community support
  - Maintain strong internal relations
- Second set of eyes and ears
  - Spot problems before they get big
- Facilitate leadership transitions, continuity

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### The Perfect Governance Model

- There exists no one perfect governance model or philosophy
- In practice, charter school's governance designs and practices vary widely
  - Scope and depth of board engagement
    - Full scope to advisory only
    - Deep "hands-on" engagement to policy only
  - Size, composition, and selection of board members can vary
  - Can vary by design
  - Often evolve over time

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### Board Member Recruiting & Selection

- Be deliberate about how you recruit and select board members
- Key variables include whether, how, and by whom prospective board members are
  - Recruited or identified as prospective members
  - Reviewed/screened for "fit" and expertise
  - Nominated
  - Selected, appointed, and/or elected

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### Charter School Foundation Documents

- Governance design documented in:
  - Charter and related agreements (e.g. "MOUs")
  - Articles of Incorporation (if incorporated)
  - Bylaws or articles of association
  - Board resolutions, policies and/or procedures
- All foundation documents should reflect a coherent governance design and school's mission

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### Charter-Related Agreements and Memoranda of Understanding ("MOUs")

- Many schools enter into contracts or written agreements with their granting agency
  - One or multiple operating agreements
- Clarifying matters not specified in charter
- Not required by law but may be a political necessity if granting agency insists
- Topics usually include:
  - Finance, support services, liability/indemnification, special education, facilities, etc.
- Common problems:
  - Poor alignment with charter
  - Lopsided terms

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### Articles of Incorporation

- Document filed with Secretary of State to establish a corporation:
  - Fundamental part of incorporation process
  - Usually a brief document stating:
    - Corporate name, type, and purpose
    - Intended tax status
    - Tax-exemption applications are separate filings
    - Identifies incorporator(s) and may identify initial board members
    - Agent for service of process
- Actual governance practices need to align with articles

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## Bylaws

- Document internal operating rules of the organization or corporations:
  - Board composition, officers, terms, elections, and succession
  - Structure and roles - advisory board, committees, parent council, etc.
  - Rules of procedure to govern meetings
  - Miscellaneous legal and financial issues
  - Process to amend bylaws
  - Liability and indemnification

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## Attending to Corporate Formalities

- Each board needs to maintain:
  - Current copy of corporate articles, bylaws
  - Meeting minutes binders:
    - Meeting notices and notice waivers
    - Agendas, usually including board packet, handouts
    - Minutes, resolutions and policies
- Tax and exempt status filings
- Registration w/ Sec'y of State, Attorney General
- Staff usually assist board secretary to assemble and maintain

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## Board Roles & Responsibilities

- What should the board do?
- Typical "generic" roles:
  - Establish and uphold school's mission
  - Develop/approve short- and long-term goals
  - Establish policies and delegate power, responsibilities
  - Hire, evaluate, fire (top administrative) staff
  - Monitor school's performance
    - Educational, fiscal, operational, legal compliance
  - Attend to board business and corporate formalities
  - Monitor own performance
- Actual practice can vary widely
  - Above points are typically the minimum

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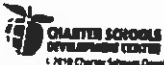
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**Board Role: Defining a Mission & Vision**

- All board members should understand/buy into school's mission
- Mission "drives" all board decisions
- Revisit mission over time as school evolves, revise with care
- Charters must answer three questions:
  - Whom will the school educate?
  - How does learning best occur?
  - What does it mean to be "educated?"

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**Board Role: Goal-Setting & Strategic Planning**

- Long-term (strategic) plans
- Short-term (annual) plans
- Often developed with or by staff
- These help to flesh out mission by establishing action steps to achieve goals
  - Work backwards: long-term, annual, per-meeting goals

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**Board Role: Hiring, Evaluating & Firing Staff**

- Board typically retains power to select and hire executive director/principal
  - Set salary, terms and conditions of employment
  - Selection, evaluation
  - Should have succession plan at all times
- Board usually delegates supervision of remaining staff to director
  - With varying degrees of board oversight

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## Hiring, Firing, Evaluating - 2

- Labor relations:
  - Board must negotiate in good faith if staff is organized into bargaining units ("unionized")
  - If staff is not organized, board needs to ensure positive staff relations, respond appropriately to any organization efforts
  - Severe penalties for violating laws designed to protect workers' rights to organize
    - If staff begin to form unit, board and staff must avoid threats, intimidation, promises ("TIPS")

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## Executive Staff Evaluation

- Board or board-appointed committee typically evaluates director or executive staff:
    - Can be a challenging and contentious process
  - Key process items:
    - Clear duties and responsibilities (job description)
    - Clear delineation of roles (board's vs. director's vs. other staff's)
    - Clear expectations, goals, and timeframes for accomplishing them
    - Based/aligned with school's overall needs and goals
- Discuss evaluation procedures at time of hiring, before performance can become a divisive issue

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## Evaluating Executive Staff-2

- Board should regularly assess the director (minimum once/year formally)
- Assess director's performance relative to school's overall needs/goals
- Whose input?
  - Board, staff, parents, students, district, community
  - Recommend self-assessment as component
- Review and revise goals/criteria as needed

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### Executive Compensation

Board typically sets executive compensation

- CSDE typically recommends starting with a board policy
  - Usually calls for considering multiple factors
    - Identifies process and who is involved
    - Documents results
- Compensation of high-level staff is summarized on Form 990 tax returns
  - Available to public
  - Form 990 inquires as to policies

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If a tax exempt corp. there should  
no one profiting

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### Board Roles Monitoring Student Achievement

Arguably the most important board function


- Boards often lose sight in press of urgent business
- Charter schools aim for at least three sets of student achievement targets
  - Student achievement goals set forth in charters
  - State Academic Performance Index (API)
  - Federal Adequate Yearly Progress (AYP)
- Board should receive and review data on all three
  - Board retreats, detailed staff reports, and study sessions helpful
  - Make cycle of review activities a part of the annual board calendar

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### Student Goals Specified in Charter

- Under original charter law, these were supposed to guide renewal
  - Subsequent state, federal laws have now added additional layers of mandatory goals
- Many charters contain problematic goals
  - Vague
  - Not measurable
  - Not attainable ("shoot the moon")
- Monitor progress
  - Amend charter if needed

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### Score High Or Die

- Charters must meet minimum API thresholds to be considered for renewal
  - Rank "4" or higher on state or "similar schools" ranking
  - Or meet API growth year prior to renewal or in 2 of 3 prior years
  - Or have other "clear and convincing" data that charter-granting district buys
- Federally-funded schools must make AYP or face potentially-severe sanctions

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### Board Roles: Sound Internal and External Relations

- Grants
- Community
- Internal relations
  - Staff

*This is up to the board. Immediate responses go to the board president. In any case things need to be kept in the schools best interest.*

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### Effective Community and Media Relations

- Board serves as public "face" of the school
- Must be media and press-savvy
  - Appoint or identify a spokesperson
  - Strive to speak with one voice
  - Seek positive press
- Establish strong political relations
  - Invite local legislators, etc. to visit school
  - Build strong relations w/ state and local officials

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### Effective Internal Board Relations

- Common vision
  - Clarified in strategic & annual plans
- Experienced, capable leadership
- Establish board norms, often including:
  - Mutual respect, trust, and equal "say"
  - Respect for decision-making process
  - Board speaks and acts with one voice
  - Respect and follow school's policies and procedures
- Effective board practice
  - Recruitment, board development, effective meetings


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### Board Roles Legal

- Board is responsible for monitoring legal compliance and managing risk
  - Challenging in practice
- Compliance generally maintained through:
  - Sound policies and procedures
  - Attending to board roles/responsibilities
  - Appropriate response to allegations or indications of non-compliance
  - Keeping up-to-date on changes to law:
    - Newsletters, conferences, etc.


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### Charter School Liability

- Could the board be sued?
  - Yes, both as a school board and as an individual board member
  - Corporate status provides limited immunity
- Protect yourself and schools:
  - Clarify and maintain corporate status
  - Attend to legal responsibilities
  - Sound governance and operating policies
  - Manage risk
  - Purchase high-quality insurance, ensure broad scope of coverage


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### Board Roles Monitor Own Performance

- Board self-assessment reflect on collective and individual performance
  - Recommend at least annually
  - Individual and group assessments
- Board's presiding officer usually plays key role
  - Formal and informal contact with individual board members
  - Coach those who need help
  - Encourage ineffective members to move on
- Effectively steer through board's evolutionary stages

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### Board Roles Charter Renewal

- Board involvement varies widely
  - Some boards manage the process
  - Others delegate most or all to staff
- Board and school staff should view renewal as a 5-year challenge:
  - Political and substantive
  - Build political base
  - Ensure sound school operations and student performance throughout charter term

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### Board Roles Fiscal Oversight

- Buck stops with board
- Board is responsible for ensuring that:
  - School maximizes its revenues
  - Spends money to best support school's mission
  - Manages money and assets appropriately
  - Complies with applicable financial laws

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### Fiscal Oversight

- Must have system to regularly monitor & ensure school's financial health
- Usually includes:
  - Fiscal policies & procedures
  - Budget development and oversight
  - Audits
  - Long-term planning
  - Review of Form 990 (nonprofit tax return)
  - Strong working relations w/ competent staff

Most charter revocations and failures are due to fiscal mismanagement



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### Financial Accountability

- Grantor may revoke charter if:
  - Failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement.
- State Board may revoke if:
  - "Gross financial mismanagement..."
  - "Illegal or substantially improper use of charter funds for the personal benefit of any officer, director, or fiduciary of the charter school."



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### Leading Causes of Charter Fiscal Distress and Insolvency

- Low enrollment relative to budget
- Catastrophic audit and/or compliance issues
- Lack of sustainability planning, long-term budgeting
  - Excessive facilities costs
  - Over-dependence on "soft" money
  - Lack of controls on salary and benefits costs
  - Top-heavy administration
  - Excessive district oversight and special education fees
- Inadequate fiscal systems generally (budget, accounting, payroll, etc.)
  - Poor fiscal relations with granting agency, back-office support agency, and/or county office of education



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## Key Fiscal Survival Strategies

- Maximize revenues
  - Full enrollment and maximize reportable ADA's
  - Investigate/pursue all key funding sources
- Strategically focus and manage expenditures
  - Salaries and benefits dominate
  - Now need to sweat the small stuff too
- Airtight compliance on key items
  - Strong attendance accounting, compliance
  - Strategically manage audit process
    - Sound budgeting and fiscal management/controls
- Strong cash management

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## Board's Basic Fiscal Planning and Oversight Responsibilities

- Typical board roles/responsibilities include:
  - Adopt, monitor financial policies
  - Adopt, monitor annual budgets
  - Procure and review external audits
  - Adopt, monitor long-term financial plans
  - Fundraising and grant-seeking
  - Miscellaneous (facilities, etc.)
- Wide variance in actual practice:
  - Much depends on capacity and competence of staff

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## Major Fiscal Oversight Tools

- Four major "tools" help ensure that board is attending to its fiscal obligations:
  - Fiscal policies
    - Prospectively frame key budget and fiscal management goals and practices
  - Budget development and monitoring process
    - Ongoing annual cycle of planning and oversight
  - Audit
    - Retrospective, after the fact, review
  - Long-term financial planning
    - Often as part of larger planning process

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### Fiscal Management Policies

- Written fiscal and budget policies help document and clarify:
  - Establish parameters of delegation of board's fiscal authority to staff
  - Clarify board v. staff roles/responsibilities
  - Establish internal controls (fraud prevention)
- Often supplemented with formal or informal administrative procedures

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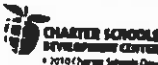
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### Fiscal Management Policies

Typical contents:

- Budget development and monitoring processes
  - Who, when, and how
- Internal controls
  - Who can sign checks, authorize purchases, record transactions
  - Fraud prevention
- Financial relations with district, county, state
- Banking, insurance, recordkeeping, inventory
- Audit scope, auditor selection, audit review

*most boards will meet around 20*  
*2-5 times*  
*audit.*

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### Internal Controls

- Policies and procedures that:
  - Ensure assets are safeguarded
  - Ensure financial information is reliable
  - Reduce the risk of fraud and abuses
  - Ensure compliance with applicable laws and regulations

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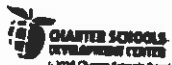
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### Higher Risk Transactions

- Petty cash
- Cash receipts
- Consultant payments
- Travel expenditures
- Payroll
- Equipment
- Grant management and reporting
- Management estimates
- Attendance accounting



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### California's Evolving Charter Schools Finance System

California has a complex evolving system to fund charter schools through key sources:

- General Purpose Grants
- Categorical Block Grant
- State categorical programs
- Federal categorical programs
- Lottery, etc.

- Cuts, deferrals, complexity it challenging

*Supply and  
order from site  
numbers*



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### Charter Funding System

- Most charter school funds come from a two-part "block grant" system:
  - (1) "General Purpose Grant" based at state average "revenue limit" for school districts
  - (2) "Categorical Block Grant"
    - Consists of per-ADA share of 35+ state categorical programs
    - Plus state compensatory education funding
- No strings attached, may spend on virtually anything



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### CSDC's Estimated 2011-12 Charter Grant Rates

Source/Grades	K-3	4-6	7-8	9-12
General purpose	\$4,923	\$4,996	\$5,144	\$5,961
Categorical	402	402	402	402
Totals	\$5,325	\$5,398	\$5,546	\$6,363

- These are CSDC per-ADA estimates.
- Plus \$127/ADA for "new" (post 2008) schools.
  - To compensate for no access to frozen state categorical programs
- Assuming trigger cuts.
- Subject to change

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### In-Place Economic Impact Aid

Add-on to charter categorical block grant

Provides \$ based on counts of:

- English learners, and
- Students whose family incomes are below federal poverty line.
  - No longer based on free/reduced lunch eligibility.

- CSDC's estimated 2011-12 rates
  - \$319 per eligible count
  - Minimum for 1-10: \$4,869
  - Minimum for +10: \$7,342

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### State Categorical Programs

- Used to be able to apply for funding from many programs not included in charter categorical block grant.
  - New "flex items" reform leaves very few state programs.
- Need to perform case-by-case analysis
  - Is our school eligible?
  - What strings/red tape are attached?
  - Is the money worth the hassle?
- Review "Bomb Chart"

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## Special Education (2)

- Board should be aware of risks, opportunities
  - Financial:
    - How to minimize encroachment costs
    - And manage long-term risks
  - Instructional and operational:
    - Who has capacity to serve our students' special needs?



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## Enrollment & Attendance

- Enrollment and attendance are key
  - California uses complex average daily attendance ("ADA") metrics
    - Most funding driven by attendance
      - General Purpose and Categorical Block Grants
    - Other demographic factors can drive categorical funding
- Boards presumably need to monitor to ensure full enrollment and strong attendance



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## Budget Fundamentals

- Budget types and purposes
- Typical budget development and monitoring process
- Budgeting strategies
- How to read, interpret, and review budgets
- Board's role in all of the above



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## Budgets Serve Multiple Purposes

- ✓ Planning tool
- ✓ Management tool
  - Targets for staff/board to reach/monitor
- ✓ Communications tool
- ✓ Governance tool
  - Part of board's formal authorization for staff to spend money

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## Common Charter Budget Problems

- Minimalist budget developed only to satisfy charter-granting agency
- Lack of board engagement, understanding
- Lack of stakeholder engagement, understanding
- Unrealistic, ungrounded assumptions
- Lack of mission alignment
- Budget ignored after adoption
- Failure to respond to cuts, deferrals

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## Board and Staff Roles

- Typical budget development roles:
  - Board typically adopts general fiscal policies
    - Including defining key budget roles and responsibilities
  - Board also typically adopts plans, priority statements, and/or goals
    - Could range from simple, isolated ("laptop for every student")
    - To a detailed, multi-year strategic plan with many goals/priorities
  - Staff typically use these board policies to guide creation of draft budgets and scenarios
  - Staff identify starting point (prior year ending balance projections) and key budgeting assumptions
  - Engage stakeholders

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### Board and Staff Roles (2)

Typical steps (continued):

- Staff present draft budget or options
  - Usually to fiscal committee and/or full board
  - Other stakeholders may be engaged too
  - Board provides feedback
- Repeat cycle as needed
- Board adopts "final" budget
  - Uses as basis for ongoing monitoring and review
  - Staff submits to granting agency for review

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### Budget Development Timeline

- Timeline usually reflects a mix of legal, operational, practical, and political requirements and priorities
  - Required prior to start of fiscal year (July 1)
  - State budget timing
    - Supposed to be adopted by late June, rarely is
  - School program and staffing needs
- Amendments frequently needed

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### Key Budget Review Factors

- Prior-year ending balance
  - It's the starting line, so good estimates are important
  - Can be fuzzy because you're usually in the midst of the fiscal year
  - Budget development is rooted in quality of prior-year's budget monitoring
  - So board needs to monitor prior-year budget, trends, and key revenue and expenditure changes to build confidence in estimated ending balance

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### Key Budget Review Factors (2)

- Key revenue assumptions
  - Usually driven by estimates of ADA and key state revenue sources
  - Board needs to monitor attendance trends question and review any potentially soft attendance estimates
  - State revenue projections key too
    - CSDC humbly suggests its own
  - Is the school pursuing all available revenue sources?
    - Are they all worth it?
  - Grants, fundraising and other special sources
  - Which of the above are ongoing versus one-time?
  - Which are restricted to specific items/purposes?

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### Key Budget Review Factors (3)

- Key expenditure assumptions
  - Vast majority of funds expended on staff salaries and benefits
    - New positions, COLAs, raises/adjustments covered?
    - Health and welfare benefits increases covered?
  - Remainder is school-specific, but usually includes other lesser, but important items
    - Facilities, instructional materials/supplies, equipment, utilities, insurance, professional services, dues, travel, etc.
    - Review assumptions behind each

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### Key Budget Review Factors (4)

- Above review factors assume your focus is traditional "object-based" and "incremental"
- May also use other approaches
  - Review individual programs
    - e.g., categorical programs, extracurricular programs, etc.
  - Review by function
    - e.g., how much do we spend on "administration" versus "instruction"

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### Key Budget Review Factors (5)

- Adequate reserves?
  - No standard or required levels
  - Most budget 5 percent of expenditures or more
  - Districts like to impose their reserve requirements
- Long-term sustainability?
  - Use of one-time revenues for long-term expenses?
  - Multi-year analysis


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### Long-Term Fiscal Planning

- Suggest 3-5 year plan horizon
  - Update each year as part of annual budget cycle
  - Often part of school's strategic planning process
- They're always rough estimates
  - But essential for identifying problems and hot spots early




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### Charter Budget Oversight

- Required budget and interim reporting:
  - Must submit to charter-granting district and county superintendents
    - Budget by July 1<sup>st</sup>
    - First interim report covering through October 31 by December 15<sup>th</sup>
    - Second interim report covering through January 31 by March 15<sup>th</sup>
    - Unaudited end-of-year actuals by September 15<sup>th</sup>
  - No mandated format, presumably negotiable


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### Internal Budget Monitoring and Fiscal Oversight

- Key internal budget oversight activities:
  - Staff and board reviews of budget-to-actuals and interim reports:
    - Usually monthly or on other regular schedule
    - In alignment with mandated reporting
    - Usually first by fiscal committee, then full board
  - Monitor and update key assumptions:
    - Starting balances, audit adjustments
    - Enrollments, A/D's
    - Funding commitments and actual receipts
    - Actual staffing and expenditure patterns
    - Unforeseen events (Unusual emergency, etc.)
    - Cash flow
- Integrate these into larger fiscal oversight calendar
  - Audit payroll, etc.


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### Cash Flow

- Must ensure adequate cash flow in addition to balanced budget
- Growing charter schools:
  - New source of own cash flow
  - Schedule (complex, challenging to monitor)
  - State recently reformulated primary schedule
    - So money arrives much later
    - Then added more deferrals




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### Impact Of State Aid Deferrals




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## Cash Flow

- Board's budget review should ideally include a cash flow projection for upcoming year
  - Showing estimated revenue and expenditures by period (usually monthly)
  - And whether cash reserves adequate to meet needs
  - May not be critical for schools with large cash reserves
- Board should monitor, understand key terms of borrowing/financing
  - Terms can be complex

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## Fiscal Compliance Fundamentals

- Board should be confident of compliance with other key fiscal-related items
  - Data reporting
    - Timely and accurate reporting of ADA and other key data to state and charter-granting agency
  - Conditions of apportionment
    - Instructional time
    - Nonclassroom-based instruction
    - Etc.
  - Categorical programs compliance

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## Board Role in Auditing

- Audit is a helpful tool for board to review school's fiscal status and management
  - Fiscal analogue to a car's rear view mirror
    - One helpful source, but it's after-the-fact
  - Understanding audit scope and report are key
    - Don't let the terminology or numbers be an obstacle
- Typical board role in auditing
  - Auditor selection, oversight
  - Receive, review, and adopt audit report
  - Respond appropriately to any negative findings

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### Typical Audit Steps

- School audit committee selects and engages auditor
- Auditor prepares audit plan
- Conducts interim field work (usually mid-year)
- Conducts year-end field work
- Exit interview (often with staff)
- Draft report (usually to audit committee)
- Submits final report to school, other agencies
- Audit committee, board receives and reviews report
  - Responds to any negative findings

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### Board Role in Auditor Selection

Who should select the auditor?

Law says little for most charter schools:

- California Nonprofit Integrity Act requires independent board audit committee if gross revenues > \$2 million/year
  - Some "government" revenues excluded
- Independent board audit committee a strong practice even if not legally mandated
  - Relying on staff or other interested parties arguably violates strict definition of "independent"
- Charter terms may also dictate

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### Reviewing The Audit Report

- Auditor's letter, usually specifies:
  - Scope/type of audit/engagement
  - Audit standards applied
  - Auditor's opinion, whether qualified.
- Financial statements
  - Statement of Position (Balance Sheet) *gas tank*
  - Statement of Activities (Profit and Loss Statement)
  - Statement of Cash Flows
- Notes to statements
  - Explaining key assumptions

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*assets and liabilities are suppose to be balanced.*

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### Reviewing The Audit Report (2)

- Schedules:
  - Average daily attendance, etc.
- Federal compliance report (if applicable):
  - Only large schools exceeding Single Audit threshold (\$500K/year federal funds)
  - Whether auditor found school in compliance with key federal requirements
- State compliance report:
  - Whether school was in compliance with key state laws
- Notes
  - Explains and quantifies extent of findings and key assumptions
  - Internal control weaknesses
  - "Going concern" concerns

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### Audit Exceptions & Negative Findings

Embarrassing; can be fiscally catastrophic

- Very important to address with care diligence
- Can range from minor finding to disallowance of all ADA and/or funding

Resolutions:

- May need to:
  - Pay penalty to state
  - Revise or improve internal practices and procedures
- Board needs to work with staff to address
- Must resolve to satisfaction of charter-granting agency

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### Resolving Negative Audit Findings

Dec. 15

- Charter petition may outline process:
  - With respect to the charter-granting agency
- You'll ideally have developed a fix and include description in audit report
- State/federal compliance matters typically require interaction with one or more state/federal agencies
  - May be able to appeal finding and/or seek waiver
  - Often entail some form of payback or penalty

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### District Fiscal Relations

- Charter schools often have complex fiscal relationships with charter-granting districts:
  - Support Services
  - Oversight Costs
  - Facilities
  - Special Education Encroachment \$400
  - MOUs *operating contract*
- Sound fiscal oversight relationship key

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### District MOUs & Operating Agreements

Ancillary agreements between charter schools and granting district/agency:

- Usually address details not addressed in charters
- Not required by law
- Ideally help clarify mutually-agreed points
- Increasingly one-sided in nature protecting district interest at expense of schools
  - Beware of "gotchas"
- Board and staff need internal clarity on who is responsible and board's role in reviewing and approving.

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### Fundamental Board Member Duties

- Duty of Care:
  - Level of care that prudent person would exercise (no "zoning out" or "noggin' noddin'")
- Duty of Loyalty:
  - Undivided allegiance to the school, not to self interests or constituents' potentially narrow interests
- Duty of Obedience
  - True to school's mission, not personal agenda

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### Conflicts of Interest

- Generically defined as:
  - Personal or professional interest, financial or otherwise, that conflicts with board member's ability to act in school's best interest.
- Detailed public sector and nonprofit sector laws govern how to address conflicts of interest:
  - Ongoing disputes over which laws apply to charter schools

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### Conflicts of Interest - Public Sector

#### Political Reform Act

"Good government" laws require public officials to disclose financial interests.

- Prohibits voting on items of financial interest
- Government Code Section 1090: *does this exist w/rt?*
  - Generally prohibits board members from having any *is it a good idea* financial interest in contracts
- Common law "incompatibility of office" doctrine
- Ongoing legislative debate over applicability of these to charter schools

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### Political Reform Act

- Applicability to charters disputed:
  - FPPC, some counties assume it applies
  - Many charter schools have agreed to follow it in their charter or related agreement with their charter-granting agency
- Key requirements:
  - Adopt conflict-of-interest policies
  - Identify
  - Complete, file "Form 700" annually
  - Recuse from conflicted decisions, actions, or influencing action/inaction

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## Conflicts of Interest - Nonprofit Sector

California nonprofit corporation law requires "clearing" of financial conflicts:

- May seek Attorney General approval or:
  - Usually sought for larger, high-stakes transactions
- Majority of non-interested board members may approve if:
  - Board makes a finding that it "could not have obtained a more advantageous arrangement with reasonable effort"
  - Made with knowledge of conflicted directors' interest and with knowledge of material facts of transaction
- Board minutes should document essential facts and process

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## Nepotism & Cronyism

Employment, purchasing, and contracting practices that favor personal friends, relatives, and business associates above the interests of the school(s).

- Antidotes:
  - Open, merit based policies AND practices
  - For all major personnel, purchasing, and contracting decisions
  - Conflicts of Interest identified, mitigated
  - Transparency & board oversight

If two people go  
and get married while they  
both ~~are~~ <sup>serve as</sup>  
members

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## Governance Ethics

- Elevated focus on ethical governance practices for nonprofit and public entities
  - Beware shifting sands
- Fuzzy mix of formal and informal <sup>if it appeared</sup>
  - Legal compliance
  - Adherence to mission
  - Care, loyalty, obedience, mitigated conflicts
  - Transparency and confidentiality
  - Accountability
  - Sound moral, normative values
  - "Above the fold" and "smell test"

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### Maintaining Confidentiality

- Board members need to carefully consider public disclosure of sensitive information
  - Law may require confidentiality
    - e.g., legally-protected student data and family privacy
    - Some personnel information
    - Closed session meeting information - *keep liberative confidential until disclosure*
  - Disclosure may also jeopardize school's interests
    - Pending business transactions
    - Litigation or potential litigation
    - Relations with charter-granting agency and/or public
    - Or simply lead to needless gossiping that damages school's reputation or interests

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### Board Roles: Establishing Policies

- Board should develop, adopt and maintain essential and helpful policies
  - Primary function is to delegate powers to staff but within specified parameters
  - Many policies are legally-mandated
    - e.g., uniform complaint process, personnel, etc.
  - Ensures coherence, prevents loss of institutional memory
- Often supplemented with written procedures

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### Board Development

- Ensure new board members are well-oriented
  - School history and mission, charter, policies
  - Charter school laws and history
  - Roles, responsibilities, norms
  - School's current fiscal, operational, academic status
- Relationship-building
  - Retreats (minimum annual) helpful
- Receive ongoing training
  - Keep abreast of charter laws, other key charter and governance areas

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## Board Chair

Chair serves in key role as planner and facilitator of board meetings, etc.

- Desirable characteristics:
  - Knows school and committed to mission
  - Time, focus, energy
  - Respect of fellow board members, stakeholders
  - Seen as "neutral" on controversial issues
  - Ego in check
  - Knows formal and informal meeting rules and strategies



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## Keys To Effective Board Meetings

- Well-planned agendas
  - Focused on key policy and oversight functions
- Advance preparation
  - With key information and decision-ripe action items
- Skilled leadership & facilitation
- Clear meeting procedures
  - Formal rules and informal norms
- Deft handling of open meetings laws and/or transparency policies



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## Agenda-Setting

- Use a defined process to call meetings and establish the agendas:
  - Regular, special and emergency meetings
  - Establish norms and a process to suggest items
  - Screen to ensure items are really "board worthy"
- Annual board calendar helps to frame, focus:
  - Align with annual administrative and fiscal calendars
  - Identifies annual cycle of key board decisions
  - Tool to ensure that staff, committees "do their homework"
- Agenda tips:
  - Suggest time frame for each item
  - Use consent calendars for non-controversial items
  - Identify items as informational, discussion, and/or action
- Advance preparation:
  - Make sure issue or item is "ripe" for board consideration
  - Board packet with written summaries of key issues, essential back-up documentation



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### Meeting Rules of Order

- Board should adopt rules of order and establish norms of conduct
  - Most formally adopt *Robert's Rules*
    - Traditional meeting rules designed to focus discussion and debate
    - Most employ them in an informal fashion
    - Presiding officer should know the rules well to reign-in errant members and refocus deliberations
  - Norms of conduct can also supplement


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### Key Role of Board Chair

- Board chairs can make or break a meeting
  - Usually try to stay neutral above the fray
    - No vote unless they comment last during debates
  - Judicious application of *Robert's Rules*
    - Balance formal v. informal conduct of meeting
  - Deftly prod and steer individuals to consensus
    - Anticipate friction and head it off
    - Highlight points of agreement
    - Identify and frame issues to be resolved
    - "Herding cats" if needed


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### Brown Act & Open Meetings

- Open meeting requirement for local governmental legislative bodies
  - CA Gov. Code sections 54950, et seq.
- Includes, among other things:
  - Notice: provide public notice of meetings
  - Agenda: including brief description of all items
  - Public comment: public has right to address board
  - Exceptions: numerous, mostly very limited/narrow


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### Competing Policy Interests:

- **Brown Act:**
  - Encourage public participation in local government decisions.
  - Deter secret legislation by public bodies.
- **Charter School:**
  - Confidential information re students/employees
  - Candor in decision-making and debate
  - Efficient decision-making, simplicity

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### AB 1344

- **Amended Brown Act, establishing new executive compensation limitation provisions:**
  - Must post agendas on web site (if any)
  - May not amend executive compensation during special meetings.
  - Several new limitations on executive contracts.
  - Charter applicability likely to be disputed.
  - Took effect January 1, 2012
- Response to abuses by City of Bell

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### What Is A Meeting? (1)

- **Broadly defined:**
  - Congregation of board majority at the same time and place to hear, discuss or deliberate upon any item within its subject matter jurisdiction
  - Includes collective acquisition and exchange of facts before making a decision
  - Includes informal and inadvertent meetings
  - Serial meetings prohibited

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### What Is A Meeting? (2)

- Exceptions:
  - Individual conversations between a board member and another individual
  - Attendance of a majority members at:
    - Open conferences (or similar meetings)
    - Open meetings of other organizations
    - Open meetings of other legislative bodies
    - Purely social or ceremonial gatherings
    - Provided they don't discuss amongst selves school business, other than as part of a program

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### Compliance - Notice (1)

- Three types of meetings:
  - Regular meetings:
    - Usually designated by resolution or bylaws
    - 72-hours notice required
  - Special meetings:
    - Called at any time (review bylaws to see who may call them)
    - 24-hours notice
  - Emergency meetings:
    - Very rare
    - 1-hour notice to media outlets that previously requested notice

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### Compliance - Notice (2)

- Notice = Providing agenda to the public.
- How?
  - Posted in a location that is freely accessible to members of the public 24-hours a day
  - If requested in writing each year, mail the agenda and supporting documents at the time posted or upon distribution to majority of board
    - May establish fee for mailing, which shall not exceed actual cost
  - On agency web site (if any)
    - Starting January 1, 2012

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### Compliance – Notice (3)

- Board member notices:
  - Regular meetings not described in Brown Act
  - Bylaws frequently do specify
  - Special meetings:
    - Hand delivered written notice or any other means set that received 24 hours prior to the special meeting
    - Board members may waive notice provisions
  - Emergency meetings:
    - Time frame not identified for board member notice


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### Compliance – Agenda (1)

Agenda for regular, special meetings must include:

- Time/location:
- Brief general description of each item of business to be transacted or discussed
- Available in appropriate alternative formats per ADA's
- Include information re how to request disability related accommodation
- "Air time" for public comment


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### Compliance – Agenda (2)

- Board may only discuss items on agenda, except where:
  - 1) Matter constitutes an emergency
    - Prior to discussing item must be publicly identified for public participation
  - 2) By 2/3rds or unanimous vote, board determines a need for immediate action that cannot reasonably wait
    - Need must have come to the attention of the organization after agenda had been posted
  - 3) Item posted on agenda for a prior meeting, may be continued to subsequent meeting if held within five days of the meeting


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**Compliance – Public Participation (1)**

- Regular meetings must permit public testimony
  - On any item of interest to the public within the subject matter jurisdiction of the board
  - Need not be on the agenda
  - Before or during the consideration of the item
  - Allowable limits:
    - Items already considered by board and public already given opportunity to address the item
      - Unless item has been substantially changed
    - Reasonable limits on time (e.g. the number of speakers per item and time per speaker)

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**Compliance – Closed Session**

- Closed sessions must be expressly authorized by statute
  - Narrowly construed
- Strong bias in favor of open meetings
  - Just because it's sensitive or embarrassing can go into closed session unless expressly allowed by law
- Semi-closed meetings generally not allowed

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**Compliance – Closed Session (2)**

- Confidentiality of Closed Sessions
  - Person attending may not disclose to a non-attender
  - Info specifically related to the basis for the board meeting in closed session
  - Violations enforceable in court
    - Injunction
    - Disciplinary action
    - Grand jury referral

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## Compliance – Permissible Closed Session (3)

- May meet in closed session for:
  - Pending or anticipated litigation
  - Real property negotiations
  - Collective bargaining/labor negotiations
  - Personnel (limited)
  - Public security
  - Student discipline
- Each is governed by detailed limits, agenda, and post-session reporting requirements
  - Study law carefully and/or obtain legal counsel prior to meeting in closed session



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## Brown Act Violations

- Civil and criminal penalties possible
- May seek to have actions declared null and void
  - Within 90 days of action, written demand for cure  
If closed session action:
  - Within 30 days of action, written demand for cure  
If open session action
  - Suit must be brought within 15 days after cure opportunity expires



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## Handouts

- Evaluations
- Agenda
- Slides
- CCS Board Handbook Excerpt
- Roles and Responsibilities: Board, Committees and Staff
- School Administrative Functions
- Crown Pointe Board Operating Principles
- Board Composition Table
- Appropriate Responses to Bargaining Unit Formation
- Charter Renewal Thresholds Flow Chart
- Board Self-Assessment Template
- Annual Board Calendar Template
- Governing Board Policies Inventory
- Sample Meeting Agenda
- Precedence of Motions Table
- Brown Act Guide
- Founder's Syndrome article?



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## Exercises



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## Resources to Bring

- Robert's Rules of Order books
- Nonprofit Board pamphlets
- Brown Act Guide (AG and First Amendment Coalition)
- Corps Code
- Nolo nonprofit Incorporation books
- Incorporation Toolkit
- Sample Policies Binder
- Sample Board Binder



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## Why Have A Board?

- Required by charter and/or law
- Limit personal liability (if incorporated)
- Gain broader depth and deeper expertise
- Share responsibilities
- Ensure continuity beyond one individual



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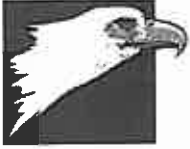
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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix F**

**Ms. Martinez Resume**

# Jean Martinez

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## PROFILE

- Commercial Design - 15 years of experience
- Residential Design - 20 years of experience

## EDUCATION

- Maryland Institute of Art
- University of Maryland
- Morgan State University

## EXPERIENCE

- Interior design -remodeling 1990 - Present
- California Valet 1990 - 2000
- Design & Company 1990 - 2000

## EMPLOYMENT

- Owner, Bal Drapery & Interiors 1998 - Present
- Owner, Design & Company 1990 - 2000
- Owner, California Valet 1990 - 2000

## COMMUNITY INVOLVEMENT

- Make A Wish Foundation
- Volunteer - American Cancer Society
- Fundraising – Reggie Jacksons’ Kids Foundation

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix G**

Invoice from the Law Office of  
Jennifer McQuarrie



**Law Office of Jennifer McQuarrie**

PO Box 1151  
Quincy, CA 95971

Phone # 805-252-1080  
Fax # 888-900-3407

mcquarrieclaw@gmail.com  
www.jenmcqlaw.com

**Bill To:**  
American Indian Model Schools  
Chris Rodriguez

**Invoice #:** 77  
**Invoice Date:** 6/25/2012  
**Due Date:** 6/25/2012  
**Project:**  
**P.O. Number:**

*Yvonne H*

Description	Hours/Qty	Rate	Amount
6/15: Review ICMAT report: research regarding same.	1.75	190.00	332.50
6/19: Meet with clients prior to board meeting attend board meeting.	4	190.00	760.00
6/19: Travel to Oakland.	4	50.00	200.00
6/20: Telephone conference with J. Martinez regarding agenda creation.	0.75	190.00	142.50
6/20: Travel from Oakland.	4	50.00	200.00
6/21: Draft agenda; multiple telephone conferences with clients regarding board meeting and agenda issues.	2	190.00	380.00
6/23: Telephone conference with J. Martinez regarding agenda and other revocation related issues.	0.5	190.00	95.00
6/24: Telephone conferences with client regarding board meeting and Brown Act issues.	1.5	190.00	285.00
<p><i>1/3 AIPCS 798.33 ✓ CK 8174</i>  <i>1/3 AIPCSI 798.34 CK 4161</i>  <i>1/3 AIPHS 798.33 ✓ CK 3139</i></p>			

*Handwritten initials*

<b>Total</b>	\$2,395.00
<b>Payments/Credits</b>	\$0.00
<b>Balance Due</b>	\$2,395.00

*798.33*

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix H**

**06/19/2012 AIMS Board**

**Minutes**

American Indian Model Schools

171 12th Street, Suite 101

Oakland, CA 94612

Board of Education Special Meeting

Tuesday, June 19, 2012 7:00 P.M.

Meeting at 171 12th Street

Minutes

Welcome to the meeting of the American Indian Model Schools Board of Education. If you would like to address the Board during Public Comments on any agenda item or any item not on the agenda, please fill out a comment card on the table and give it to the Chair. You will be called on to comment during this time and comments will be limited to three (3) minutes. To ensure that all speakers are provided an equal opportunity to address the Board during Public comments, individual speakers may not "yield" their allotted time to address the Board to other speakers. The Board may, in accordance with the Brown Act (section 54954.3[b] of the Government Code), limit the total amount of time allocated for comment on a particular issue. The Board may choose to respond to agenda item comments or reserve their responses for discussion and action when the agenda item appears during the course of the meeting. Individuals who require special accommodation should contact the AIM Schools Lead Site Administrator's Office at 510-482-6000 Ext. 10. As a courtesy to others, please turn off your cell phone upon entering the meeting.

Board Members present: 1) President, Ms. Jean Jackson-Martinez. 2) Secretary, Mr. Jordan Locklear. 3) Mr. Chris Rodriguez. 4) Mr. Michael Stember was only listening by phone.

Teachers: Ms. He, Mrs. Claudia Walker, Ms. Kaytena Beckford, Nathan Lomeli, Ms. Avelino

Guest: Ms. Gail Greely, Ms. Jennifer McQuarrie, Ms. Bernadette Coleman

1. CALL TO ORDER - President, Ms. Jean Jackson-Martinez called the meeting to order at 7:04 p.m.

2. Public Comments - No public comments.

3. Statement by the Board relating to the Fiscal Crisis & Management Assistance Team - Mrs. Jennifer McQuarrie, a lawyer specializing in Charter School Boards is being brought on as recommended by Erick Premack of CSPS to serve as a council to AIM Schools Board of Governance.

4. Retention of Mrs. Jennifer McQuarrie as council to AIM Schools - Mr. Chris Rodriguez makes the motion to retain Ms. Jennifer McQuarrie which, President Jackson-Martinez seconded the motion and the vote is approved 3-0.

5. Closed session

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Government Code section 54956.9

6. Report of action taken in Closed Session

6.1 A two person advisory sub-committee consisting of President Jackson-Martinez and Mr. Rodriguez to draft three items of correspondence. They are: 1) A letter to Dr. Ben Chavis and Mrs. Marsha Amador notifying them that they cannot have any contact or involvement with the school. 2) A letter to the parents notifying them not to have any contact with Dr. Ben Chavis and Mrs. Marsha Amador. 3) A letter to the teachers and staff notifying them not to initiate any contact with Dr. Ben Chavis and Mrs. Marsha Amador.

6.2 A two person sub-committee consisting of Mr. Chris Rodriguez and Mr. Michael Stember will be authorized to negotiate with any consultants that are recommended by Eric Premack to ensure compliance with the FCMAT report.

7. Retention of Consultant Erik Premack to ensure compliance on issues raised by FCMAT Report: Mr. Rodriguez makes a motion to approve Erick Premack which, Mr. Locklear seconded and is approved 3-0.

8. APPROVAL OF MINUTES: Approval of Minutes of the Regular Meeting of May 29, 2012. No action was taken.

9. PUBLIC COMMENTS: No public comments.

#### 10. NON ACTION ITEMS

10.1 Mrs. Bernadette Colman will work with the Family Advisory Committee - All families that are interested in being a participant of the Family Advisory Committee will contact Mrs. Colman.

10.2 AIPHS student's fundraising awareness - President Ms. Jackson-Martinez appointed Mrs. Claudia Walker to handle AIPHS student's fundraising awareness.

10.3 Mr. Kevin Covarrubias', a student at AIPHS request for early graduation - President Ms. Jackson-Martinez appointed Mrs. Walker to work with Mr. Covarrubias.

10.4 Board report on Board Training on May 29, 2012 - The entire board was present for this training that lasted about 3-4 hours with Mr. Premack. The board training was a good start for board members. There will be additional training to take place in the near future. The training was focused on a number of the issues indicated on the FCMAT report.

10.5 ASES Financial update - Mr. Nathan Lomeli reports: "(1) 2nd Round Disbursement -To the Conservatory of Vocal and Instrumental Arts (COVA), we have delivered \$31,875, their share of this round's grant funds. Receipt was signed by Valerie Abad on June 1, 2012. (2) Attendance Reporting - we have collected COVA's attendance records and will compile and report these records to the state by July 31, the reporting deadline. We have offered to service East Oakland Leadership Academy (EOLA), similarly. Our own attendance records have been collected and bound and are currently in the process of being compiled. (3) ASES Expenditures - As stated previously, our quarter three expenditure report has been submitted. Total expenses for the first three months of the year was \$34,961.65. This total included:

a. \$7,396.25 for certified personnel salaries (teacher wages),

b. \$22,095.75 for classified personnel salaries (non-teacher wages), and

c. \$5,469.65 for books and supplies.

Average monthly expenditures for this period for ASES was \$11,653.88. Monthly expenditures for the April pay period fell slightly to \$9,022.92 because of spring break. During the May pay period (April 16 to May 15), expenditures rose significantly to \$18,547.63 due to several factors: 1) the addition of Amy Yu, our bilingual sign out monitor and front door security person. Starting April 24, Amy worked every day of the week from the time school ended until the time the last student left the building. Her total added cost came to \$1,143.34. 2) the addition of Diana Polansky, who ensured coverage of our students each day during study hall and also staffed the front desk until 6:00 PM. Her total cost came to \$1,205.00. 3) the purchase by Mr. Guzman of balsa wood, adhesives, and other craft supplies for the ASES science program's end-of-year projects. This totaled \$1,014.22. 4) the purchase by Mr. Guzman of mandatory student snacks--granola bars and apple sauce--to supply the program for the remainder of the operating year. This expense totaled \$839.33, which represents a cost of less than \$0.25 per student per day, given 115 students and approximately 30 days of operation. Our third and final round of grant funds--10% of the grant award or \$15,000 per school--will be processed by the state after August 15. The first and second disbursements, 65% and 25%, have already been processed, received, and apportioned to COVA and EOLA. As stated at the previous board meeting, our ASES account currently holds \$115,302.99."

## 11. ACTION ITEMS

11.1 AIM Schools Organizational Chart - No action was taken

11.2 AIPCS I and AIPHS Budget/Employee Raises -No action was taken

11.3 Employment Contracts - President Jackson-Martinez motioned to approve the employee contracts, which was seconded by Mr. Locklear and is approved 3-0.

11.4 Lease: 171 12th Street - No action was taken

11.5 ASES - No action was taken

11.6 Schedule Board Meeting Dates - Mr. Rodriguez motions to approve the calendar Board meeting dates, which Mr. Locklear seconded and is approved 3-0.

12. ADJOURNMENT TIME - President Jackson-Martinez adjourned the meeting at 9:20 p.m.

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix I**

## **Letter to the Founder and Spouse**



# American Indian Model Schools

171 12th Street Oakland, CA 94607

June 23, 2012

Dear Dr. Chavis and Ms. Amador,

As you are aware, on June 12; the Fiscal Crisis & Management Assistance Team ("FCMAT") issued a report in connection with an audit it performed of the AIMS charter schools. In its report, FCMAT concluded that "there is sufficient evidence that fraud or misappropriation of assets and other illegal activities of charter funds may have occurred." The bases for FCMAT's conclusion relate primarily to various financial transactions involving you and business entities owned or controlled by you. The board's goal is to analyze and respond to the allegations in the FCMAT report and, more importantly, ensure that the AIMS Schools move forward in full compliance with all standards, rules and regulations that govern their operation.

In light of the above, the board has determined that it is in the best interests of AIMS Schools that both of you refrain from having any contact with the AIMS Schools, including teachers, staff and students, until further notice from the board. The teachers and staff employed by AIMS Schools will be instructed that they are not to initiate contact with you nor are they to take direction from you until further notice from the board. The board thanks you in advance for your cooperation during this critical time period, and invites you to direct any questions or concerns you may have to individual board members directly in writing.

AIMS School Board President

A handwritten signature in black ink, appearing to be a stylized name, located to the right of the typed name.

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix J**

**06/24/2012 AIMS Board  
Minutes and Mr. Steven  
Leung's Resume**

American Indian Model Schools

171 12th Street, Suite 101

Oakland, CA 94612

Board of Education Regular Meeting

Sunday, June 24, 2012 7:00 P.M.

Meeting at 171 12th Street

Minutes

Welcome to the meeting of the American Indian Model Schools Board of Education. If you would like to address the Board during Public Comments on any agenda item or any item not on the agenda, please fill out a comment card on the table and give it to the Chair. You will be called on to comment during this time and comments will be limited to three (3) minutes. To ensure that all speakers are provided an equal opportunity to address the Board during Public comments; individual speakers may not "yield" their allotted time to address the Board to other speakers. The Board may, in accordance with the Brown Act (section 54954.3[b] of the Government Code), limit the total amount of time allocated for comment on a particular issue. The Board may choose to respond to agenda item comments or reserve their responses for discussion and action when the agenda item appears during the course of the meeting. Individuals who require special accommodation should contact the AIM Schools Lead Site Administrator's Office at 510-482-6000 Ext. 10. As a courtesy to others, please turn off your cell phone upon entering the meeting.

Board Members present at the meeting: 1) President, Ms. Jackson-Martinez. 2) Secretary, Mr. Locklear. 3) Treasurer, Mr. Stember. 4) Mr. Rodriguez. 5) Mr. Leung will be appointed as a new board member at this meeting.

Guest: Ms. Janet Sal Lee, Ms. Gail Greely, Mr. Ronald Moss, Ms. Stephanie, Ms. Sau Tin, Ms. Angela, Mr. Chea Sung Wa, Mr. Ken Adler, Mr. Steven Leung.

Teachers: Mr. Burns, Ms. Avelino, Ms. He.

1. Call to order: President, Jean Jackson-Martinez called meeting to order at 7:15 PM.

2. Public Comment: Public comments will be limited to 15 minutes total.

A. Ms. Sau Tin is a parent with two children who attend AIPCS II. She disagrees with the AIM Schools lunch schedule.

B. Ms. Stephanie, a parent at AIPCS II has a concern with the students safety walking to Lincoln Park.

Ms. Gail Greely, OUSD representative says that "public comment is for items not on the agenda." Mr. Chris Rodriguez responds to say, "we want to spend the time with the items that are on the agenda."

C. Mr. Ronald Moss, a parent at AIPCS said he did not have an agenda at AIPCS, however the agenda was on the table next to him. His view is the AIM school's grading system is not "equitable and fair to his grandson."

D. Ms. Janet Sal Lee, is a parent who has twins in six grade. She chose AIPCS, because of the high academic standard, curriculum and rigorous work of the AIMS Model. She believes the AIM model is the way to achieve success. Her question to the board: "How is what is happening with Dr. Ben Chavis going to impact the program? What will it have on the children?" She is looking for leadership from the board and support for Dr. Chavis.

E. Ms. Angela, has a daughter attending summer school. She wants to know, "what the plan is that the Board has for the School? Can there be changes to the Board? Can we see parent representatives serving on the board?"

F. Mr. Chea Sung Wa is a student from China. He wants to see a laboratory for chemistry science classes.

G. Mr. Ken Adler, is a parent that has been involved with the school for six years. He said, "this is hopefully the first time he has seen our school board acting like a real board. The basic governance needs to change."

3. New board member appointment – Mr. Steven Leung is a residential and commercial real estate broker. He has been involved with real estate for 10 years. Mr. Jordan Locklear motions to approve Mr. Leung as new board member. Mr. Stember seconded and approved vote 5-0.

#### 4. Closed Session

PUBLIC EMPLOYEE APPOINTMENT pursuant to Government Code section 54957

Title: Site Administrator (3 positions)

Title: Assistant Site Administrator (2 positions)

Title: Administrative Assistant (3.5 positions)

Title: Financial Administrator (1 position)

Title: Staff Accountant (1 position)

Employee Dismissal/Discipline/Release pursuant to Government Code section 54957

#### 5. Report out action taken in closed session

Site Administrator (3 positions): Mrs. Walker is site administrator at AIPHS. Ms. Beckford will be in training under Mrs. Walker. Mr. Chu, is site administrator at AIPCS. The site administrator at AIPCS II is Ms. He.

Assistant Site Administrator (2 position): Ms. Avelino is at AIPCS II and Mr. Burns.

Administrative Assistant (3.5 positions): Ms. Palmore will be at AIPHS and Ms. Russel will be at AIPCS on 35th and Magee campus. At AIPCS II, Mr. Moreno and Ms. Merchant will be the administrative assistants.

Financial Administrator (1 position): Ms. Chen will be leaving for health reasons on the 30th of June. Mr. Rodriguez said, Mr. Trasedor will be at AIPCS II for two days next week. He will: 1) review accounting, financial and payroll procedures based on interviews and written documentation; 2) Review recent financial reports to assess the

accuracy of the condition of the school; 3) review state and federal grant statements that were cited in the FCMAT report in order to give the board advice as to what may happen; 4) identify alternative means providing business support services as a result of Mrs. Chen's departure; 5) Evaluate the reasonableness and soundness of the charter school budget for the 2012-2013 school year and he is going to advise the board of any other financial risk factors going on with the schools legal counsel.

Staff Accountant (1 position): Mr. Joe Zhou

## 6. Action Items

6.1 Approve board minutes for past two meetings: May 29th and June 16th : No action taken.

6.2 Approve AIPCS and AIPHS Budget: No action taken

6.3 Approve recommendation for teacher raises: No action taken

6.4 Re-Approval of Internship at American Indian Model Schools - Quiera Martinez: No action taken

6.5 Approval of Lease for 171 12th Street: No action was taken. Mr. Rodriguez motions to appoint President, Jean Jackson-Martinez and Mr. Steven Leung on a two person advisory sub-committee to work through the lease issues and report back to the board. President, Jean Jackson-Martinez seconded and approved 5-0.

6.6 Review and approve notices to Dr. Ben Chavis and Mrs. Marsha Amador, school staff, parents and students regarding Dr. Ben Chavis continued relationship with AIMS schools: No action was taken. Mr. Chris Rodriguez says the committee consisting of the President, Ms. Jackson and Mr. Rodriguez was unable to reach a consensus.

6.7 Approve Employee Contracts for: Approved at the previous meeting.

Title: Site Administrator (3 positions)

Title: Assistant Site Administrator (2 positions)

Title: Administrative Assistant (3.5 positions)

Title: Financial Administrator (1 position)

Title: Staff Accountant (1 position)

See employees in section 5 of agenda who will be in these positions.

7. ADJOURNMENT TIME: Mr. Chris Rodriguez motioned to Adjourned, which the President of the Board, Ms. Jean Jackson-Martinez seconded and vote approved 5-0. Meeting adjourned at 9:07 p.m.

# Steven Leung

Tel: [REDACTED]  
Cell: [REDACTED]  
Fax: [REDACTED]

Email: [REDACTED]

## PROFILE

- Full time professional with 10+ years of experience in real estate
- Licensed real estate broker in the state of California
- President of real estate brokerage firm

## PROFESSIONAL EXPERIENCE

- SALES
  - Residential real estate sales
  - Commercial real estate sales
  - Knowledge in working with Wells Fargo, Bank of America, and Chase REO bank owned properties
- PROPERTY MANAGEMENT
  - Leasing to Section 8 Tenant
  - Eviction for troubled tenant
- REO SERVICES AND RELATED EXPERIENCE
  - Working closely with asset managers on disposition of bank own properties
  - Negotiate with tenants with Cash for Key
- LOAN ORIGINATION
  - Residential real estate loan origination
  - Hard Money loan origination

## EMPLOYMENT

- President, Outstanding Investment Company Inc. 8/05 – present
- Owner, Outstanding Investment Company 9/04 – 8/05
- Realtor, Pacific Real Estate Network. 1/01 – 9/04

## EDUCATION

- Certified Distress Property Expert (CDPE) Destination
- Certified Investor Agent Specialist (CIAS) Destination
- LionsGate REO/BPO Advanced Training
- Certified California Residential Manager (CCRM) Destination
- Certified Mortgage Planning Specialist (CMPS) Destination
- Bachelor of Engineering, San Jose State University

## COMMUNITY INVOLVEMENT

- Vice President of Asian Community Cultural Association of San Leandro, a Non-Profit organization
- Chair of Asian Business Council of San Leandro Chamber of Commerce
- City of San Leandro Rent Review Board Commissioner 07/2008 -- 07/2011

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix K**

**Last Payments to Ms. Amador**

**AMERICAN INDIAN CHARTER SCHOOL II**  
**All Transactions for Marsha. Amador**  
**All Transactions**

<u>Transaction Type</u>	<u>Date</u>	<u>Account</u>	<u>Amount</u>
Check	09/10/2012	AIPCS II CBOB [REDACTED]	0.00
Check	06/26/2012	AIPCS II CBOB [REDACTED]	1,423.42
Check	06/26/2012	AIPCS II CBOB [REDACTED]	6,112.37
Check	05/25/2012	AIPCS II CBOB [REDACTED]	1,423.41
Check	04/26/2012	AIPCS II CBOB [REDACTED]	1,423.41
Check	03/26/2012	AIPCS II CBOB [REDACTED]	1,423.42
<b>Total</b>			<b>11,806.03</b>



**American Indian Public High School  
All Transactions for Marsha. Amador  
All Transactions**

<u>Transaction Type</u>	<u>Date</u>	<u>Account</u>	<u>Amount</u>
Check	06/26/2012	AIPHS CBOB [REDACTED]	1,423.42
Check	06/26/2012	AIPHS CBOB [REDACTED]	0.00
Check	06/26/2012	AIPHS CBOB [REDACTED]	6,112.37
Check	05/25/2012	AIPHS CBOB [REDACTED]	1,423.41
Check	04/26/2012	AIPHS CBOB [REDACTED]	1,423.41
Check	03/26/2012	AIPHS CBOB [REDACTED]	1,423.42
<b>Total</b>			<b>11,806.03</b>

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL**  
**All Transactions for Marsha Amador**  
**All Transactions**

<u>Transaction Ty...</u>	<u>Date</u>	<u>Account</u>	<u>Amount</u>
Check	09/10/2012	AIPCS CBOB [REDACTED]	0.00
Check	06/26/2012	AIPCS CBOB [REDACTED]	1,423.42
Check	06/26/2012	AIPCS CBOB [REDACTED]	6,112.37
Check	05/25/2012	AIPCS CBOB [REDACTED]	1,423.41
Check	04/26/2012	AIPCS CBOB [REDACTED]	1,423.41
Check	03/26/2012	AIPCS CBOB [REDACTED]	1,423.42
Check	02/29/2012	CBOB CHECKING 3	3,298.40
Check	02/24/2012	CBOB CHECKING 3	863.50
Check	01/26/2012	CBOB CHECKING 3	863.50
Check	12/23/2011	CBOB CHECKING 3	861.50
Check	11/26/2011	CBOB CHECKING 3	861.50
Check	10/26/2011	CBOB CHECKING 3	861.50
Check	09/23/2011	CBOB CHECKING 3	861.50
Check	08/26/2011	CBOB CHECKING 3	861.50
Check	07/26/2011	CBOB CHECKING 3	861.50
Check	06/26/2011	CBOB CHECKING 3	861.50
Check	05/26/2011	CBOB CHECKING 3	861.50
Check	04/26/2011	CBOB CHECKING 3	861.50
Check	03/26/2011	CBOB CHECKING 3	861.50
Check	02/26/2011	CBOB CHECKING 3	861.50
Check	01/26/2011	CBOB CHECKING 3	861.50
Check	12/26/2010	CBOB CHECKING 3	842.50
Check	11/26/2010	CBOB CHECKING 3	842.50
Check	10/26/2010	CBOB CHECKING 3	842.50
Check	09/24/2010	CBOB CHECKING 3	842.50
Check	08/26/2010	CBOB CHECKING 3	842.50
Check	07/28/2010	CBOB CHECKING 3	842.50
Check	06/25/2010	CBOB CHECKING 3	842.50
Check	05/26/2010	CBOB CHECKING 3	842.50
Check	04/26/2010	CBOB CHECKING 3	842.50
Check	03/26/2010	CBOB CHECKING 3	842.50
Check	02/23/2010	CBOB CHECKING 3	842.50
Check	01/31/2010	CBOB CHECKING 3	842.50
Check	12/21/2009	CBOB CHECKING 3	842.50
Check	11/30/2009	CBOB CHECKING 3	842.50
Check	10/26/2009	(Closed) CBOB CH...	842.50
Check	09/28/2009	(Closed) CBOB CH...	842.50
Check	08/26/2009	(Closed) CBOB CH...	842.50
Check	07/27/2009	(Closed) CBOB CH...	842.50
Check	06/29/2009	(Closed) CBOB CH...	842.50
Check	05/26/2009	(Closed) CBOB CH...	842.50
Check	04/27/2009	(Closed) CBOB CH...	842.50
Check	03/27/2009	(Closed) CBOB CH...	842.50
Check	02/24/2009	(Closed) CBOB CH...	842.50
Check	01/26/2009	(Closed) CBOB CH...	842.50
Check	12/24/2008	(Closed) CBOB CH...	845.50
Check	11/25/2008	(Closed) CBOB CH...	845.50
Check	10/24/2008	(Closed) CBOB CH...	845.50
Check	09/25/2008	(Closed) CBOB CH...	845.50
Check	08/25/2008	(Closed) CBOB CH...	845.50
Check	07/25/2008	(Closed) CBOB CH...	845.50
Check	06/25/2008	(Closed) CBOB CH...	845.50
Check	06/02/2008	(Closed) CBOB CH...	9,000.00
Check	05/23/2008	(Closed) CBOB CH...	845.50
Check	04/28/2008	(Closed) CBOB CH...	845.50
Check	03/25/2008	(Closed) CBOB CH...	845.50
Check	02/25/2008	(Closed) CBOB CH...	845.50
Check	01/24/2008	(Closed) CBOB CH...	845.50
Check	12/24/2007	(Closed) CBOB CH...	847.50
Check	11/29/2007	(Closed) CBOB CH...	847.50
Check	10/19/2007	(Closed) CBOB CH...	847.50
Check	09/25/2007	(Closed) CBOB CH...	847.50
Check	08/30/2007	(Closed) CBOB CH...	847.50
Check	07/24/2007	(Closed) CBOB CH...	847.50
Check	06/26/2007	(Closed) CBOB CH...	847.50
Check	05/29/2007	(Closed) CBOB CH...	847.50

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL**  
**All Transactions for Marsha Amador**  
**All Transactions**

<u>Transaction Ty...</u>	<u>Date</u>	<u>Account</u>	<u>Amount</u>
Check	04/29/2007	(Closed) CBOB CH...	847.50
Check	03/30/2007	(Closed) CBOB CH...	847.50
Check	02/23/2007	(Closed) CBOB CH...	847.50
Check	01/29/2007	(Closed) CBOB CH...	847.50
Check	12/14/2006	(Closed) CBOB CH...	845.50
Check	11/28/2006	(Closed) CBOB CH...	845.50
Check	10/27/2006	(Closed) CBOB CH...	851.61
Check	09/26/2006	(Closed) CBOB CH...	851.61
Check	08/24/2006	(Closed) CBOB CH...	851.61
Check	07/27/2006	(Closed) CBOB CH...	851.61
Check	06/28/2006	(Closed) CBOB CH...	851.61
Check	05/26/2006	(Closed) CBOB CH...	851.61
Check	04/26/2006	(Closed) CBOB CH...	851.61
Check	03/27/2006	(Closed) CBOB CH...	851.61
Check	02/23/2006	(Closed) CBOB CH...	851.61
Check	01/25/2006	(Closed) CBOB CH...	851.61
Check	12/28/2005	(Closed) CBOB CH...	848.81
Check	11/23/2005	(Closed) CBOB CH...	848.81
Check	10/28/2005	(Closed) CBOB CH...	912.70
Check	09/26/2005	(Closed) CBOB CH...	912.70
Check	08/25/2005	(Closed) CBOB CH...	912.70
Check	07/31/2005	(Closed) CBOB CH...	912.70
Check	06/24/2005	(Closed) CBOB CH...	912.70
Check	05/25/2005	(Closed) CBOB CH...	912.70
Check	04/26/2005	(Closed) CBOB CH...	912.70
<b>Total</b>			<b>94,999.05</b>

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix L**

**Dianne Hatcher's Contract and  
Resume**

**American Indian Model Schools  
Employment Agreement  
Certificated Personnel Contract  
Fiscal Year 2012-2013**

This Employment Agreement ("Agreement") is revised and made effective by and between American Indian Model Schools, Oakland, California and Carolyn D. Hatcher

**Employment Terms**

1. **Employer Shall Employ Employee as an Financial Administrator.** This position is full-time. Employee accepts and agrees to such employment. Employment is subject to submission and verification of resume and official college transcripts indicating graduation, background check, and tuberculosis screening results. The applicant must pass the Department of Justice (DOJ) and Federal Bureau of Investigation (FBI) Background check by request.
2. **Best Efforts of Employee.** Employee agrees to perform faithfully, industriously, and to the best of Employee's ability, experience, and talents, all of the duties that may be required by this position, to the reasonable satisfaction of Employer.
3. **Compensation of Employee.** As compensation for the services provided by the Employee under this Agreement, Employee salary is pro-rated to \$ 12,600. Employment under this agreement will commence on July 5, 2012 through September 30, 2012 as a 90 day probation period. At the end of this period, with satisfactory performance, a new contract will be negotiated for the remainder of the year. Our payday is on the 26<sup>th</sup> of each month. Employee's salary will be subject to those deductions (and only those deductions) permitted by the Fair Labor Standards Act and state law, including deductions when Employee is absent for a full day for personal reasons and deductions when Employee performs no work during a workweek, for any reason. Upon termination of this agreement, payment under this paragraph shall cease: provided, however, that the Employee shall be entitled to payments for a period or partial periods that occurred prior to the date of termination and for which the Employee has not been paid.
4. **Compliance with Employer's Rules.** Employee agrees to comply with all the rules and regulations of the Employer.
5. **At-Will Employment.** All American Indian Public Charter School employees are "At Will" employees. Either party may terminate this agreement by written notice at any time for any reason or for no reason. This agreement is intended to be and shall be deemed to be an at-will employment agreement and does not constitute a guarantee of continuing employment for any term.
6. **Insurance Benefits.** Employee shall be entitled to insurance benefits, in accordance with Employer's applicable insurance contract(s) and policies, and applicable state law. These benefits shall include Health Insurance (medical and dental) and California State Disability Insurance.
7. **Adjustments and Changes in Employment Status.** Employer reserves the right to make personnel decisions regarding your employment, including but not limited to decisions regarding changes in duties and assignments, changes in salary and other compensation, changes in benefits and changes in policies or procedures.
8. **Return of Property.** Upon termination of this Agreement, the Employee shall deliver all property (including keys, records, notes, data, memoranda, models, and equipment) that is in the Employee's possession or under the Employee's control, which is Employer's property or related to Employer's business. Such obligations shall be governed by any separate confidentiality or proprietary rights agreement signed by the Employee.

  
*Carolyn D. Hatcher*  
\_\_\_\_\_  
Employee

*9/6/2012*  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Site Administrator  
*Jean Martens*  
\_\_\_\_\_  
School Board Member

\_\_\_\_\_  
Date  
*9/5/12*  
\_\_\_\_\_  
Date

**Carolyn Dianne Hatcher**



An experienced finance and management professional with over 25 years of experience in finance, accounting, budgets and business operations. An action oriented executive who has delivered significant results in key financial management positions. Demonstrated record of success in internal control cost controlling and financial statement reporting.

- Financial Analysis, Budgeting & Planning
- Tax and Regulatory Compliance
- Accounting Systems Development
- External Audit
- Communications and Organizational Skills
- Staff Development and Training
- Profit and Loss Management
- Internal Control Implementation
- Cash Flow Management and Banking
- Excellent Computer Application User

**Professional History:**

**2007-Present**

**Imani Community Church**

Supervised church administrator in preparation of monthly Financial Statements, generating 1099s, and reported financial results to the Board of Directors. Coordinated annual budget process, oversee processing of weekly donations, wrote new policies and procedures for accounting and human resources. Worked with internal auditing committee in performing annual audit of church's books.

**7/04-12/19/2008**

**Independent consultant**

Worked for various clients including: First Place for Youth, Girl Scouts of Northern California, AXA Rosenberg, Jewish Community Federation, Sacred Heart Schools-Atherton, MPR Associates, ConnectEd, City of San Leandro, Public Health Institute, Rides for Bay Area Commuters and DealMakers usually on long-term assignments. Duties included setting up clients with QuickBooks, general ledger maintenance, filing state sales & use tax returns, generating financial reports, 1099's, account analysis, working with state auditors. Liaison for annual audit and interim audit, coordinating preparation of schedules for each. Worked with auditors preparing preliminary documentation for annual audit. Supervised accounting positions: cashing, payroll, billing, receivables, accounts payable, general ledger with staff up to nine. Worked on major ad hoc projects, including reviewing direct labor hours reported to Grantor for company being audited.

**Treasurer**

**Oakland, CA**

**Accounting Manager/Senior Accountant**

**Oakland, CA**

**2001.2003**

**Controller**

**Fred Finch Youth Center**

**Oakland, CA**

Managed staff of five in all areas of accounting and finance. Managed all activities of organization, including billing, collections, accounts payable, general ledger, treasury functions & payroll. Transferred funds and made investments according to the terms stated by the Board of Directors. Prepared all regulatory reports for city and state. Reported directly to CFO and worked with department heads and program managers to prepare annual budgets for the agency and annual cost reports. Managed Federal and State grants preparing draw downs according to terms and monitoring budgets. Worked with other organization's personnel who were part of collaborative grant, ensuring proper documentation for payment requests. Presented financial results to executives and finance board members each month. Liaison with external auditors for annual audit.

**Achievements:**

- Analyzed recruitment cost; implemented rules to reduce ad expense by \$200K.
- Project Manager for implementation of paperless time sheet system that was integrated with our payroll system. Projected savings over \$70k per year
- Devised analysis reports detailing lost income of matching funds from state for school.
- Established policies and procedures for the entire agency; implementing central purchasing for the agency.
- Revised policies and procedures for each position in the accounting department

2000.2001  
Instructor

Heald College  
Hayward

Part-time instructor teaching Introduction to Accounting, Financial Accounting and Managerial Accounting to accounting and business students. Prepared instruction and developed test using text and teacher's guide.

1996.2001

Various Agencies

Consultant

Worked as financial analysis, finance manager, accounting manager in three to six month assignments. Clients included: Robert Half International, Philips Consumer Communication, PeopleSoft, SBC Communications ( PacBell), Pacific Maritime Association, American Medical Response, Bayliner Paper Supply. Agencies included: Robert Half Accountemps, Management Resources, Accountants, Inc. Cristol Financial, Accountants on Call.

**Duties:**

- Revenue and expense analysis and expense monitoring
- Budget and forecast preparation
- Preparation of Financial and Management Reports including variance analysis.
- Supervising general ledger and payroll staff.
- Working on computer conversions and data analysis.

1982.1996

Hitachi America, Ltd.  
Brisbane, CA

Accounting Manager/Senior Financial Analyst

Managed accounting department for the Computer Division and Field Engineering Division. Responsible for Monthly financial statements, managerial reports, semi-annual budgets and forecasts. Presented financial results to Executive staff at monthly meeting. Developed staff by encouraging attendance to seminars and classes to keep up with changes in preferred practices.

- Developed financial model for budget preparation. This included generation of supporting schedules and financial statements needed for presentation to senior executives in headquarters.
- Prepared capital budgets with appropriate depreciation schedules.
- Major participant in development of new accounting system.
- Developed new policies and procedures to go along with system change.
- Responsible for time saving upgrades and additions to system.
- Revised and upgraded job descriptions for the entire staff.
- Responsible for establishing procedures for field staff to keep accurate records of inventory of spare parts.

**Education:**

MBA, Master of Business Administration  
Emphasis in Finance (1996)  
John F. Kennedy University, Walnut Creek, California

BS, Bachelor of Science Degree, Business Administration  
Emphasis in Accounting  
California State University, Hayward, California

**Technical Summary:**

Microsoft EXCEL, ACCESS, WORD, Platinum Software and FRX, Blackbaud, ACCPac, Solomon, Pillar Great Plains Software, Peachtree, Lawson, Eden Gold, HdL Software and Deltek Premium, QuickBooks(Certified QuickBooks Pro, MIP Sage.



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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix M**

**07/17/2012 AIMS Board**

**Meeting Minutes and Resumes**

**of Mr. Bey and Mr. Grant**

## **American Indian Model Schools**

171 12<sup>th</sup> Street, Suite 300

Oakland, CA 94607

Board of Education Regular Meeting

Tuesday, July 17, 2012 7:00 P.M.

Meeting at 171 12th Street

### **Minutes**

Welcome to the meeting of the American Indian Model Schools Board of Education. If you would like to address the Board during Public Comments on any agenda item or any item not on the agenda, please fill out a comment card on the table and give it to the Chair. You will be called on to comment during this time and comments will be limited to three (3) minutes. To ensure that all speakers are provided an equal opportunity to address the Board during Public comments; individual speakers may not "yield" their allotted time to address the Board to other speakers. The Board may, in accordance with the Brown Act (section 54954.3[b] of the Government Code), limit the total amount of time allocated for comment on a particular issue. The Board may choose to respond to agenda item comments or reserve their responses for discussion and action when the agenda item appears during the course of the meeting. Individuals who require special accommodation should contact the AIM Schools Lead Site Administrator's Office at 510-482-6000 Ext. 10. As a courtesy to others, please turn off your cell phone upon entering the meeting.

**Board Members present:** Ms. Jean Jackson-Martinez, Mr. Jordan Locklear, Mr. Chris Rodriguez, and Mr. Steven Leung

**Teachers and Staff Present:** Ms. Dianne Hatcher, Mr. Joe Zhou, Ms. Jennifer Avenilo, Mrs. Claudia Walker, Mrs. Kimberly Palmore, Mr. Jason Chu and Mr. Seth Burns

**Guest Present:** Ms. Bernadette Coleman, Mrs. Tao, Ms. Kaytena Beckford, Mr. Ronald Grant, Mr. Nedir Bey and Ms. Karely Ordaz

1. **CALL TO ORDER:** Ms. Martinez called the meeting to order at 7:27PM
2. **APPROVAL OF MINUTES:** Mr. Locklear motioned to approve the minutes of February 21, 2012. Mr. Leung seconded the motion and was approved 4-0.
3. **PUBLIC COMMENTS:** The public may address the Board on any agenda item and any item not on the agenda. The board president will only call on those who have filled out comment cards before the meeting, and each speaker will be allotted three (3) minutes. The Board will not respond or take action on any non-agenda. The item may be added at a later date (Ed. Code 35145.5). The comments shall be made from the podium. In accordance with Government Code 54954.2 -No action or discussion shall be undertaken on any item not appearing on the posted agenda.

3.1. Kaytena Beckford, an ex-AIM Schools employee, began by stating that on November 4, 2011 she took office of AIPCS II and was promised to get training but was never trained. Then, Ms. Beckford said that Ms. Martinez promised on June 24<sup>th</sup>, 2012 that she would send her to the other campus but instead was given a letter of resignation. Lastly, Ms. Beckford wanted to know why Ms. Martinez' daughter, Quiera Martinez, was sent to a training camp with AIM Schools' money.

3.2 Mrs. Tao and Mrs. Coleman, members of the Family Advisory Committee, had their first Family Advisory Committee meeting last Tuesday with great turnout. They mentioned that a lot of volunteers showed up. Both invited parents to participate. Mrs. Coleman suggested that AIM Schools begins a Safety Committee for AIPCS II, a College Prep Committee, a Visiting College Committee, and a Translation Committee. Mrs. Coleman said that she is happy to serve in the committee and thinks it's important for parents to understand their role in the committee. She asked the board what they are allowed to do, in terms of the AIM Schools Bylaws. Ms. Martinez responded to Ms. Coleman that the Family Advisory Committee is like a PTA and is not regulated by the AIM Schools Board. Mrs. Coleman responded back by stating that the Family Advisory Committee is "a little different from a PTA". She said that they decided to have one person be the representative of the committee to report to the AIM Schools Board. Ms. Martinez said that decisions are up to Mrs. Coleman and the Board will serve to assist in any possible way.

#### **ADMINISTRATOR'S REPORT**

##### **4.1. Enrollment update**

4.1.1. Mrs. Claudia Walker, AIPHS: 258 students (up from 192 last year). Mrs. Walker also gave the current AP results.

4.1.2. Mr. Chu, AIPCS, Web Based Solution from AIM Schools: 299 students enrolled at AIPCS from 262 last year. One hundred fifty two students from AIPCS will be enrolled in SAIL. Mr. Chu suggested that AIM Schools should be looking into web base solutions to save time and give extra hours to students. Mr. Chu had a proposal for the Board. He said that it will cost money, but in the long run, it will save labor cost.

4.1.3. Ms. He, AIPCS II: Mr. Burns stated that In K-8<sup>th</sup> grade there are 670 students enrolled with continual enrollment. He also stated that 5 teachers have been removed and 5 new hires had taken place. He said that AIPCS II needs one 8<sup>th</sup> grade teacher, one resource teachers and 191students will attend SAIL. He said that the

school is currently preparing for fire inspections. The obstacles that he mentioned were pick up/drop up procedures and constant re-organization of the office. AIPCS II has 29 staff members.

**4.1.4. AIPHS Finance Update:** Mr. Joe Zhou talked about the AIPHS budget. He stated that currently summer school enrollment decreased because of approved budget in previous meeting.

#### 4. ACTION ITEMS

**5.1. New Officers, Removal, and Resignation:** Ms. Martinez made the first motion to remove Michael Stember from the AIM Schools Board. Mr. Locklear seconded, vote approved 3-0. Ms. Martinez made the first motioned to remove Chris Rodriguez from the AIM Schools. Mr. Locklear seconded it, vote approved 3-0. Ms. Martinez made the first motion to welcome Mr. Bey and Mr. Grant to the AIM Schools Board. Mr. Locklear seconded it, vote approved 3-0.

**5.2. Lease 171 12th Street:** Ms. Martinez made first motion to approve the lease. Mr. Leung seconded it, approved 3-0.

**5.3. Merritt College Classes:** Mr. Grant is a professor in Merritt College teaching an introductory business class. He said that the class is a challenging class because the information that students are receiving is new. Overall, he said students were doing well with good grades with an exception of 3 students he is working with. Mr. Grant said he will work with Mrs. Walker to figure out the fall transferable class. He stated that other charter schools are trying to get into the Merritt College but he stated that AIM Schools were his concern. Mrs. Tao asked if Merritt College course were only during the summer. Mr. Grant said yes. Mrs. Coleman asked how Merritt College course would work for kids at AIPCS II. Mr. Grant admitted that it's a problem but suggested that a class could be taught at the AIPCS II campus. Mrs. Walker said that in the past instructors would come teach at the campus. She said that currently students can enroll on their own. Mr. Grant said that they are trying to make labs available. He stated that the new person working at Merritt College is very interested in working with AIM Schools. No vote was made.

**5.4. S.A.I.L General Math-Calculus:** Mr. Locklear said that he volunteered for the SAIL program. He said that AIM School Alumni who taught at SAIL received 4 year acceptance letter to universities. Mr. Locklear

mentioned that their responsibility, as AIM Schools Alumni, is to give back to AIM Schools. Mr. Locklear made the first motion to approve the SAIL program. Jean seconded it, vote approved 5-0.

**5.5. Approve Employees:** Mr. Grant gave first motion to approve line item. Mr. Locklear seconded it, approved 5-0.

**5.6. AIM School Hall of Fame - First Inductee: Ms. Karely Ordaz, May 2009 American Indian Public High School graduate. Ms. Ordaz graduated in May 2012 from UC Berkeley:** Mr. Locklear introduced Karely as a UC Berkeley graduate with an American Studies degree with an emphasis in Environment, Policy and Public Health. He stated that she currently volunteers at AIPCS II with tutoring, traffic and volunteers for the Noel Gallo for City Council campaign. Mr. Locklear made first motion to approve item. Mr. Grant seconded, approved 5-0.

**CLOSED SESSION: None**

By law, closed sessions are not open to the public. Anyone wishing to address the Board of Education on closed session matters may do so during the Agenda Item 3 - Public Comments.

**5. REPORT FROM CLOSED SESSION**

**6. ADJOURNMENT TIME:** Ms. Martinez moved to adjourn the meeting. It was seconded by Mr. Locklear and approved 5-0. Meeting adjourned 8:48 PM.

# Nedir A. Bey



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## WORK EXPERIENCE:

### 7/99-present **Business Consultant/Manager**

Jaharas

Self-employed

Oakland, CA

- **Community Development.** Worked in several African countries helping international businesses obtain contracts, licenses and contacts to do business. Worked with Chinese National Fishing Corporation to form a partnership in Namibia and Angola to expand their fishing capacity. Established contacts for company in Mozambique and South Africa to obtain fishing rights. Worked in Korea, Japan, South America and Central America. Acquired good government and business contacts around the world.

### 6/96 – 7/99 **Chief Executive Officer**

E.M. Health Services

3640 Grand Avenue, Suite #210, Oakland, CA

- Wrote business plan and secured over a million dollars in capital for a start up business from a HUD program. Negotiated contracts with medical doctors and other health care providers. Guided business to revenues exceeding \$1 million dollars per year in two years. Set up a training program for certified nurses. EMHS was the largest provider of health care to AIDS patients in Alameda County. Organized and directed the day to day operation of agency. Responsible for and screening hiring consultants and professional staff. Monitor the ongoing quality management and improvement programs for the agency. Maintain written service agreements, including financial arrangements, with other approved providers. Responsible for agency's compliance with State and Federal regulations. Met with President Clinton at the White House.

### 1/92 – 6/96 **President & General Manager**

Qiyamah Corporation/Universal Distributors

5832 San Pablo Avenue, Oakland, CA

- Established a non-profit organization that provided health care services, substance abuse counseling, low-income housing, job training and educational services. Acquired funding and housing. Responsible for day to day operation and the expansion of the business. Researched and made initial contacts with prospective businesses and/or potential clients. Established a security company that within a year was doing \$ 1.2 million per year. Duties included training for the security team, setting schedules, and dealing with complaints. Negotiated all contracts. Handled human resource issues and public relation, supervised over 100 people.

**EDUCATION:**

University of California, Berkeley  
1986  
Major: Korean

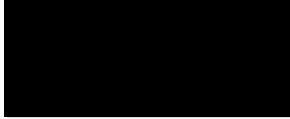
Yonsei University  
Seoul, Korea  
1985  
Major: Korean Studies  
Also studied Japanese and Spanish.

Heald Institute of Technology  
1980  
Degree: Electronics A.S.E.E



Resume

PERSONAL:



EDUCATION:

Laney College

Associate of Science Degree in  
Industrial Electricity

University of California  
at Berkeley

Completed 18 units in Teacher  
Education

San Francisco State University

B.A. Degree in Vocational Education  
M.A. Degree in Education

University of San Francisco

A.B.D. 57 Units Doctoral Program

CREDENTIALS:

California Community College,  
Chief Administrator

California Community College,  
Supervisor

California Community College,  
Instructor

California Community College,  
Student Personnel Worker

Standard Designated Subject/  
Vocational-Industrial Electricity

Standard/Adult-Electricity,  
Electronics for Electrician  
Journeyman, Basic Electronics,  
Building Maintenance,  
Industrial Mathematics

current.

Served as a member of the District and community committees, commissions and councils, as Appropriate. Organized, managed, and participated in the annual planning and budgeting process in cooperation with managers, supervisors, faculty, counselors, and classified staff and in concert with college goals. Accurately interpreted applicable laws, regulations and collective bargaining contract provisions. Responded to and sought resolution of complaints arising from division/area activities, including participating in the process of collective bargaining contract grievances. Provided leadership for and assisted with departmental program reviews and unit plans. Assisted in the accreditation process.

Managed and participated in the continued evaluation and improvement of the assigned area's instructional programs. Promoted the assessment of student outcomes in order to determine the effectiveness of student learning and student development programs in the area. Assisted in the coordination of area programs with those of other institutions and in the development of partnerships with external agencies.

Served as the Center's grievance officer hearing complaints from students, counselors, faculty and classified staff personnel. My job was to render a decision that was bonding to all parties. Employed appropriate techniques and strategies to resolve disputes and to enhance communication and District communities. Interpreted and analyzed appropriate laws, policies, rules and procedures to determine impact on assigned instructional or student services division or program area and oversee compliance and reporting strategies.

June 1973 to December 1975

Specialist  
General Vocational Education  
California Community Colleges  
1238 S Street  
Sacramento, CA 95814  
Phone: (916) 445-0486

Description:

Consulted with districts on essential elements of planning, implementing, and improving Occupational Education programs.

Developed and assisted in the instructional in service training programs for instructor- Coordinators in the areas of employer/college relationships, administrative support, student evaluation, etc.

Prepared, implemented, and co-chaired the California Community College Chancellor's Ad Hoc Committee on \*Cooperative Work Experience Education that reviewed the regulations and recommended revision. Prepared Board of Governors Agenda Items, Regulation on Occupational Education Programs.

Developed, validated and recommended proposals application forms for VEA funds

Ronald A. Grant

Page 3

January 1981 to September 1987

Dean of Instruction, Business and  
Liberal Arts  
Instructional Department/Business  
and Liberal Arts  
Merritt College  
12500 Campus Drive  
Oakland, CA 94619  
Phone: (510) 531-4911

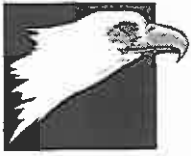
Description

Provided vision and leadership for a diverse, dynamic and innovative community of faculty, staff and students. Assigned teaching loads and related activities to faculty; supported and encouraged the professional growth of the faculty. Provided year-round leadership, management, participation, and development of instructional department day, evening, weekend, inter-session and summer programs. Assisted in the hiring process of management, faculty and classified staff for assigned area and recommend personnel actions to supervising manager. Assisted in the training and evaluation of assigned supervisors, faculty and classified staff. Organized and managed the operation of the assigned area office; coordinated and administered its budget. In collaboration with faculty, developed curriculum, supported a variety of methods of instruction, including computer-assisted instruction and distance learning, and ensures course and program articulations were kept current.

With the division faculty, staff, and other administrators, managed the preparation of the class schedules, catalogs, brochures and other printed or electronic materials for the assigned division. Served as a member of the District and community committees, commissions and councils, as appropriate. Organized, managed and participated in the annual planning and budgeting process in cooperation with managers, supervisors, faculty and classified staff and in concert with college goals. Managed the approved annual budget for assigned area. Accurately interpreted applicable laws, regulations and collective bargaining contract provisions.

Responded to and sought resolution of complaints arising from division/area activities, including participating in the process of collective bargaining contract grievances. Provided leadership for and assists with department program reviews and unit plans. Assisted in accreditation process. Promoted the assessment of student outcomes in order to determine the effectiveness of student learning and student development programs in the area. Actively participated in and supports college and District shared governance components and activities and other collaborative processes. Employed appropriate techniques and strategies to resolve disputes and to enhance communication and cooperation among the members of the college and District communities.

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix N**


**Mercedes Askew's Contract  
and Resume**

American Indian Model Schools  
Employment Agreement  
Classified Personnel Contract  
Fiscal Year 2012-2013

This Employment Agreement ("Agreement") is revised and made effective by and between American Indian Model Schools, Oakland, California and Mercedes Askew

**Employment Terms**

1. **Employer Shall Employ Employee as a Staff Accountant.** This is a classified full-time 12 months position. Classified employee will receive a total of 6 days vacation and 6 days sick leave per year. Classified employees will accumulate a total of 1 day per month of vacation/sick leave combined. Employee accepts and agrees to such employment. Employment is subject to submission and verification of resume and official college transcripts indicating graduation, background check, and tuberculosis screening results. The applicant must pass the Department of Justice (DOJ) and Federal Bureau of Investigation (FBI) Background check by request.
2. **Best Efforts of Employee.** Employee agrees to perform faithfully, industriously, and to the best of Employee's ability, experience, and talents, all of the duties that may be required by this position, to the reasonable satisfaction of Employer.
3. **Compensation of Employee.** As compensation for the services provided by the Employee under this Agreement, Employee salary is pro-rated to \$46,250.03. Employment under this agreement will commence on July 30, 2012 and terminate on June 30th, 2013 unless the Agreement is renewed in writing for the following year. Our payday is on the 26<sup>th</sup> of each month. Employee's salary will be subject to those deductions (and only those deductions) permitted by the Fair Labor Standards Act and state law, including deductions when Employee is absent for a full day for personal reasons and deductions when Employee performs no work during a workweek, for any reason. Upon termination of this agreement, payment under this paragraph shall cease: provided, however, that the Employee shall be entitled to payments for a period or partial periods that occurred prior to the date of termination and for which the Employee has not been paid.
4. **Compliance with Employer's Rules.** Employee agrees to comply with all the rules and regulations of the Employer.
5. **At-Will Employment.** All American Indian Public Charter School employees are "At Will" employees. Either party may terminate this agreement by written notice at any time for any reason or for no reason. This agreement is intended to be and shall be deemed to be an at-will employment agreement and does not constitute a guarantee of continuing employment for any term.
6. **Insurance Benefits.** Employee shall be entitled to insurance benefits, in accordance with Employer's applicable insurance contract(s) and policies, and applicable state law. These benefits shall include Health Insurance (medical and dental) and California State Disability Insurance.
7. **Adjustments and Changes in Employment Status.** Employer reserves the right to make personnel decisions regarding your employment, including but not limited to decisions regarding changes in duties and assignments, changes in salary and other compensation, changes in benefits and changes in policies or procedures.
8. **Return of Property.** Upon termination of this Agreement, the Employee shall deliver all property (including keys, records, notes, data, memoranda, models, and equipment) that is in the Employee's possession or under the Employee's control, which is Employer's property or related to Employer's business. Such obligations shall be governed by any separate confidentiality or proprietary rights agreement signed by the Employee.
9. **Contract must be approved by Governance Board.**

  
\_\_\_\_\_  
Employee

8/31/12  
\_\_\_\_\_  
Date

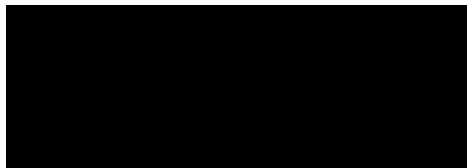
  
\_\_\_\_\_  
Financial Administrator

8/31/12  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
School Board Member

8/30/12  
\_\_\_\_\_  
Date

**Mercedes Askew**



**Accountemps**

**Temporary Project Assignment**

**A/P & A/R – March 13, 2012 – April 25, 2012**

Processed vendor Invoices. Enter reimbursement expenses into WebInvoicing.  
Prepared deposit.  
Matched expense receipts with the credit card statement.  
Prepared documents for the auditors.

**Network in Solidarity with the People of Guatemala (NISGUA)**

**Non-Profit Organization**

**Bookkeeper – Part Time - August 15, 2008 – April 12, 2012**

Administer all NISGUA financial transactions, including depositing checks, enter deposits, processed credit card donations, pay vendor invoices, reimbursement, petty cash.  
Processed monthly payroll.  
Reconciled Monthly Bank Statement & Credit Card Statement.  
Manage Human Resources for new employee, termination and benefits.  
Produced Monthly, Quarterly and yearly financial reports for the Executive Board.  
Coordinate and prepare documents for the CPA to file year end 990 tax.  
Prepared year end 1099. Order and maintain office supplies.

**Coalition of University Employees**

**Non-Profit Organization**

**Bookkeeper - September 2004 – October 2009**

Input monthly Union Dues payments into QuickBooks.  
Review and input monthly expenses into QuickBooks.  
Prepared monthly transfer on a multiple accounts.  
Prepared bank deposits. Reconciled multiple bank accounts.  
Produced Monthly, Quarterly & Yearly Financial Reports, Income Statements, Balance Sheets.  
Processed bi-weekly payroll (outside payroll service).  
Processed vendor invoices and prepare weekly check runs.  
Respond to vendor inquiries to resolve discrepancies in an efficient and accurate manner.  
Draft specific Accounting Procedures for previously unwritten tasks or functions.  
Create, maintain and modify various forms related to account procedures.  
Coordinate and prepare documents for the CPA. Prepared year end 1099.

## **Accountemps**

### **Ajilon Finance Agency**

#### **Temporary Project Assignment**

#### **Bank Reconciliation, A/R, A/P, Bookkeeper - February 2002 – September 2004**

Reconciled daily report for “double-charge” or “no-charge” on the customer debit card account.  
Processed incoming wires from the bank and communicate information to the county branch office.  
Analyze overdrawn escrow accounts for accuracy and compare against escrow account ledger.  
Respond e-mail request to county branch office for account balances, wire transfers, check copies and bank deposit information.  
Prepared checks for bank deposits. Reconciled month-end Bank Statements.  
Processed stop payments daily. Processed cash application for daily deposits. Processed A/R adjustments debit & credit memos.  
Account loan set up and process loan information thru computer system.  
Mail Mortgage Notes to customers who were paid in full.  
Produced monthly expense report.  
Processed Accounts Payables, Accounts Receivable.

## **Golden Gate University**

### **Billing & Collection Coordinator - October 1993 – April 2001**

Produced monthly billing statements.  
Manage, collect, and resolve all past due student accounts inclusive of making and maintaining payment arrangements.  
Interface and work with other departments on disputes and payment posting problems.  
Conduct student account status analysis for account tracking purposes.  
Make recommendation on delinquent student accounts to supervisor for 3<sup>rd</sup> party collection activities.  
Record information of the students financial delinquent status.  
Mail correspondence/letters to students to encourage payment of delinquent accounts.  
Confer with students via phone to determine reason for overdue payments.  
Maintain contact with delinquent account students.  
Order past-due restrictions on overdue accounts or turns over account to collection agency.

## **Golden Gate University**

### **Financial Aid Technician III - June 1998 – September 2000**

Prepared Promissory Notes for student.  
Processed and approved Federal Direct Consolidation Loan Verification Documentation.  
Review all Forbearance/Deferment, Bankruptcy and Consumer dispute verification from credit bureau.  
Conduct individual/group exit interviews for graduate students.  
Administered Repayment & Disclosure statements to student.  
Analyze Collection Agency Acknowledgment reports for delinquent borrowers.  
Forward promissory Note to student borrowers who were paid in full.  
Analyze and Approved delinquent loan borrower requests to rehabilitate delinquent loans.  
Prepared student borrowers information for end of fiscal year for auditor. Reconciled month-end-reports.



## **Golden Gate University**

### **Student Accounts - Senior Accounting - October 1993 – May 1998**

Processed students registration and class schedule changes.

Processed student request for refunds of credit balances and verify appropriateness of refund amount.

Work closely with Accounts Payable to ensure issuance in timely manner of refund checks.

Respond to the Registrar's office for clearance of student's request for release of transcripts and diplomas.

Produced monthly billing statements. Review student statements generated to ensure accuracy of receivable activity.

Monitor students delinquent account balances and made referrals to collections.

Answer all student account telephone, in-person and email inquiries. Counsel students on resolving any debt incurred on their account.

Prepared daily bank deposit and reconcile credit card payments.

Reconciled month-end A/R and G/L reports.

## **Commercial Building Maintenance**

### **Senior Staff Accountant - May 1991 – September 1993**

Produced monthly billing statements and processed payments.

Reconciled monthly revenue report and monitored Cash-Flow account status.

Produced and export budgets reports into Excel for the Manager.

Prepared month-end reports and maintained account files.

## **Accountants Incorporated**

### **Temporary Project Assignment**

#### **Accounts Payable & Accounts Receivable - August 1990 – April 1991**

Processed vendor's invoices and duplicated payments.

Processed payments, cash receipt journals and made deposits.

Analyze accounts and made necessary adjustments.

Produced month-end reports and reconciled bank statements on all accounts.

Monitor delinquent accounts and made referrals to collections.

## **Education:**

Southern La Union National High School, Philippines 1972 – 1974

Mission High School, San Francisco, Ca 1974 – 1976

College of San Mateo, San Mateo, Ca 1984 – 1987

Skills: MS Word, MS Excel, Quicken, QuickBooks Premier 2009, Database: Datatel (Colleague), HP Reflection 3000, AS/400, MAS90, Great Plains, Lawson, WebInvoicing, Salesforce/Apollo

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix O**

## **Karely Ordaz' Resume**

# Karely Maribel Ordaz

## EDUCATION

**University of California, Berkeley, CA** 2009-2012  
College of Letters and Science  
Bachelor of Arts in American Studies with an emphasis in Environment, Policy, and Public Health

**American Indian Public High School, Oakland, CA** 2005-2009  
High School Diploma

## PROFESSIONAL EXPERIENCE

**American Indian Model Schools (AIM Schools), Oakland, CA** August 2012-present  
Administrative Assistant to the AIM Schools Board and Director

1. Developing agendas and minutes in accordance with the Brown Act
2. Assisting the AIM Schools Director in overseeing and developing schools' policies and procedures

**Golden Eagles, Oakland, CA** September 2012-present  
Owner

1. Tutoring services for children in grades Kindergarten to 8<sup>th</sup>
2. Overseeing seven (7) tutors
3. Maintenance of finance

**AIPCS II After School Education and Safety Program (ASES), Oakland, CA** 2010-2012  
Tutor and assisting administrator

1. Assisting students in homework assignments
2. Coordinating and leading an art class
3. Overseeing grant and expenses

**American Delivery Systems (ADS), Oakland, CA** 2009-2012  
Bookkeeper

1. Record keeping, reporting, and meeting all necessary bookkeeping requirements
2. Reconciling monthly bank statements and issuing checks

**American Indian Public High School (AIPHS), Oakland, CA** 2007-2009  
Math Tutor

1. AP Calculus, Algebra II and General Mathematics

**Oakland Charter Academy (OCA), Oakland, CA** 2006-2007  
Math Tutor

1. General Mathematics

## COMMUNITY SERVICE

**AIM Schools Alumni Association, Oakland, CA** December 2012-Present  
President/Founder

**Noel for City Council Campaign, Oakland, CA** August -November 2012  
Phone Banks and Door-to-Door Walks

**Stanford Academic Institute of Learning (SAIL), Oakland, CA** Summer 2009-2012  
Math Teacher

1. General Mathematics, Pre-Algebra, Algebra I and Geometry

**Central American Refugee Committee (CRECE), Oakland, CA** 2009  
Translating Spanish documents to English and assisting with event coordinating

**Berkeley High School, Berkeley, CA** 2009  
Helping high school immigrant seniors apply to scholarships

**Cesar Chavez Public Library, Oakland, CA,**  
Filing information into the library's data base

**Saint Anthony's Church, Oakland, CA,** 2006  
Preparing Sunday mass papers

## PROFICIENCIES

English, Spanish  
Microsoft Word, Microsoft Excel, QuickBooks

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

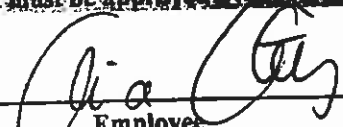
**Appendix P**  
**Alice Atienza's Contract and**  
**Resume**

**American Indian Model Schools  
Employment Agreement  
Classified Personnel Contract  
Fiscal Year 2012-2013**

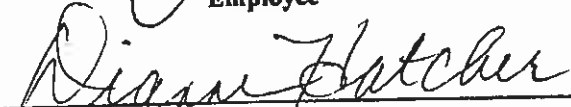
This Employment Agreement ("Agreement") is revised and made effective by and between American Indian Model Schools, Oakland, California and Alice V. Atienza

**Employment Terms**

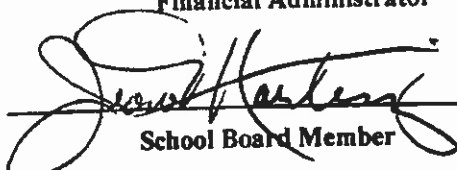
1. **Employer Shall Employ Employee as a Staff Accountant.** This is a classified full-time 12 months position. Classified employee will receive a total of 6 days vacation and 6 days sick leave per year. Classified employees will accumulate a total of 1 day per month of vacation/sick leave combined. Employee accepts and agrees to such employment. Employment is subject to submission and verification of resume and official college transcripts indicating graduation, background check, and tuberculosis screening results. The applicant must pass the Department of Justice (DOJ) and Federal Bureau of Investigation (FBI) Background check by request.
2. **Best Efforts of Employee.** Employee agrees to perform faithfully, industriously, and to the best of Employee's ability, experience, and talents, all of the duties that may be required by this position, to the reasonable satisfaction of Employer.
3. **Compensation of Employee.** As compensation for the services provided by the Employee under this Agreement, Employee salary is pro-rated to \$42,841.66. Employment under this agreement will commence on August 16, 2012 and terminate on June 30th, 2013 unless the Agreement is renewed in writing for the following year. Our payday is on the 26<sup>th</sup> of each month. Employee's salary will be subject to those deductions (and only those deductions) permitted by the Fair Labor Standards Act and state law, including deductions when Employee is absent for a full day for personal reasons and deductions when Employee performs no work during a workweek, for any reason. Upon termination of this agreement, payment under this paragraph shall cease: provided, however, that the Employee shall be entitled to payments for a period or partial periods that occurred prior to the date of termination and for which the Employee has not been paid.
4. **Compliance with Employer's Rules.** Employee agrees to comply with all the rules and regulations of the Employer.
5. **At-Will Employment.** All American Indian Public Charter School employees are "At Will" employees. Either party may terminate this agreement by written notice at any time for any reason or for no reason. This agreement is intended to be and shall be deemed to be an at-will employment agreement and does not constitute a guarantee of continuing employment for any term.
6. **Insurance Benefits.** Employee shall be entitled to insurance benefits, in accordance with Employer's applicable insurance contract(s) and policies, and applicable state law. These benefits shall include Health Insurance (medical and dental) and California State Disability Insurance.
7. **Adjustments and Changes in Employment Status.** Employer reserves the right to make personnel decisions regarding your employment, including but not limited to decisions regarding changes in duties and assignments, changes in salary and other compensation, changes in benefits and changes in policies or procedures.
8. **Return of Property.** Upon termination of this Agreement, the Employee shall deliver all property (including keys, records, notes, data, memoranda, models, and equipment) that is in the Employee's possession or under the Employee's control, which is Employer's property or related to Employer's business. Such obligations shall be governed by any separate confidentiality or proprietary rights agreement signed by the Employee.
9. ~~Contract must be approved by Board.~~

  
\_\_\_\_\_  
Employee

8/31/12  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Financial Administrator

8/31/12  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
School Board Member

8/30/12  
\_\_\_\_\_  
Date

**Education:**

Devry University, Fremont, CA October 2010  
**Bachelor of Science in Technical Management concentration in Accounting**

Heald College, Hayward, CA, October 2001  
**Associate of Applied Science Degree in Accounting**

**Computer Skills:**

MS Office, Fidelio, Kronos, ADP, Peach Tree, Accpac ERP, Sabre, Great Plains, CATS Pajamas, Micros, Solomon, Filemaker, Acumen, MAS 90, Mancala, Sage FAS (Fixed Asset Software), Quickbooks, Lacerte, Pro-System

**Employment History:**

DIK Tracy Enterprises, Tracy CA  
**Part Time Bookkeeper**

RH

12/10 - present

- **Duties:** billing, collection of apartment and commercial rentals, ordering and managing supplies, typing letters, scanning and copying documents, creating rental contracts, light property management, accounts payable, filing.

iMetrikus, Inc., Sunnyvale, CA  
**Accountant**

07/08 - 02/10

- **Accounts Payable** – Performed full cycle accounts payable on Great Plains. Processed purchase orders. Reconciled corporate credit card statements each month. Created the CEO's expense reports. Prepared month-end-accruals. Prepared 1099s, 1096 and DE 542.
- **Human Resources** – Assisted Managers/CEO/President in hiring, advertising, interview, run background check. Update master employee and address list. Keep confidential records of new/terminated employees such as I-9, resumes and other important documents. Updated termination and new hire packets. Provided HIPAA, IIPP and Employee Safety Training
- **Benefit Administration** - Processed benefit enrollment (Blue Cross/Dental/Life Insurance/401K), changes, termination and cobra. Answered employee's questions about their benefits, PTO, payroll, W2s.
- **Other** - Kept and recorded the Non-Disclosure Agreements. Reconciled other GL Accounts ---Humana, Blue Cross, Cobra, FSA payroll liability account. Prepared adjusting and recurring JE. Coordinate & perform special projects as needed.

Wonderbrand/ Logotel/ MJC, LLC, San Francisco, CA  
**Senior Accountant**

11/07 - 06/08

- **Inventory Management** - Performed LDP costing of merchandise received into the warehouse in a timely manner. Inventory transfers and monthly inventory reconciliation.
- **Billing** - Processed all invoices for Wonderbrand, then, transmitted invoices using EDI
- **General Ledger** - Managed general ledger a/c reconciliations and review for accuracy and completeness. Responsible for all accruals and ensure the accuracy of trial balance.
- **Financial Statements Balance Sheet/Income Statement**, including review and check for accuracy. Prepared monthly financial statements on excel or other formats
- **Journal Entries** – Posting Journal Entry to subsidiary ledger, Prepare adjusting, closing and reversing entries
- **Fixed Assets** Maintained Fixed Assets schedule and performs monthly depreciation and amortization schedule
- **Other** - Assisted with training new staffs. Managed audit schedule preparation as required by various outside auditing firms. Kept track and journalized all cash/check/ACH/wire transfer that come in/ out of the company to be summarized in regular cash flow statements. Prepared monthly commission statements and



work with the sales rep to resolve any commission related issue. Miscellaneous reports and analysis. Other projects assigned by Controller.

Perseus Books Group/Avalon Publishing Group/ Publishers Group West, Berkeley, CA 05/01 - 10/07

**Royalty Specialist/Royalty Accountant**

- **Royalty Accounting** - Manage database with large volume of complex royalty contracts. Responsible for monthly, quarterly and semi-annually royalty statements for different imprints (Carroll & Graf, Blue Moon, Thunder's Mouth, Marlowe, Seal, Avalon Travel, etc). Posting bank deposits and classify to corresponding accounts. Interpreting royalty statements and contract language for accounting. Posting adjustments to royalty database. Respond to agents' and authors' queries. Tracking cash flow. Bank reconciliation. Back up for Accounts Payable Supervisor when on vacation.

Litespeed Mortgage, Daly City, CA

07/03 - 05/07

**Part Time Loan Consultant**

- **Real Estate Loan Processing** - Entered client applications. Tooling clients to step by step basis how to obtain loans. Interacted with loan processor, broker, clients and lenders

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix Q**

**Board Training Presentation of  
the Law Offices of MYM**



LAW OFFICES OF MIDDLETON, YOUNG & MINNEY, LLP

# American Indian Model Schools

## Board Governance Workshop

August 31, 2012

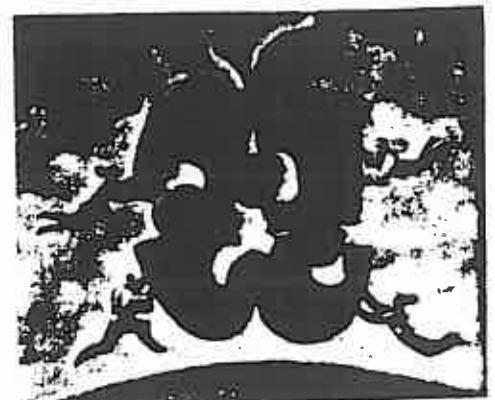
*Handwritten notes:*  
Kandis...  
Luisa...  
S...  
9/5/12

Presented by:

Paul C. Minney, Esq.  
[pminney@mymlaw.com](mailto:pminney@mymlaw.com)

HELPING SHAPE THE FUTURE  
OF CALIFORNIA CHARTER SCHOOLS

MIDDLETON, YOUNG & MINNEY, LLP  
701 UNIVERSITY AVENUE, SUITE 150, SACRAMENTO, CA 95825  
5250 LANKERSHIM BLVD, SUITE 610, NORTH HOLLYWOOD, CA 91601  
T 916.646.1400 F 916.646.1300 WWW.MYMCHARTERLAW.COM



## FIRM OVERVIEW

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Middleton, Young & Minney, LLP has been the leader in charter school law for more than a decade, representing over 500 charter schools throughout the state. The Firm principals have been working with charter schools since the inception of the Charter Schools Act in 1992.

We offer superior legal expertise, as well as the technical know-how to allow you to effectively resolve your problems and meet all of your charter school needs.

MYM's team of experts are well prepared to assist charter schools in every aspect of their creation, expansion, and operation including:

- Employment law
- Collective bargaining and labor relations
- Charter petition drafting
- Non-profit corporations
- Business service agreements
- Memoranda of understanding
- Legal opinions
- Charter renewals
- Audit defense
- Litigation and appellate work
- Representation before agencies and courts
- Board governance
- Special education
- Student suspension & expulsion
- Facilities development
- School policy development
- In-service training and workshops
- Charter revocation defense
- Compliance audits

We emphasize a preventative approach to the law, helping our clients anticipate legal difficulties, minimize exposure to legal claims and fees, and prevent operational challenges.

Located in Sacramento, MYM is uniquely positioned to influence the public policy debate in California – helping shape the future of charter schools.

For more information on our team of expert attorneys and the services that we offer please visit our website at [www.mymcharterlaw.com](http://www.mymcharterlaw.com) or call us at 916-646-1400.

Sacramento office: 701 University Ave., Suite 150, Sacramento, CA 95825

Los Angeles office: 5250 Lankershim Blvd., Suite 610, North Hollywood, CA 91601

San Diego office: Coming soon



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## PRESENTER BIOGRAPHIES

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PAUL C. MINNEY

Paul C. Minney, Firm Principal, has represented charter schools in a multitude of critical areas, since the inception of the Charter Schools Act in 1992. After drafting the fifth charter in the state Paul has assisted over 500 charter schools in developing charter petitions, MOU's, facility use agreements, corporate papers and many other vital charter school documents. His areas of practice also include policy development, governance, Prop. 39 and facilities, revocation, audit defense, dispute resolution, and litigation.

Paul has successfully represented numerous charter schools before the courts and state agencies including the following appellate and trial court decisions:

Sequoia School District v. Aurora Charter School (2003) (writ of mandate issued directing District to allocate facilities to the charter school under Prop. 39); BASIS v. Sunol Glen School District (2004) (writ of mandate issued directing the District to fully fund the charter school without offset); Richard Standley v. Office of Administrative Hearings (2004)(upholding a schools layoff of employee); Ridgecrest Charter School v. Sierra Sands School District (2005); CCSA v San Diego City School District (2005) (lawsuit against the District to enforce charter school facilities rights under Prop. 39); CCSA Green Dot, PUC et al. v LAUSD 2008 (lawsuit against LAUSD to enforce charter school facilities rights under Prop. 39); California School Board Association v Board of Education and Aspire Public Schools (2008) (defending SBE approval of Aspire Statewide Benefit Charter School) ); California School Boards Assoc. v. State Board of Education and Aspire Public Schools (2008) New West Charter School v. Los Angeles Unified School District, Case No. BS 115979 (2008) (writ of mandate directing LAUSD to provide Proposition 39 facilities to New West Charter School and ordering LAUSD to pay damages); California School Boards Assoc. et al v. Cal. Dept of Education and State Board of Education (successfully defending the SBE's Proposition 39 Implementing Regulations) (2008); MATES Charter School v. Conejo Valley Unified School District (2009) (Writ of Mandate issued to the District declaring MATES to be a conversion school and directing the District to allocate the converted school site to MATES under Proposition 39); Shapiro v. LAUSD/Birmingham Charter High School (writ of mandate by teacher and teachers' union attempting to overturn District approval of large conversion high school – writ denied); CSBA v. State Board of Education (Prop. 39 regulations)(2011)(successfully sued CSBA for attorney's fees reimbursement for CCSA); Alfaro v Los Angeles Unified School District (2011) (defending UTLA challenge to allocation of a new school sites under LAUSD PSC 1.0 program); UTLA v. Los Angeles Unified School District (Green Dot)(2011)(Court denied UTLA's request


for a writ of mandate to prevent LAUSD from placing Green Dot charter schools on the Jordan HS and Clay Middle school campuses); Bullis Charter School v. Los Altos School District (case number H035195) (The 6th District Court of Appeals found that the School District violated numerous provisions of Proposition 39 and the implementing regulations in allocating space to the Charter School); Liberty Family Academy v. North Monterey USD (Case No. H034551)(the Sixth District Court of Appeals concluded that the nonprofit corporation that operated the charter school at the time the charter school was revoked has standing to sue the school district for its failure to fully fund the charter school in its last year of operation).

Paul also is a frequent speaker at CCSA sponsored events throughout California and his firm conducts annual workshops in northern and southern California on all aspects of charter school law.

Paul is also a contributing author to the National Charter School Law Deskbook published by Lexis Nexis in association with the National Alliance for Public Charter Schools.

Paul continues to be a founding member of the CCSA Legal Defense Fund (an organization designed to provide high quality and comprehensive legal services to all charter schools throughout the state of California) and he was a founding organizer of the National Network of Charter School Attorneys (the goal of this organization is to provide coordinated, effective legal support for charter schools throughout the United States). Paul was also formerly an appointed member of the State Superintendent's Charter School Advisory Committee. And Paul was also a founding member of the American Inns of Court (Robert G. McGrath, American Inns of Court).


Paul graduated with a B.A. in Political Science from the University of California, Berkeley and received his J.D. cum laude, from Seattle University School of Law.



## American Indian Charter School

August 31, 2012

Presented by:  
**Paul C. Minney, Esq.**  
 Middleton, Young & Minney, LLP  
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 Sacramento, CA 95825  
 (916) 666-1400  
 paulminney@mymlaw.com  
 www.mymlaw.com




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## MYM Firm Overview

- Only charter school law firm in nation
- Partners have over 50 years collective experience working with charter schools
- 16 attorneys working with charter schools throughout state in all areas of charter school law (e.g., employment/labor, special education, nonprofits, litigation, audits, facilities etc.)
- Litigated all seminal charter school cases
- Represent over 500 charter schools
- Conduct workshops for charter schools in all areas of legal compliance
- Public sector billing rates/no travel time charges
- Hired CDE prior General Counsel, CDE staff who formerly reviewed appeals to the SBE.




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## Overview/Goals

- Areas Covered:
  - The Brown Act
  - Conflict of Interest laws
  - Public Records Act
  - Board member roles and responsibilities and fiduciary duties
- Make each board member "issue spotter"
- To engage in dialogue and discussion of issues
- Provide ideas for continual development




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## UNDERSTANDING THE BROWN ACT

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
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### The Brown Act

**Purpose & scope of the Act**

"...The people of this State do not yield their sovereignty to the agencies which serve them. The people, in delegating authority, do not give their public servants the right to decide what is good for the people to know and what is not good for them to know. The people insist on remaining informed so that they may retain control over the instruments they have created."

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### The Brown Act

**What is the purpose of the Act?**

- Democracy Principle
- Limited Confidentiality
- Holding meetings in public – not public meetings.

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**Why You Should Care About Brown Act and Conflict Law Compliance**

- Potential Criminal Penalties
- Potential fines
- Potential charter revocation
- Potential civil lawsuits
- Loss of good reputation

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**The Brown Act (Cont.)**

What is a meeting?

- Broad definition:
  - majority of members
  - Hear, discuss, deliberate on any item
  - Within subject matter jurisdiction of CS
- Exceptions to definition:
  - Individual contacts
  - Conferences and retreats
  - Bd. member to Bd. member
  - Social or ceremonial occasions
- Application to subsidiary bodies (e.g., standing committees/advisory committees)

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**Serial meetings**

- Serial meetings prohibited
- Serial meeting defined:
  - Majority of Board members
  - Engaging in series of communications
  - Outside board meeting
  - Through direct communications or intermediaries or technology
  - To discuss, deliberate, or take action on any item of business (including relaying comments or position of other board members)
- Examples (hub/email)
- Does not prohibit one-way communications

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### Telephony Requirements

- Board members are allowed to participate via telephone if the following requirements are followed:
  - Quorum participates in boundary of school district
  - All votes taken by roll call
  - Agenda posted in all locations listing all locations
  - All locations must be fully accessible
  - Full duplexing in each location so that everyone can participate.




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### New Technology Results in "Meetings" at Times You Might Not Expect

- Emails
- Text Messages
- Website Postings
- Online Forums
- Telephone Calls
- Faxes




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### The Brown Act (Cont.)

**Does It Apply to Committees?**

Commissions, committees and boards or other bodies of a local agency, whether permanent or temporary, decision making or advisory, created by charter, ordinance, resolution or formal action of a legislative body are legislative bodies.

**Exception:** Advisory committees, composed solely of the members of the legislative body that are less than a quorum of the legislative body are not legislative bodies unless it is a standing committee of the legislative body which has a continuing subject matter jurisdiction or a meeting schedule fixed by charter ordinance, resolution or formal action of the legislative body.




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**The Brown Act (Cont.)**

New Rules Pertaining to Communications Outside a Properly Noticed Meeting

- An employee or official of a local agency may engage in separate conversations or communications outside of a meeting authorized by the Brown Act with members of the legislative body in order to answer questions or provide information regarding a matter that is within the subject matter jurisdiction of the local agency, if that person does not communicate to members of the legislative body the comments or position of any other member or members of the legislative body.

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Regular - 75 hrs.  
 Special - 24 hrs. notice  
 Emergency - 1 hr.  
 Closed session - 1 hr.

**The Brown Act (Cont.)**

What are the notice & agenda requirements?

- Agenda: A brief description (approx. 20 words) of each matter to be discussed.
- Regular meetings - 72 hours notice
- Special meetings - 24 hours notice
- Emergency meetings (rare - 1 hour notice)
- Cannot discuss non-agenda items - exceptions rarely applied.
- Closed session agenda requirements (barely harbor/announcements)
- NEW LAW: School cannot approve educational executive contract at special meeting or discuss executive comp.
- NEW LAW: Agenda must be posted on charter school website.

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Minor - Executive Agency  
 Note - 24 hours

**The Brown Act (cont.)**

A Word on Board Minutes

- Include all material motions and votes
- Codify a process for preparing, adopting and distributing minutes.

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**The Brown Act (cont.)**

What are the public's rights?

- Public testimony
- Taping or broadcasting
- Conditions of attendance
- Copy of agenda/support materials
- Non-discriminatory facilities
- Request for agenda items?

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*Public testimony*  
*Request for agenda items*

*Conditions of attendance*  
*Copy of agenda/support materials*  
*Non-discriminatory facilities*  
*Request for agenda items?*

**The Brown Act (cont.)**

What are the permissible closed sessions?

1. Personnel (appointment, employment, evaluation, discipline, dismissal) -- exception complaints/charges --
2. Pending/anticipated litigation
3. Real estate negotiations
4. Labor negotiations

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*24 hr notice*

*Close Session. Notice*

**The Brown Act (cont.)**

What are the permissible closed sessions? (cont.)

5. Public security exception
6. Pupil discipline

\*\*Note: each closed session must have oral announcement/public comment; then announce out action taken in closed session.  
\*\* No semi-closed meetings.

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*Public security exception*  
*Pupil discipline*

*\*\*Note: each closed session must have oral announcement/public comment; then announce out action taken in closed session.*  
*\*\* No semi-closed meetings.*

**The Brown Act (cont.)**

What are the penalties & remedies for violating the Act?

- Confidentiality requirement
- Criminal penalties
- Civil remedies (injunction/voiding acts taken); atty's fees.
- Notice & demand for cure

\*\* Take our Brown Act quiz online at <http://www.mymcharterlaw.com/retorDoc.asp>

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**UNDERSTANDING CONFLICT OF INTEREST LAWS**

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**Conflicts of Interest**

**"public officials should perform their duties in an impartial manner, free from bias caused by their own financial interests..."**

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### What is a Conflict?

- **Broad Definition:** A *conflict of interest* arises when an individual who has a private interest in the outcome of a corporate contract or a public decision, participates in the decision-making process or influences or attempts to influence others making the contract or decision.
- In short, a conflict of interest is a clash between an individual's duty to his or her office and his or her personal interests.
- **Public officials** are disqualified from participating in decisions in which they may have a financial interest.

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### The California Conflicts of Interest Statutes

- **Political Reform Act (PRA)** (Government Code Section 87100 *et seq.*)
- Government Code Section 1090 *"Debatable whether applicable to charter schools"*
- Penal Code Section 70 (bribes)
- Corporations Code 5233 (self-dealing transactions)
- Common Law Prohibitions - beyond fiscal
- Possible SBE regulations

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### Elements of the Political Reform Act Conflict of Interest

1. Public official (officers and employees);
2. Making or participating in making a governmental decision;
3. Public official has a qualifying financial interest [e.g., (a) real property investment \$2k; (b) income of \$500 or more; (c) gifts of \$420 or more; (d) investment in business entity of \$2k; or (e) official holds business position in entity];

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**Elements of the Political Reform Act Conflict of Interest (cont.)**

4. Is the financial interest directly/indirectly involved in governmental decision?

\*Includes member and immediate family.

- If yes to all questions, must disclose and abstain.
- Directors must leave room during discussion and vote – and comply with anti-self dealing provision in bylaws.
- Note difference in GC 1090 and PRA.

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**Conflict of Interest Code**

- The Political Reform Act requires local governmental agencies (e.g., charter schools) to have a conflict of interest code.
- Code should identify a list of positions that involve the making or participation in making of decisions that may foreseeably have a material effect on any financial interest ("designated employees").
- CS requires merger of PRA and Corps. Code on self-dealing (different standard for directors).
- File copy with appropriate code reviewing body – County Board of Supervisors.

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**Statement of Economic Interest (Form 700)**

- The Political Reform Act requires "designated employees" in local governmental agencies (e.g., charter schools) to file a Statement of Economic Interest (Form 700) disclosing reportable investments, business positions, interests in real property and income – from entities that are located or doing business within your agency's jurisdiction.
- Includes financial interests of spouse and dependent children.
- Includes financial interests held by registered domestic partners.

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**Statement of Economic Interest (Form 700) (cont.)**

Examples of "Designated Employees":

- Board Members
- Corporate Officers (e.g., President, CEO, CFO, Secretary, Etc.)
- Executive Director (i.e. Superintendent)
- Principal

Signed under penalty of perjury.

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**Statement of Economic Interest (Form 700) (cont.)**

- A public document once filed with the local governmental agency (the local governmental agency keeps the completed forms and designates an individual to oversee the process).
- Not all economic interests listed; only the types of interests in real property, investments, business positions, and sources of income and gifts which could foreseeably and materially affect a public official's decisions.
- Gifts: Of \$50 or more must be reported; prohibited from receiving gifts of more than \$420 from single source.

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**Form 700: Common Non-Reportable Interests**

You do not have to report:

- Diversified mutual funds registered with the SEC and certain retirement accounts invested in insurance policies or governmental bonds (ex: most 401K, 403b accounts)
- Savings and checking accounts
- A residence used exclusively as a personal residence (such as a home or vacation house)
- Government salary (including from a charter school)
- Gifts from family members
- Travel paid by your local government agency (charter school)

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**Form 700: What Information Must Be Disclosed?**

Reportable Interests for most charter schools:

- Real property within school district's boundaries (or within 2 miles of boundary).
- All investments in companies (e.g., stocks, bonds, business interests) doing business in county.
- All income and loans (e.g., non-government salaries of reporter and spouse/registered domestic partner) from companies doing business in county.
- All business positions (e.g., employment, board membership, officership, trustee etc.) from companies doing business in county.
- Gifts of \$50 or more.

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**When are Form 700 statements filed?**

- Filed upon assuming office or position (within 30 days)
- Once annually (by April 1<sup>st</sup>)
- Upon leaving the office or position (within 30 days)

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**Form 700 Disclosure Period**

**Annual Statement:**  
Your annual statement is used for reporting the previous calendar year's economic interests.  
Example: Statement filed April 1, 2012 will include information for 2011 (January 1<sup>st</sup> - December 31<sup>st</sup>)

**Assuming Office Statement**  
Within 30 days of taking office.  
Report investments, interests in real property, and business positions held on date of assuming office and income from prior 12 months.

**Leaving Office Statement**  
Within 30 days of leaving office.  
Report investments, interests in real property, business positions and income from closing date of last statement and leaving office. (e.g., Jan. 1, 2012 to Sept. 1, 2012.)

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**Penalties for Failing to File Form 700**

- 1) Criminal charges by the Attorney General or District Attorney for deliberate failure to file.
- 2) Civil action by FPPC or a private citizen.

Form 700 can be obtained on-line at [www.fppc.ca.gov](http://www.fppc.ca.gov)

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**Recent Enforcement Action**

- July 2010 the FPPC Enforcement Division sent over 80 notice letters to LAUSD charter schools
- Letters imposed fines for failing to file a Form 700
- Enforcement notice sent out upon referral from LAUSD as the charter schools' filing official
- DA investigation in San Diego – TIP Academy
- DA investigation/charges in Los Angeles
- People v. Bletz (Govt. Code 1090)

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**Elements of Government Code Section 1090**

\*Debatable whether applicable to charter schools

- Public Official
- Public Contract, Sale or Purchase
- Financial Interest – remote Interest exception
- Absolute prohibition

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*Chandler & Lee*  
*exp. 10/10*  
*10/10*  
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**Difference Between the Political Reform Act and Government Code Section 1090**

- **Political Reform Act:** Disclosure and recusal avoids a violation. (Assuming the Board of Directors still consists of a quorum, it may then proceed to take action).
- **Government Code Section 1090:** Disclosure and recusal does NOT avoid a violation; would effectively prohibit paid employees from serving on board.

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**Corp. Provision on Self-Dealing**

- For Directors only (all others comply with Conflict of Interest policy).
- Higher standard for approval - will satisfy PRA.
- CS Director shall not have material financial interest in any contract or transaction, unless:
  - Fully disclosed/noted in minutes;
  - Transaction approved by directors without interested directors involvement (should leave room);
  - CS could not obtain a better agreement with reasonable effort;
  - The transaction is for the CS and is fair and reasonable at the time (all findings should be in resolution).

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**2 Types of Common Law Prohibitions**

1. **Common Law Doctrine of Incompatible Offices**
  - Public official - not employee
  - Holding two public offices simultaneously
  - That are incompatible with each other (creating divided loyalties); overlapping jurisdictions

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**2 Types of Common Law Prohibitions (cont.)**

2. Common Law Doctrine - Appearance of Impropriety

- Public Official
- Engaging in Transaction
- Creating an Appearance of Impropriety

For example, Board member voting on expulsion of child.

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**What are the Penalties & Remedies for Violating the California Conflicts of Interest Statutes?**

- Political Reform Act (Government Code Section 87100 et seq.):
  - 1) Administrative Sanctions (e.g., fines per violation, cease and desist orders, orders to file reports);
  - 2) Civil Penalties (e.g., injunctions, damages and attorney's fees).
  - 3) Criminal charges
- District could use alleged violations to attempt to revoke the School.

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**What are the Penalties & Remedies for Violating the California Conflicts of Interest Statutes? (cont.)**

- Government Code Section 1090:
  - 1) Criminal penalties (e.g., fine of up to \$1,000 or imprisonment in state prison);
  - 2) Permanent disqualification from holding any office in California; and
  - 3) Additionally, any contract made in violation of Government Code Section 1090 is void.

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**What are the Penalties & Remedies for Violating the California Conflicts of Interest Statutes? (cont.)**

- Penal Code Section 70:
  - 1) Criminal Penalties (e.g., misdemeanor [imprisonment of up to one year])
- Common Law Prohibitions
  - Civil actions
  - Revocation threat



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**Upcoming Conflict of Interest Statutes or Regulations**

- SBE has considered regulations previously which mirror the Political Reform Act, not Government Code Section 1090, and Included Corps. Code on self-dealing transactions.
- AB 572 Legislation and Gov. Veto message
- Legislation keeps coming
- FPPC to possibly adopt model CS code



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**PUBLIC RECORDS ACT**



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**Public Records Act**

The PRA is contained in Government Code Sections 6250-6276.48.

**Purpose:**

- Purpose of the PRA: To provide access to information about the conduct of the public's business is a fundamental and necessary right of every person in the state. In providing access, the PRA remains mindful of individual privacy rights.

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**Public Records Act (cont.)**

**Scope:**

- The PRA provides access to state and local government records.
- All government records are disclosable unless specifically made exempt.
- Access permits the public to monitor governmental activities.
- An agency may not deny access to disclosable records based on the requester's intended usage.

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**Public Records Act (cont.)**

**Public Record Defined:**

A public record is: any writing that is owned, used or retained by a government agency in the conduct of its official business.

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**Public Records Act (cont.)**

A writing includes any means of recording information including paper, audio tape, video tape, compact disc, DVD, computer diskette, computer hard drive, etc. E-mail is expressly covered.

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**Public Records Act (cont.)**

**Analyzing PRA Requesting:**

- A request may be made verbally or in writing. It is recommended that an agency confirm verbal requests in writing.
- Written requests facilitate agency compliance by reducing confusion about the records requested and permitting agency to track the request.
- A request need not identify an exact record.
- A request may identify records by their general content. However, a request must still be sufficiently precise to permit the agency to locate the records.

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**Public Records Act (cont.)**

**Limits on Requests:**

- The request should not be unduly burdensome.
- A request should be specific and focused - these requests facilitate prompt disclosure by government.

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**Public Records Act (cont.)**

**Limits on Agencies**

- When a request is not specific and focused, the agency has a duty to assist the public in focusing the request by: assisting in identifying requested information; describing the physical location of the record; describing the technology in which the record is housed; and helping the public to overcome any practical barriers to access.
- The agency has a duty to search; it must make reasonable efforts to locate requested records. At a minimum, such efforts should include: consulting record indexes, consulting knowledgeable people, looking in logical places.

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**Public Records Act (cont.)**

**Limits on Agencies (cont.)**

- A record must be provided in the electronic format used by the agency if requested. Software, either commercial or developed by the government, is not disclosable. Data housed in protected software may be disclosable.

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**Public Records Act (cont.)**

**Inspection Rights:**

- Agency records may be inspected at any time during regular office hours. In reality, though, the agency may need to: locate the requested records; gather multiple records for inspection; redact exempt information prior to inspection.
- Scheduling an appointment to inspect records may be necessary under these circumstances.

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*Patricia...*

*John...*

**Public Records Act (cont.)**

**Compliance with PRA Requests:**

- When a member of the public requests copies of records, the agency should provide records promptly.
- The agency has up to 10 days to: determine if it will comply with the request, and notify the requester of its determination.
- The agency may extend this period to make this determination for an additional 14 days if there is a need to; communicate with field officers; examine voluminous records; communicate with others who have an interest in the records; or construct computer reports.

*Charge for page (times 3)*  
 # .100 page (times 3)  
 Pay before fulfilling request  
 Charge of fee request  
 10 days  
 Extension to comply  
 Will comply in person  
 Should not delay  
 give app. data to comply

**Public Records Act (cont.)**

Once the determination to comply with the request has been made, the agency has a reasonable period of time to provide the records. Remember that records must be provided promptly. If the agency cannot provide the records during the time for making a determination, it must provide a good faith estimate of when the copies will be available.

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**Public Records Act (cont.)**

**Acceptable Fees:**

- An agency may charge for the direct cost of duplication, including pro-rata cost of duplication equipment and the pro-rata cost of equipment operator (salary and benefits). The DOJ charges \$.10/page.
- Direct costs do not include: research, retrieval, or redaction.
- An agency may recover the cost of producing electronic "duplication" if it is required to extract or compile data or undertake programming to produce data.

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**Public Records Act (cont.)**

**Lawfully Withholding Records Requested:**

- To withhold a record, an agency must rely on an exemption.
- If disclosable information is contained in a request, the agency may redact exempt information - the remainder of the record must be disclosed.
- Where exemptions render the entire record useless, the entire record may be withheld.
- Agencies should provide a sufficient explanation of the reasons for withholding records so that the public can decide whether to challenge the agency's withholding.
- If exempt information is disclosed, the exemption is waived.

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**Public Records Act (cont.)**

- Exemptions are expressly provided in Government Code Section 6254 or may be determined using the public interest balancing test detailed in Section 6255.
- Common examples of exemptions include: records prepared for use in litigation; attorney-client privilege documents; attorney work product; personnel records; performance evaluations; drafts, notes, and memoranda that are not retained in the ordinary course of business.

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*Not a public record*

*Attorney - client*

*Attorney work product*

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**BOARD GOVERNANCE AND FIDUCIARY DUTIES**

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**CS Governing Board Responsibilities**

- Maintain roles of Board and CS Executive Director/Principal.
- Hold administration accountable.
- Engage in professional development.
- Uphold mission and goals of School.
- Develop policy and regulations consistent with mission/goals.
- Create needed committees.
- Approve and monitor the School budget.
- Monitor instructional programs/student performance – first three elements of charter
- Monitor student physical safety.

MYM

*Gain Insights*

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**Governing Board Responsibilities (cont.)**

- Approve personnel policies.
- Hire the Executive Director/Principal
- Conduct regular and timely evaluations of CS Executive Director/Principal -- KEY
- Approve student discipline policies.
- Monitor school recruitment.
- Monitor school risk management/insurance.
- Develop and review annual programmatic audit – is the school doing what it promised?
- Develop and review annual fiscal audit.
- Engage in fundraising.

MYM

*3 individual Principals*

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**Governing Board Responsibilities (cont.)**

- Involve community and parents
- Keep learning and achievement for all students as primary focus.
- Keep confidential matters confidential.
- Understand that authority rests with the Board as a whole and not with individuals.
- Engage in strategic planning

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**CS Executive Director's Primary Roles**

- See charter for division of responsibilities between Board and Exec. Director.
- Managing day-to-day activities of school in compliance with policies and regs. of Board.
- Understanding that authority rests with Board.
- Outwardly respecting the role of the Board.
- Accepting responsibility and accountability for implementing vision, goals and policy of school.
- Update the Board on a regular basis.
- Recommend hiring, evaluation and discipline all employees to the Board.
- Communicate with School's legal counsel.
- Stay abreast of school laws and changes.

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3 Admin.  
1. Self-Admin.  
4  
Principal  
1/13

**CS Superintendent's Primary Roles (cont.)**

- Respond to community/parent complaints.
- Be the custodian of records.
- Provide financial reports to Board.
- Act as a liaison with sponsoring district.
- Propose policies for Board adoption.
- Oversee curriculum implementation.
- Attend IEP meetings.
- Oversee student testing.
- Attend School Board meetings as secretary to Board.

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**Avoid 6 Dysfunctions of Charter School Board**

1. Managing v. Governing
2. Using Individual v. Group Authority
3. Creating "Revolving Door Accountability"
4. Spending Time on Administrative details
5. Not Developing Itself
6. Individual members becoming complaint center

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Valerie - not  
Admin. Director  
24 1/13

**Corporate Fiduciary Duties**

- Directors may be personally liable for violating fiduciary duties.
- **Duty of Care:**
  - To act with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.
  - Put another way: Board should make decisions only after it has expended sufficient skill, time, and effort to effectively assess any risk to make a prudent decision.

MYM  
47

*Prudent + Inquiry*

*- the prudent decision!*

**Duty of Care (cont.)**

- Directors not expected to be experts
  - Director entitled to rely on information prepared by reliable experts, officers, directors and employees
- A director should:
  - Attend meetings regularly
  - Carefully review board materials and minutes
  - Keep informed about issues that impact school
  - Request expert opinions
  - Request additional information

MYM  
48

*Request Workshops*

*Failed Step*

**Duty of Loyalty**

- Director acts with undivided loyalty to the corporation (school).
- Must avoid activities that are in competition with the corporation (school).
- May not usurp any business opportunity.
- Must avoid self-dealing transactions - the director's loyalty must lie with the corporation first.

MYM  
49

**Director Liability/Protections**

Volunteer Protection Act/Cal. Corp. 5239 and 5047.5

- Covers "volunteer" directors - expenses okay
- Negligent act/omission
- Within scope of duties
- Performed in good faith
- Not reckless or intentional
- Damages covered by insurance (general or D/O - over \$1M coverage)
- Corporation still liable
- Won't prevent lawsuit

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**Director Liability/Protections cont.**

Other protections include:

- D/O and general liability insurance
- Corp. Indemnification
- Business judgment rule
  - Reasonable person
  - Compliance with fiduciary duties

Potential Liability from:

- Outside duties
- Intentional acts
- Conflicts of Interest
- Breach of fiduciary duties
- Failure to pay payroll taxes

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**Creating Effective Governing Boards**

- A strong board is imperative to carrying out your School's mission!
- An effective Board provides:
  - Strategic direction for school;
  - Nurtures strong school leaders;
  - Ensures School's financial soundness; and
  - Ensures School's legal compliance.

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**Effective Governing Boards (cont.)**

- For the Board to succeed it must:
  - Remain committed to School's mission;
  - Possess substantial leadership skills and expertise;
  - Set policies that guide the School's work; and
  - Evaluate the School, administration, and itself with an eye towards continual improvement.

MYM  
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**Effective Governing Boards (cont.)**

**(1) Building the Foundation**

- Clearly define the Board's roles, responsibilities and philosophy of governance.
- Provide in-service training regarding these roles and responsibilities.
- Create a strategic plan for growth in the school.

MYM  
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**Effective Governing Boards (cont.)**

**(2) Recruiting Board Members**

- Recruit members who are committed to the school and reflect a broad array of skills, knowledge and other attributes.
- Create an effective board recruitment and nomination process.

MYM  
11

*Skill + Experience*

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**Effective Governing Boards (cont.)**

**(3) Orienting and Training Board**

- Assist board members acquiring skills and knowledge needed to be effective leaders and decision-makers
- Create orientation program.
- Create professional calendar.
- Create a board member manual (including charter, agreements, bylaws, agendas, minutes, resolutions etc.)

MYM

Train 2 2 11/30

Study Charter Agreements

Agenda Requirements

**Effective Governing Boards (cont.)**

**(4) Making Effective Decisions**

- Remember, the board is ultimately responsible for all decisions even those that are delegated.
- Create a board policy manual to centralize Board policies, resolutions and regulations.
- Develop a decision-making flow chart.
- Use executive committees to help facilitate decision-making (e.g., agenda development, lower-level policy decisions).
- Utilize consent agendas.
- Develop a board meeting policy (a standard board agenda, speaking policy, speaker cards etc.).

MYM

Review

**Effective Governing Boards (cont.)**

**(5) Strategic Planning and Thinking**

- Take time for strategic planning and thinking (avoid adding to end of agenda).
- Focus on long-term goals, define short-term goals, and assign responsible parties.
- Develop a mission statement.
- Attempt to anticipate changes and trends that may impact the school.
- Assess changing needs of "customers."

MYM

Feedback

**Effective Governing Boards (cont.)**

**(6) Legal and Financial Obligations**

- Avoid being reactive - attempt to be proactive.
- Pay careful attention to legal and fiscal responsibilities.
- Engage in professional development regarding legal and fiscal responsibilities.
- Engage professional assistance.
- Implement policies to comply with law (e.g., conflicts of interest).
- Implement a risk management process (identify risks, develop solutions for eliminating risks, monitor the effectiveness of solutions).
- Confer with legal counsel regularly and at first sign of conflict.

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**Effective Governing Boards (cont.)**

**(7) Effective Board/Staff Relations**

- Selection, support, and evaluations of Exec. Director is most important role and responsibility of board!
- Work to achieve mutually supportive working relationship - est. Board Code of Ethics.
- Clearly define roles and responsibilities.
- Develop written job specification for the Board and Exec. Director.
- Create an organizational chart of decision-making.
- Create a communications plan.
- Develop administrator performance review process.
- Develop conflict resolution procedures.
- Avoid micromanaging.

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*Code of Conduct*

**Effective Governing Boards (cont.)**

**(8) Fruitful Board/Community Relations**

- Focus on forging strong relationships with parents and community.
- Tap the resources of the community to support the school.
- Involve families in decision-making process (consider surveys to solicit input).
- Use advisory groups of parents and community members (for fundraising or feedback).

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*Community Relations*

*Family Relations*

**Effective Governing Boards (cont.)**

**(9) Motivation and Accountability**

- Foster high levels of board member motivation and accountability.
- Develop an ongoing recognition program.
- Thank board members for their contributions
- Involve board members on committees aligned with their skills.
- Create an annual board self-evaluation program.
- Involve all board members in decision-making (possible consensus model).
- Hold board members accountable for attendance.

MYM

*Notes provided*

*Self-evaluation*

**Effective Governing Boards (cont.)**

**(10) Creating Effective Committees**

- Committees are an effective organizational tool allowing the board to focus on high priorities.
- Develop a written committee description (that includes the purpose of the committee, its composition, scope of duties, decision-making etc.).
- Nominate effective committee chairpersons.
- Appoint members thoughtfully.
- Design an committee accountability matrix or performance agreement.
- Provide training and professional support.

MYM

*Committees need*

*By laws -*

*Bylaws*

**Effective Governing Boards (cont.)**

**(11) Fostering Fundraising**

- Charter boards must play an active and ongoing role in fund-raising.
- Board must understand that it is fully responsible for fiscal solvency.
- Create strong fundraising committees.
- Engage community and parent support.
- Confer with professionals on efficient fundraising.
- Monitor fundraising goals.
- Prepare a "case" explaining the need for fundraising.
- Track personal solicitations of major donors, corporations and foundations.
- Organize and conduct special event fundraising programs.
- Maintain donor records.

MYM

*Board - Fund*

*raising*

*Maintaining Records*

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix R**

**AIMS' Community Bank of the  
Bay Letter**

September 4, 2012

Paula Bellefeuille  
New Accounts  
Community Bank of the Bay

Dear Ms. Bellefeuille:

This is my formal request, on behalf of the Board Members of the American Indian Public Charter Schools, that you remove the following signers from all of the bank accounts we have with your institution;

Ben Chavez and Michael Stemper.

We also would like to add as new signers Jean Martinez ,Board President, and Dianne Hatcher, Financial Administrator.

In addition, we need to remove Marsha Amador's login to the bank's web site replacing it with a login for Dianne Hatcher.

This needs to happen immediately because we are in transktion.

If you have any questions, you may contact me at

Yours truly,



Jordan Locklear, Secretary  
American Indian Public School Board

cc: American Indian Public School Board

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix S**

**09/07/2012 AIMS Board**

**Minutes**



# American Indian Model Schools

171 12<sup>th</sup> Street, Suite 300

Oakland, CA 94607

Friday, September 7, 2012 at 4 PM

Board of Education Special Meeting

Meeting at 171 12th Street

## Minutes

Welcome to the meeting of the American Indian Model Schools Board of Education. If you would like to address the Board during Public Comments on any agenda item or any item not on the agenda, please fill out a comment card on the table and give it to the Chair. You will be called on to comment during this time and comments will be limited to three (3) minutes. To ensure that all speakers are provided an equal opportunity to address the Board during Public comments, individual speakers may not "yield" their allotted time to address the Board to other speakers. The Board may, in accordance with the Brown Act (section 54954.3(b) of the Government Code), limit the total amount of time allocated for comment on a particular issue. The Board may choose to respond to agenda item comments or reserve their responses for discussion and action when the agenda item appears during the course of the meeting. Individuals who require special accommodation should contact the AIM Schools Site Administrator's Office at 510-482-6000 Ext. 10. As a courtesy to others, please turn off your cell phone upon entering the meeting.

**Board Members present:** President Ms. Jean Jackson-Martinez, Mr. Steven Leung and Mr. Nedir Bey

**Teachers and Staff present:** Mrs. Claudia Walker, Ms. Yusi He, Mrs. Mercedes Askew, Ms. Alice Atienza, and Ms. Karely Ordaz

**Guests present:** Mrs. Bernadette Coleman, Mr. Ding-Gwo Long (EBCS), Mrs. Sharon Wong (EBCS), Mrs. Kay Chan (EBCS) and Mrs. Wendy Li (EBCS)

1. **CALL TO ORDER:** President Martinez calls the board meeting to order at 4:24 P.M.
2. **APPROVAL OF MINUTES:** President Martinez explains to the AIMS Board and audience that the August 28, 2012 board meeting minutes have not been completed. No action is taken.
3. **PUBLIC COMMENTS:** The public may address the Board on any agenda item and any item not on the agenda. The board president will only call on those who have filled out comment cards before the meeting, and each speaker will be allotted three (3) minutes. The Board will not respond or take action on any non-agenda. The item may be added at a later date (Ed. Code 35145.5). The comments shall be made from the podium. In accordance with Government Code 54954.2 - *No action or discussion* shall be undertaken on any item not appearing on the posted agenda: NONE
4. **NON ACTION ITEMS:** NONE

## 5. ACTION ITEMS

- 5.1 New Employees/Contract Approval (AIPCS, AIPHS, AIPCS II): Mr. Leung nominates Mr. Jason Chu as Acting Director of AIM Schools. President Martinez seconds the motion. Mr. Bey votes against the action item. Item is approved 2-1. Mr. Leung makes the first motion to approve new contracts and new AIM Schools' employees. President Martinez seconds the motion. Mr. Bey votes against the item. New employees and contracts are approved 2-1.
- 5.2 Legal Services Agreement with Middleton, Young & Minney, LLP: President Martinez explains that AIM Schools want to engage Middleton, Young & Minney, LLP as their legal counsel. Ms. Martinez makes the first motion to approve the legal services agreement with Middleton, Young & Minney, LLP. Mr. Bey seconds the motion. Item is approved 3-0.
- 5.3 Anticipated Board Trainings with Middleton, Young & Minney, LLP: President Martinez states that board trainings are included in the agreement between AIM Schools and Middleton, Young & Minney, LLP. President Martinez notes that once a schedule for board trainings is set, it will be made public. President Martinez makes the first motion to approve anticipated board trainings with Middleton, Young & Minney, LLP. Mr. Bey seconds the motion. Item is approved 3-0.
- 5.4 AIM Schools Committees: President Martinez explains that the AIM Schools board is developing four (4) board committees. These are: 1) Finance Committee 2) Board Training Committee 3) Facilities and Compliance Committee and 4) Faculty Committee. President Martinez notes that she and Mr. Leung will serve on the Finance Committee, Mr. Bey and Mr. Grant will serve on the Board Training Committee, Mr. Grant and President Martinez will serve on the Facilities and Compliance Committee and Mr. Grant and Mr. Locklear will serve on the Faculty Committee. Mr. Bey asks if the committees will be permanent or temporary. Ms. Martinez responds by explaining that they will discuss that with Mr. Paul Minney from Middleton, Young & Minney, LLP. Mr. Leung makes the first motion to approve the new AIM Schools Committees. President Martinez seconds the motion. Item is approved 3-0.
- 5.5 After School Programs: President Martinez explains that AIM Schools will engage with after school programs that will provide services to AIMS students. The first program that AIM Schools' Board is interested in is Golden Eagles. The Golden Eagles Coordinator, Ms. Karely Ordaz, explains that this after school program will provide tutoring services to all AIMS' students at a price of \$185 per month for each student. She explains that the program will be located on the third floor of AIPCS II and states that she will distribute flyers to provide the public more information. The second program that the AIM Schools Board is reviewing is the Oakland Tsunami Swim School. President Martinez notes that flyers with more information on the Oakland Tsunami Swim School will be available to the public. The last after school program that AIM Schools is interested in engaging with is the East Bay Chinese School (EBCS). Mrs. Kay Chan, a board member of EBCS, states that EBCS is a school that runs on volunteers and focuses on teaching students Chinese language and Chinese culture. She states that the school has been around for 40 years

and has about 449 students enrolled. Mrs. Chan and EBCS want to use the AIPCS II facilities on 171 12<sup>th</sup> Street Oakland, CA 94607 every Saturday. East Bay Chinese School is willing to pay AIM Schools a custodial fee or donate to the scholarship fund. Mr. Long, Principal of EBCS, states that all EBCS teachers are very experienced. President Martinez makes the first motion to approve the three after school programs. Mr. Leung seconds the motion. Item is approved 3-0. Families will chose to participate if they want to in these after school programs which are not funded by AIM Schools.

6. **CLOSED SESSION:** Discussion of engaging legal counsel in reference to possible litigation. By law, closed sessions are not open to the public. Anyone wishing to address the Board of Education on closed session matters may do so during Agenda Item 3 - Public Comments.
7. **REPORT FROM CLOSED SESSION:** President Martinez reports that the AIM Schools board discussed the engagement of Middleton, Young & Minney, LLP.
8. **ADJOURNMENT TIME:** President Martinez makes the first motion to adjourn the meeting. Mr. Bey seconds the motion. Adjournment of meeting is approved 3-0. Meeting adjourns at 5:19 P.M.

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix T**

**09/18/2012 and 09/26/2012**

**AIMS Board Minutes**

## American Indian Model Schools

171 12<sup>th</sup> Street, Suite 300

Oakland, CA 94607

Tuesday, September 18, 2012 at 7 PM

Board of Education Regular Meeting

Meeting at 171 12th Street

### Minutes

Welcome to the meeting of the American Indian Model Schools Board of Education. If you would like to address the Board during Public Comments on any agenda item or any item not on the agenda, please fill out a comment card on the table and give it to the Chair. You will be called on to comment during this time and comments will be limited to three (3) minutes. To ensure that all speakers are provided an equal opportunity to address the Board during Public comments, individual speakers may not "yield" their allotted time to address the Board to other speakers. The Board may, in accordance with the Brown Act (section 54954.3[b] of the Government Code), limit the total amount of time allocated for comment on a particular issue. The Board may choose to respond to agenda item comments or reserve their responses for discussion and action when the agenda item appears during the course of the meeting. Individuals who require special accommodation should contact the AIM Schools Site Administrator's Office at 510-482-6000 Ext. 10. As a courtesy to others, please turn off your cell phone upon entering the meeting.

**Board Members present:** President Ms. Jean Jackson-Martinez, Mr. Nedir Bey, Mr. Steven Leung and Mr. Ronald Grant

**Teachers and Staff present:** Mr. Jason Chu, Mrs. Claudia Walker, Ms. Jennifer Avelino, Mrs. Dianne Hatcher, Mrs. Mercedes Askew, Ms. Alice Atienza and Ms. Karely Ordaz

**Guest present:** Mrs. Bernadette Coleman, Mrs. Elenda Givan, Mrs. Renee Williams, Mrs. Sharon Wong, Mrs. Kay Chan, Mr. Matthew Hoang, Mr. Ju Quan, Mrs. Anjuelle Floyd and Ms. Yusi He

- 1. CALL TO ORDER:** President Martinez calls the meeting to order at 7:08pm
- 2. APPROVAL OF MINUTES:** Mr. Leung makes the first motion to approve the August 28, 2012 special board meeting minutes. Mr. Grant seconds the motion. Minutes are approved 4-0.
- 3. PUBLIC COMMENTS:** The public may address the Board on any agenda item and any item not on the agenda. The board president will only call on those who have filled out comment cards before the meeting, and each speaker will be allotted three (3) minutes. The Board will not respond or take action on any non-agenda. The item may be added at a later date (Ed. Code 35145.5). The comments shall be made from the podium. In accordance with Government Code 54954.2 - *No action or discussion shall be undertaken on any item not appearing on the posted agenda.*

- a. Mrs. Anjuelle Floyd, a parent of an AIPCS II student, asks the AIM Schools board what they are doing about the FCMAT report and OUSD's intent to close AIM Schools.
- b. Mrs. Renee Peterson, a parent of an AIPCS II student, asks the AIM Schools board about their plan to deal with possible charter(s) revocation. She asks the board if they need parents' assistance and inquires about what the attorney is saying about a possible plan and strategy. Last, she states that parents appreciate what AIM Schools are doing for their children.
- c. Ms. Yusi He, former AIPCS II Site Administrator, states that AIM Schools have a great model because it emphasizes family. She states that although it is a great concept, in the last years it has felt like a dysfunctional family. She notes that she has seen more Site Administrators leave and thinks it has to do with people disrespecting and embarrassing them. She thinks that going to a Family Advisory Committee meeting to point out all of the things that Site Administrators are doing wrong is not productive. She thinks that it is important that all administrators, teachers, board, staff and parents work together to keep the schools open.
- d. Mrs. Elenda Givan, parent of an AIPCS II student, states that her son has been in private schools since age three and has transferred from St. Leo's the Great Academy. She states that the school is awesome. She appreciates the AIPCS II staff approaching her to tell her that her son is academically behind and telling her that it is not his fault. She notes that parents from St. Leo are following her to AIPCS II. She thanks Ms. Ordaz for helping her son tremendously. The only problem that she has with AIPCS II is that there is too much homework, but understands that a lot of homework will help her son excel academically.

**4. CLOSED SESSION:**

**Conference with Legal Counsel- Anticipated Litigation:** Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9: One case

Ms. Martinez announces the closed session with legal counsel at 7:18 P.M.

- 5. REPORT FROM CLOSED SESSION:** Closed session ends at 8:21 P.M. Ms. Martinez announces that there is no action taken.

**6. NON ACTION ITEMS**

- 6.1 Family Advisory Committee Update:** Mrs. Bernadette Coleman introduces herself as the Chair of the Family Advisory Committee (FAC). She states that the FAC had their first meeting in June 2012. She notes that she is pleased to see parents coming to the meeting to learn more about the FAC and ways to support AIM Schools. She invites parents to join the Family Advisory Committee and informs the audience that the FAC has bilingual translators. Last, she invites everyone to attend the Back to School Night in October.
- 6.2 Financial Update:** Mrs. Dianne Hatcher, AIMS Financial Administrator, states that she has prepared the AIM Schools Unaudited Financials.
- 6.3 Enrollment Update:** Mr. Jason Chu, AIMS Acting Director, states that AIPCS has 285 students. He announces that at the previous Board Meeting held on September 7, 2012

the AIMS board appointed him as Acting Director. He notes that he has been working with Mrs. Coleman from the Family Advisory Committee to structure the Back to School Night and has developed monthly meetings with all Site Administrators. He states that Ms. Avelino is the new Site Administrator of AIPCS II and Mrs. Palmore is the Assistant Site Administrator of AIPHS at the downtown campus. Next, Ms. Avelino states that AIPCS II has 648 students. Last, Mrs. Walker states that AIPHS has 244 students with a thirty percent increase from last year

## **7. ACTION ITEMS**

- 7.1 New Employees/Contract Approval (AIPCS, AIPHS, AIPCS II): President Martinez explains that Ms. Annie Nguyen is the only employee being approved at this meeting. She asks if Ms. Nguyen is present at the meeting. Ms. Ordaz responds that she is not. Mr. Grant makes the first motion to approve Ms. Annie Nguyen as the AIPCS II Administrative Assistant. Mr. Leung seconds the motion. Item is approved 4-0.
- 7.2 Agreement with East Bay Chinese School: Mr. Leung states that AIM Schools will have a lease agreement with East Bay Chinese School (EBCS) that can be renewed annually. He notes that AIM Schools will charge \$250 per session or \$1,000 a month for using the AIPCS II facility every Saturday. Mr. Leung states that the tenant will provide a \$500 deposit, its 501(c)(3) tax identification number, liability insurance in the amount of \$1,000,000, manage drop-off and pick-up procedures and maintain facilities in good condition. Mrs. Kay Chan, a board member EBCS, states that she is very pleased that AIM Schools have allowed EBCS to use their facilities, unlike OUSD who has vacant buildings and has repeatedly refused to allow EBCS to use them. Mrs. Chan asks the board to clarify the charge that is stated in the lease. She notes that the lease agreement states that EBCS will be charged \$250 per class. She says that they have classes ranging from kindergarten through 8<sup>th</sup> grade and charging per class seems unclear. Mr. Leung states that the agreement should say \$250 per school day not class. He tells Mrs. Chan that he will update the agreement. Mr. Grant makes the first motion to approve the agreement between East Bay Chinese School and AIM Schools subject to minor changes to the lease agreement. Mr. Bey seconds the motion. Agreement is approved 4-0.

8. **ADJOURNMENT TIME:** Mr. Grant makes the first motion to adjourn the meeting. President Martinez seconds the motion. Adjournment is approved 4-0. Meeting adjourns at 8:30 P.M.



# AMERICAN INDIAN MODEL SCHOOLS

SPECIAL BOARD MEETING MINUTES  
Wednesday, September 26, 2012 at 6:00 PM  
171 12th Street, Suite 300  
Oakland, CA 94607

## INSTRUCTIONS FOR PRESENTATIONS TO THE BOARD BY PARENTS AND CITIZENS

The American Indian Model Schools ("AIM Schools") Board of Directors welcomes your participation at the AIM Schools Board meetings. The purpose of a public meeting of the Board is to conduct the affairs of AIM Schools in public. Your participation assures us of continuing community interest in our schools. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all audience members at the door to the meeting.
2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Oral Communications." "Oral Communications" is set aside for members of the audience to raise issues that are not specifically on the agenda. However, due to public meeting laws, the Board can only listen to your issue, not respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes.
3. You may also complete a "Request to Speak" form to address the Board on Agenda items. Please specify that agenda item on your "Request to Speak" form and you will be given an opportunity to speak for up to five (5) minutes when the Board discusses that item.
4. When addressing the Board, speakers are requested to state their name and address from the podium and adhere to the time limits set forth.
5. Any public records relating to an agenda item for an open session of the Board which are distributed to all or a majority of all of the Board members shall be available for public inspection at 171 12<sup>th</sup> Street Suite 300 Oakland, California 94607.

*In compliance with the Americans with Disabilities Act (ADA) and upon request, American Indian Model Schools may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Individuals who require appropriate alternative modification of the agenda in order participate in Board meetings are invited to contact the School office at (510) 893-8701.*

### I. PRELIMINARY

#### A. CALL TO ORDER

Meeting was called to order by the Board Chair at \_\_\_\_\_ 6:10 \_\_\_\_\_ p.m.

# AMERICAN INDIAN MODEL SCHOOLS

## B. ROLL CALL

	Present	Absent
Ms. Jean Martinez, Chair	<u>  x  </u>	<u>      </u>
Mr. Nedir Bey	<u>  x  </u>	<u>      </u>
Mr. Ronald Grant	<u>      </u>	<u>  x  </u>
Mr. Steven Leung	<u>  x  </u>	<u>      </u>
Mr. Jordan Locklear	<u>  x  </u>	<u>      </u>

## C. FLAG SALUTE

Ms. Martinez announces that Board agendas and supporting documents are available to the audience.

## II. COMMUNICATIONS

A. ORAL COMMUNICATIONS: Non-agenda items: no individual presentation shall be for more than three (3) minutes and the total time for this purpose shall not exceed fifteen (15) minutes. Ordinarily, Board members will not respond to presentations and no action can be taken. However, the Board may give direction to staff following a presentation.

- a. Mrs. Renee Peterson asks the AIM Schools Board what is the status with the revocation process. She asks which school is up for revocation. Mr. Paul Minney, the AIM Schools attorney, responds that all three schools are up for revocation.
- b. Ms. Charlotte Green, a parent of an AIPCS student, states that in the April OUSD meeting it was her understanding that AIM Schools were given 2 years to correct the alleged violations. She asks the AIMS Board if there has been a change in circumstance that resulted in the issue of the Notice of Violation. Mr. Minney responds by stating that he doesn't believe that there is a change in circumstance. He notes that one thing that the AIM Schools Board will be asking OUSD for is not to issue the Notice of Violation.
- c. Mrs. Bernadette Coleman, parent of an AIPHS student and Chair of the Family Advisory Committee (FAC), states that the FAC, students, and teachers stand behind the AIM Schools Board. She states that it is very obvious with the issue of the Notice of Violation that OUSD does not want AIM Schools around.

Mr. Bey makes the first motion to reorganize items on the agenda to allow Mr. Paul Minney to address the public and answer any questions. Mr. Leung seconds the motion. Motion is approved 4-0.

## III. ITEMS SCHEDULED FOR INFORMATION

- A. NOTICE OF VIOLATION: Review and discussion regarding Oakland Unified School District Notice of Violation and procedures for issuance of the Notice.

## AMERICAN INDIAN MODEL SCHOOLS

- a. Mr. Minney welcomes the public and introduces himself as Paul Minney from Middleton, Young and Minney located in Sacramento, California. He notes that he has been working with charter schools since 1993. He states that it is a pleasure working with AIM Schools because the organization has done phenomenal things. He states that OUSD has issued a Notice of Violation (NOV). He explains that a Notice of Violation is the formal step in a revocation process issued by a school district. He tells the audience that he met with Mrs. Gail Greely and Mr. John Yeh, the attorney representing OUSD famous for successfully revoking charter schools and whom Mr. Minney describes as an attorney that is good at what he does. He states that AIM Schools is on the OUSD's agenda for tomorrow (11/27/12), where AIM Schools will be given an opportunity to address the OUSD board.

Mr. Minney states that the goal is to tell the OUSD Board that AIM Schools have recognized and addressed some of the issues that were raised in the April 4<sup>th</sup> OUSD board meeting such as board trainings and meeting generally accepted accounting principles. He states that the AIMS Board will ask OUSD to give them a couple weeks to develop a plan to address the issues outlined in the Notice of Violation. Mr. Minney states that some of the things that the AIM Schools board will list in their plan are: 1) increase the board with a couple board members 2) hire consultants to advise the AIMS Board and 3) schedule board trainings. He encourages parents and teachers to attend the meeting in support of AIM Schools and speak about the ways AIM Schools have positively affected them. He states that he believes that Mr. Yeh will encourage OUSD to pass the Notice of Violation in order to give AIM Schools a period of time to fix the allegations. He states that in the sixty (60) days that AIM Schools will be given after the Notice of Violation is passed, he and the AIMS board will work diligently to correct the issues presented. After AIMS submit their response, OUSD will review it. If OUSD feels that the response to the NOV is not sufficient they will issue a Notice of Revocation which will give AIMS thirty (30) days to ask for more information or revoke the schools.

Mr. Minney explains that if OUSD revokes the charters, AIM Schools can appeal the decision to Alameda County Board of Education but states that this is not a viable solution because the state can cancel funding which means that charter schools cannot survive for long. He states that AIMS need to win this battle and encourages the audience to contact political people in their community. Mr. Minney notes that he has a lot of experience with charter schools and districts and has worked with half of the charter schools in the state. Ms. Green asks Mr. Minney if the sixty (60) days are a standard time period given in these circumstances. Mr. Minney responds by stating that the time period is based on a reasonable time period to cure. He states that he and the AIMS Board will respond to the NOV in sixty (60) days, but he will ask for ninety (90) days. Mrs. Coleman asks if OUSD may have another set of allegations ready for AIMS. Mr. Minney responds by stating that they could. He notes that somewhere along the line, the Office of Charter Schools has lost confidence in AIMS and their ability to make the changes that they want to

## AMERICAN INDIAN MODEL SCHOOLS

see. He states that part of the plan of action is to meet frequently with the Office of Charter Schools to address any issues that may arise and remediate the relationship of the schools, the district and the county. He states that he knows Sheila Jordan and knows that the Alameda County Board of Education will meet with AIMS. Mrs. Coleman states that parents want to email the OUSD Board and asks Mr. Minney if he could provide the email addresses to her. Mr. Minney states that Ms. Karely Ordaz will give them to Mrs. Coleman. He adds that emailing the OUSD Board is a great idea. Mr. Minney states that this will be an emotional fight as well as political. He notes that they will try to make an emotional appeal to the OUSD Board to make them realize the impact that this may have on students and families. Mr. Minney states that AIMS has new Directors and Administration that should be given a chance. Ms. Green asks Mr. Minney if the FCMAT Report has been followed with any investigation or referral from the district attorney. Mr. Minney states it is a matter of public records that the county refers the FCMAT report to the district attorney and state. The county Superintendent contacted the district Superintendent to find out what is being done about the report. He states that AIMS has not been contacted but they could at any time. Mrs. Coleman asks if the allegations in the FCMAT report are separate from the schools. Mr. Minney responds that the allegations in the FCMAT report are being used in the Notice of Violation.

Mr. Bey thanks the audience for coming. He tells the audience that the AIMS Board is doing everything they can to keep the schools open. He states that no allegation has been proven. He states that AIM Schools are phenomenal schools. Mr. Bey notes that Dr. Chavis is a good friend of his and Dr. Chavis is now removed from all aspects of the schools. Mr. Bey tells the audience that the AIMS Board will do what is good for the schools. He notes that Dr. Chavis set up a model for the schools to operate and all they have to do is follow the model. Mr. Bey states that AIM Schools have the highest API scores in Oakland and the NOV is simply a political move. Last, Mr. Bey tells the audience to remind the OUSD board that there will be an election and they will be voting.

**The meeting will now convene to closed session to discuss the following matters described in Section III.**

### III. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL -ANTICIPATED LITIGATION  
Significant Exposure to Litigation Pursuant to subdivision (b) of Section 54956.9:  
One Case

### IV. PUBLIC SESSION

- A. RECONVENE TO OPEN SESSION: The meeting was reconvened to open session at   7:38   p.m.

## AMERICAN INDIAN MODEL SCHOOLS

B. PUBLIC REPORT ON ACTION TAKEN IN CLOSED SESSION, IF ANY  
(Includes the roll call vote or abstention of every Board member present).

b. Ms. Martinez announces that there is no action taken in closed session.

### VI. ADJOURNMENT

Ms. Martinez makes the first motion to adjourn the meeting. Mr. Leung seconds the motion. The meeting was adjourned at 7:39 p.m.

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix U**

**CSMC Contract with AIMS**



# CSMC

*Charter School Management Corporation  
Helping Charter Schools Succeed  
Corporate Headquarters  
40925 County Center Drive  
Temecula, CA 92590*

September 27, 2012

## **Proposal for AMERICAN INDIAN MODEL SCHOOLS (AIMS)**

### **Introduction**

For nineteen years California has been at the forefront of the Charter School movement, and overall, the charter school model in California has been a solid success. Unfortunately, during that time period, many promising charter schools have run into financial management issues. Most charter school founders and operators are educators, not finance managers. Errors in required report filings or mismanagement of bookkeeping systems can lead to cash flow crises and unnecessary audit exceptions. This is where Charter School Management Corporation (CSMC) can help. By managing the financial and business side of your charter school, CSMC can free you to manage your core mission: education. CSMC is dedicated exclusively to assisting charter schools, and we are experts at what we do. CSMC can manage your raw data—such as daily attendance records, bills, and payroll information—and we will compile, track, analyze, and report this information for you and to you. A review of our References Section will confirm that our clients appreciate our flexibility, professionalism, and expertise. We are confident you will, too. Together, we can ensure that you remain financially viable and available to focus your energies on your primary program: delivering your kids the high-quality education they deserve.

With acceptance of this proposal, CSMC will promptly assign an individual School Business Manager to AMERICAN INDIAN MODEL SCHOOLS. The School Business Manager will be your primary contact for all CSMC services and support. Your personal School Business Manager will interface directly with your executive staff and will act as the principal conduit for information between AIMS and CSMC.





**CSMC**

**CSMC Scope of Service Summary**

**Summary of AIMS**

Number of schools = 3

Approximate number of students\* = 1200

**Summary of services offered within:**

- Comprehensive Back-Office Services
- Charter Vision Access

**Contract Period:**

October 1st<sup>h</sup>, 2012 through September 30<sup>th</sup>, 2013 (At the discretion of CSMC, CSMC may begin to provide services earlier in effort to ensure success; however, the client shall not be obligated for payment until the contract period begins)

**Summary of Pricing:**

Setup Fee = \$25,000 (\$10,000 payable at execution of contract)

Ongoing Monthly Fee = \$16,000

\*Our proposal is predicated on our shared understanding of your support needs. If your number of students is appreciably different from this number, we will adjust our fees accordingly. With that principle in mind, we remain open to modify elements of our program to accommodate your changing needs.



## CSMC Scope of Service Detail

In order to fully support AIMS, CSMC proposes the following support services:

### 1) Fiscal

- a) **Complete Bookkeeping Support** – Utilizing an enterprise-quality bookkeeping system from Sage, one of the country's largest bookkeeping software companies, CSMC will provide a complete bookkeeping solution to AIMS. Specifically, CSMC will:
  - i) **Chart of Accounts** – Create a Standard Account Code Structure (SACS) and Generally Accepted Accounting Principles (GAAP) compliant and AIMS tailored Chart of Accounts.
  - ii) **General Ledger** – Create and maintain SACS and GAAP compliant General Ledger. CSMC will modify, revise, and incorporate more or less detail in account code structure as requested by AIMS.
  - iii) **Accounts Receivable** – Monitor receipt of revenues tied to budget and expected entitlements. Includes all collection activities necessary to obtain past due funding.
  - iv) **Accounts Payable** – Process all vendor invoices and payments. Includes utilizing GAAP system for verification, approval, and payment. System includes utilization of AP batch approvals, and check register reviews. Includes preparation of all 1099's.
  - v) **Fund / Restricted Accounts** – Track any legally-restricted revenues (e.g. Title I) and/or other revenues client wishes to separately track (e.g. parent fundraising) and corresponding expenditures via unique account coding to yield separate net income / loss per account.
- b) **Fixed Assets and Inventory Control** – Create and maintain asset tracking and depreciation schedule system which is integrated into the General Ledger.
- c) **Associated Student Body (ASB) Bookkeeping** – If your school has such student-specific funds, CSMC will maintain separate ASB accounts and reconcile them into your larger bookkeeping structure.

### 2) Payroll

- a) **Payroll setup** – Based upon the payroll information from AIMS, CSMC will enter each full- and part-time employee into an enterprise-class payroll service (e.g., Ceridian), and ensure each is paying appropriate withholdings, taxes and other deductions. AIMS will be responsible for paying the payroll service's fees directly.
- b) **Payroll processing** – Includes updating, maintenance, and regular, emergency and special payroll entry, as requested by AIMS. Payroll processing includes all

of the following:

- i. Complete STRS and PERS reporting through the County Office of Education. Please note that some Counties or Districts charge a fee to charter schools to transmit STRS and PERS information to the STRS and PERS systems. If the county or district charges such a fee, AIMS will be responsible for paying this fee directly.
  - ii. Voluntary Deductions (e.g. 403(b))
  - iii. Distribution of pay warrants and direct deposit administration
  - iv. Distribution of W2's
  - v. Processing of Worker's Compensation
  - vi. Salary adjustments
  - vii. Verify Budget Numbers, Dates and Rates of Pay
  - viii. Prepare and Maintain Annual Calendars
  - ix. Process Exit Forms (resignations, terminations, etc.)
- c) **Insurance services and coordination** – CSMC will act as the bookkeeping liaison for workers compensation and Health and Welfare policies. CSMC will assist in the selection of insurance service providers, emphasizing selecting a provider that will provide high value support to the charter school.

### 3) External Reporting

- a) **Preparation and data submittal of required budget reports in SACS format** - includes 1<sup>st</sup> Interim, 2<sup>nd</sup> Interim, next year proposed, and unaudited actual to district, county and state entities.
- b) **Attendance** – includes preparation and data submittal of Period 1 (P1), Period 2 (P2), and annual (P Final) attendance reports to district, county and state entities.
- c) **Audit** – CSMC will act as the lead point of contact with AIMS's auditor and will work with the auditor through finalization of the audit report. Based on completion of consolidated financial statement audit, CSMC will coordinate the preparation and submission of Federal Form 990 and California Form 199 by applicable deadlines.
- d) **Categorical program budgeting and oversight** – separate fund tracking for all restricted or categorically relevant programs.
- e) **Consolidated Application** – If AIMS wishes to apply, CSMC will complete Parts 1 and 2 of the No Child Left Behind Consolidated Application, which is used to apply for federal Title funds (e.g. Title I). Additionally, CSMC will provide assistance during the audit required by the Single Audit Act of 1984.
- f) **National School Lunch Program (NSLP)** – If your school participates in this program, CSMC will assist with NSLP bookkeeping, submission of monthly food program reimbursement forms and completion of required annual reports.
- g) **CBEDS** – Assist schools in the completion of their School Information Form for Independently Reporting Charter Schools CBEDS annual survey.
- h) **General Reporting** – includes any necessary grant, award, program, state, county, and district report related to financial, or operating activity. This section does not apply to CALPADS data reporting.

#### 4) Internal Reporting and Budgeting

- a) **Budgeting/Cash Flow** – CSMC collaboratively with AIMS shall develop and modify both current and future year budgets and pro forma cash flow models. All state mandated development and adoption timelines shall be incorporated into the planning process. At least one budget revision shall occur each year upon certification of the P1 report. Other modifications are to be performed as necessary or requested by AIMS, including for strategic planning purposes. In today's challenging economic times, it is crucial that the budget is constantly reviewed and modified as needed; therefore, **there are no limits to the number of budget revisions that may be requested by AIMS.** Cash flow timing and Budget to Actual reporting on a monthly basis shall be reported to AIMS.
- b) **Internal Monthly Reporting** – Please note that CSMC's Charter Vision® web portal (described in item #5 below) provides anytime, anywhere client access to dozens of detailed financial reports. In addition to this, CSMC will create and send to AIMS *monthly* reports including:
  - i) Budget to actual income statement
  - ii) Balance sheet
  - iii) Cash flow projections
  - iv) Fiscal analysis and commentary as applicable
- c) **Board Meeting Support** – CSMC's School Business Manager will be available as requested for AIMS's board meetings to present financial reports and/or answer financial questions (by teleconference or in person). There is no limitation to the number of times AIMS may request the School Business Manager's attendance – on average, CSMC's clients tend to request the School Business Manager's presence every other month. Additionally, CSMC will provide your board of directors training and access to our Charter Vision system. This will allow the board to retrieve financial statements and "board reports" 24 hours a day, 7 days a week.

#### 5) Charter Vision®

- a) Charter Vision is CSMC's online, client-specific business information portal. Charter Vision has your school's latest and detailed financial metrics and reports, upcoming deadlines, shared document templates, latest announcements, and upcoming deadlines. Access this portal anywhere, anytime. CSMC believes this is a great tool for increasing access and transparency to internal constituents. For instance, charter school board members can access the latest board and financial reports directly through Charter Vision.

#### 6) Policies

- a) **Fiscal/Operating Procedures** – With the collaboration of AIMS, CSMC will assist in the development and maintenance of fiscal and operating procedures and control policies.
- b) **Safety Manual** – With the collaboration of AIMS, CSMC will develop and

maintain complete and compliant Safety Manual.

**7) Client Support**

- a) **Client Support** – At AIMS request, CSMC will provide unlimited assistance with funding, budgeting, strategy, fiscal control, or other operational/financial questions or issues.

**8) Charter Development and GRANTS Administration**

- a) **Grants** – Track direct and allocate costs to grants.
- b) **Charter Renewal** – On a separate fee basis, CSMC will assist with a charter petition for renewal.

**Proposed Fees**

**One-Time Setup Fee** – \$25,000. This fee includes all of the activities necessary to get your information into the CSMC system to enable the above services. This includes such information as:

1. Exporting information from your current bookkeeping system (if you are an operating charter school) or gathering initial bookkeeping information (if you are a new school) into our enterprise-quality software system
2. Working with you to input all of your employees' personal- and compensation-related information into our payroll system
3. Identifying all of the revenue programs your school is possibly eligible for, assisting you to make strategic decisions about which ones to pursue, and helping you to apply to any you might have missed to ensure your school receives as much revenue as possible
4. Projecting your cash flow needs for the upcoming contract period and helping you start identifying possible ways of surviving any gaps
5. Identifying which financial reports you would like to see on an ongoing basis to help you make the best strategic decisions and keep other stakeholders informed
6. Assessing your current operational and financial policies, comparing them to current best practices, and improving those that need to be updated
7. Ensure that you are comfortable with how CSMC will support you and answer any of your initial questions

**Ongoing Fee for Services** – Monthly installments of \$16,000 beginning in October 2012. This fee covers all of the ongoing services listed in this contract after the initial setup period.

**Proposed Contract Period**

Setup will begin on or around October 1st, 2012 and will last for all of that month.

Ongoing services will begin on October 1<sup>st</sup>, 2012 and will end on June 30<sup>th</sup>, 2013, unless AMERICAN INDIAN MODEL SCHOOLS renews its contract with CSMC.

**References**

We know that choosing a business back office provider like CSMC is an important decision for you and your school. If we were in your place, we would want to talk with some actual, current CSMC clients to see how well CSMC supports its clients. In case you would like to talk with such references, below are the contact name, school, school summary information and phone number of several CSMC client schools which are similar to your school:

International School of Monterey	Sean Madden	831-583-2165
Temecula Valley Charter	Joann Burnett, Principal	951-926-9037
Ivy Bound Academy	Kiumars Arzani, CEO	818-808-0158
Urban Discovery Charter	Cindy Moser, Principal	619-788-4668

**Parties**

This contract for charter school business support services is between the Charter School Management Corporation (hereinafter referred to as "CSMC") and AMERICAN INDIAN MODEL SCHOOLS (hereinafter referred to as "AIMS"). It is understood that this is an agreement whereby AIMS desires to retain CSMC, because of CSMC's expertise, prior experience and comprehensive service offerings, as they relate to AIMS's operation of a charter school, and that CSMC desires to provide expertise for the benefit of AIMS using its knowledge, skills, experience and abilities. This contract is not intended to, and shall not be construed to create the relationship of agent, employee, partnership, or joint venture, or any other relationship other than independent contractor between CSMC and AIMS. CSMC shall be free to provide similar services for other clients.

**Timing of Services**

The parties shall agree upon a mutually acceptable time schedule for submission, review and return of the above documents and services.

**Communication Between the Parties**

Client will direct all communication to the CSMC Account Manager and CSMC will direct all communication to AIMS's designated primary contact, unless either party designates another representative and provides written notification of the change to the other party. CSMC agrees to keep all communication and work product with AIMS confidential within the full allowable extent of State and Federal Law.

**Sole Entity**

This contract is entered into by the AIMS for itself alone and not on behalf of, or as an agent for, any other entity, agency, school, or school district. Any obligation of the AIMS arising from this contract is and shall remain the sole responsibility of the AIMS.

**No Guarantee**

CSMC cannot guarantee that the services it provides under this contract will yield the results sought by Client. CSMC promises a good faith effort to secure all reasonable objectives sought by AIMS in this consulting agreement.

**Right to Rely**

In performing its duties and obligations under this contract, CSMC has the right to rely upon the truthfulness, completeness and accuracy of the information and data provided by AIMS, its directors, officers, employees and agents.

**Assignment**

This Agreement is not assignable without written consent of the parties hereto.

**Indemnification**

CSMC shall indemnify and hold AIMS and its officers and employees harmless from and shall process and defend at its own expense all claims, demands, or suits at law or equity arising in whole or in part from CSMC's negligence or breach of any of its obligations under this agreement; provided that nothing herein shall require CSMC to indemnify AIMS against and hold harmless AIMS from claims, demands or suits based solely upon the conduct of AIMS, its agents, officers and employees; and provided further that if the claims or suits are caused by or result from the concurrent negligence of (a) CSMC's agents or employees and (b) AIMS, its agents, officers and employees, this indemnity provision with respect to (1) claims or suits based upon such negligence (2) the costs to AIMS of defending such claims and suits shall be valid and enforceable only to the extent of CSMC's negligence or the negligence of the CSMC's agents or employees. AIMS acknowledges that the CSMC performs an advisory and task related function, and therefore provides services at the direction of AIMS. Ultimate decisions on the execution of agreements and transactions, and the determination of rights, processes, controls and obligations rest entirely with AIMS.

**Payment for Services**

AIMS will pay to CSMC the amount outlined in the Proposed Fees section of CSMC's proposal to AIMS. CSMC will submit a written billing statement to Client on a monthly basis. AIMS will make payments to CSMC promptly upon receipt of the monthly billing statements.

**Termination of Contract**

This contract shall continue in full force for the period stated in the section Proposed Contract Period section of CSMC's proposal to AIMS, unless terminated earlier as provided below.

AIMS may cancel the contract at any time without cause by providing written notice of the cancellation, provided, however, that AIMS shall pay CSMC for all fees incurred up until the date of notice of cancellation based on the rates noted in CSMC's proposal to AIMS.

CSMC may cancel the contract at any time without cause by providing written notice of cancellation.

**Sole and Entire Agreement**

This contract sets forth the full and complete agreement between the parties and fully supersedes any and all prior agreements or understandings between the parties hereto, whether oral or written, pertaining to the subject matter hereof. No verbal modifications, additions, or deletions from this contract shall be permitted. All changes to this document must be made in writing and agreed to by both parties.

**Severability**

The provisions of this contract are severable, and if any part of it is found unenforceable, the other paragraphs shall remain fully valid and enforceable.

**Governing Law**

This contract is made and entered into in the State of California and all of its provisions shall be governed and interpreted under California law.

**Notice**

Notice to the parties under this agreement shall be delivered to the following addresses:

CSMC HEADQUARTERS  
40925 County Center Drive  
Suite 110  
Temecula, CA 92591

American Indian Model Schools  
171 12th St  
Oakland, CA 94607

**Signatures**

\_\_\_\_\_  
Sandro Lanni, President  
CSMC

\_\_\_\_\_  
Jean Martinez, Board Chair  
AIMS

Date: \_\_\_\_\_

Date: \_\_\_\_\_



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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix V**

## **Dr. Carpenter's Proposal**

# Brian L. Carpenter, PhD & Associates, LLC

*Helping Charter School Boards and Executives Navigate the Intersection of Governance and Management*<sup>TM</sup>

October 1, 2012

Mr. Paul Minney, ESQ  
Middleton, Young & Minney, LLP

Greetings Paul:

As per my telephone inquiry this morning, I'm pleased to provide this proposal designed to provide your client with immediate board training and assistance in formulating an action plan in response to Oakland school district's "notice of violation." As you know, such an action by an authorizer generally represents a grave threat to the continued existence of a charter. Given the superior track record of the AIM schools (with whose national reputation I have been a long admirer), the schools' termination would, in my opinion be a terrible loss for its students and families. The way I see it, if there is any chance of preventing the revocation of the charter, the AIM board will need to act quickly, decisively, and knowledgeably. This is where I can help.

You are, I know, familiar with my reputation as a nationally acknowledged expert in the area of charter school board governance. On this basis, I believe that my original published research on boards and revocations, two top selling books and work with more than 150 individual charter schools across the US uniquely qualifies to assist your client. This proposal describes how.

As you will read, this proposal consists of two components. The first component is an onsite customized board training. This involves six to eight hours with the board and includes a fair amount of diagnostic analysis on my part ahead of time in order to identify critical problem areas. The second component includes 30 hours of offsite support for up to one year following the seminar. This support can include telephone calls, research, writing, document analysis, collaboration with your team, etc. The total fee for both components is \$12,825 which is an all-inclusive price (meaning that there are no additional fees for travel, etc.). In the case of AIM, I envision helping it craft its action plan as part the key offsite work.

The pages that follow include the proposal details, client list, my qualifications, etc. You know that you or your client are more than welcome to contact me with any questions.

Warmest regards,



Dr. Brian L. Carpenter  
Brian L. Carpenter PhD & Associates, LLC

# Brian L. Carpenter, PhD & Associates, LLC

*Helping Charter School Boards and Executives Navigate the Intersection of Governance and Management*<sup>TM</sup>

## **TEN Reasons WHY Charter School Boards Should Invest in Their Own Training**

Charter school board members are unpaid volunteers (in most states). As such, the time they can contribute to the school is limited, and usually in competition with other responsibilities. Moreover, schools themselves have limited funds for staff professional development, much less the board's own professional development. Limitations such as these may quite legitimately lead a board to ask, "Why should we invest in our own training?" This question deserves a thoughtful reply.

As a result of conducting original scientific research on boards and charter school revocations/non-renewals, making field observations while working with 20 to 30 schools a year since 2006, and regularly collecting survey data from charter school board members and school leaders across the country, Dr. Carpenter has developed the following list of reasons that helps explain *why* charter school boards should invest in their own training:

1. A board that cannot govern itself cannot govern anything else. Proper training teaches a board how to govern itself *in order to be able to govern the school*.
2. Charter school boards are accountable to their authorizers for the oversight and safeguarding of millions of taxpayer dollars annually and the education of our children. The regulatory complexities involved in *just these two aspects* of charter school governance necessitate training.
3. Governance and management are different disciplines. To be effective, a charter school board must understand the differences between these two disciplines, *and* must apply that understanding to its practice of governing. Boards that fail to train generally become entangled in management matters to the detriment of the board/management relationship *and* the school.
4. Although charter school board members are (usually) unpaid volunteers, the need for training is defined by the responsibilities of the role, not the absence of compensation. For example, volunteer fire fighters receive regular training *because their responsibilities necessitate it*. For the same reason, so should charter school board members.
5. Board authority has several crucial limitations and liabilities. Training teaches boards how to preserve the board's integrity to govern through the proper use of board authority, thereby minimizing its liabilities.
6. Servant leadership requires those in authority to lead by example. A charter school board that expects its faculty and staff to maintain its skills through ongoing training should expect no less of itself. Training and self-assessment produce the credibility a board has to have in order to lead.
7. In all endeavors, training saves time and money. Charter school oversight is no exception.
8. Confidence in leadership is acquired through confidence in skills. Through training, charter school boards acquire the skills they need to *govern* effectively and confidently.
9. Charter schools operate in an environment of robust public scrutiny. Training prepares a board to govern in a manner that withstands all such scrutiny.
10. Charter schools operate under a time-bounded contract (in most states). Without training on how to perform, a board is gambling the existence of its school against a clock that is already ticking at the moment the school became (or becomes) operational.

# Brian L. Carpenter, PhD & Associates, LLC

*Helping Charter School Boards and Executives Navigate the Intersection of Governance and Management™*

## **Component 1: The *Seven Pillars of Effective Charter School Governance Seminar***

There are many consultants offering training to charter schools, none however, offer anything as comprehensive, authoritative and customized as *The Seven Pillars of Effective Charter School Governance Seminar* developed by nationally acknowledged charter board expert, Dr. Brian L. Carpenter. This training seminar includes the following five components:

**1. A board/school leader *pre-workshop* online 60-question survey.**

Just as each individual differs from all others with respect to their growth and abilities, boards also differ in their development needs and effectiveness as governing entities. In order to customize the training seminar to meet each individual board's needs, Dr. Carpenter has developed a 60-question online survey based on his extensive field work. The survey should be completed by all board members and the school leader. After analyzing the data, Dr. Carpenter structures the seminar emphases to meet the needs of your school.

**2. A pre-workshop analysis by Dr. Carpenter of the school's key documents.**

Governance responsibilities and actions are reflected in various documents including the board's bylaws, the charter, the contract with a service provider (where applicable), board minutes, board policies, and various compliance documents (e.g., Form 990 for schools recognized by the IRS as 501(c)(3) tax exempt). Prior to the onsite board seminar, Dr. Carpenter will analyze these documents, and others, in order to guide the board concerning any gaps in the performance of its oversight responsibilities.

**3. A six-to-eight-hour *customized* onsite private seminar at a location of the school's choosing.**

Based on his analysis of the items described in numbers 1 and 2 above, Dr. Carpenter provides a customized onsite private training seminar. Depending on the board's preference, this seminar can be conducted over a single six-to-eight-hour day, or two consecutive days (or evenings) of three-to-four-hours. (The two-day format is strongly recommended because it is more comfortable for everyone involved.)

**4. A PDF copy of *Charter School Board University: An Introduction to Effective Charter School Governance*.** This book was Dr. Carpenter's first, and is now used by universities and consultants across the country as the authoritative source for charter school boards. (Client schools are authorized by Dr. Carpenter to reproduce any number of copies *for internal use*).

**5. A one-year subscription to *BoardWiser Plus*, a podcast & webinar board training program produced by Dr. Carpenter.** (The school is also authorized to reproduce the audio podcast for future re-use, such as orienting new board members.)

# Brian L. Carpenter, PhD & Associates, LLC

*Helping Charter School Boards and Executives Navigate the Intersection of Governance and Management™*

## **Component 2: Thirty hours of support for up to one year following the seminar**

For up to a full year following the initial onsite training, Dr. Carpenter provides a total of 30 hours of offsite support to the board and school leader.<sup>1</sup> These hours can be used by the client school in any manner determined by the board, to include:

- agenda preparation and guidance for upcoming board meetings
- actual construction of the Board Annual Strategic Calendar
- teleconference consultation to the board chair or his or her designee
- teleconference coaching of the board chair *during* board meetings
- email recommendations following actual board meetings
- document analysis, suggested revisions, and responses
- teleconferences with the board's attorney, authorizer, and other board-directed calls
- strategic planning guidance
- charter renewal guidance
- mediating conflicts between board and management
- assistance with policy development, evaluation and implementation
- teleconference board training on specific topics that may be requested by the board

The value derived by the board from these services is that Dr. Carpenter is able to provide ongoing guidance and consultation as the board desires.

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<sup>1</sup> In the case of AIM, I anticipate that the board may wish to allocate most or all of its 30 hours of my offsite support to my involvement in preparing its action plan, including collaboration with the board's legal representation.

# Brian L. Carpenter, PhD & Associates, LLC

Helping Charter School Boards and Executives Navigate the Intersection of Governance and Management<sup>SM</sup>

## Fees, Terms & Conditions

**FEES:** The fee for this package is \$12,825.00. With the exception additionally directed work for fees described below, this is an all-inclusive fee, meaning that there are no additional expenses charged by Dr. Carpenter, *unless the school changes an onsite meeting date once travel arrangements have already been booked*, in which case, the school agrees to be responsible for promptly paying airline/hotel/rental car change fees and increases incurred by Dr. Carpenter.

**ADDITIONAL WORK FEES:** There are instances in which the board or management may wish to engage Dr. Carpenter for additional work during the contract period. If this occurs, the following fee structure will be used, depending on whether the work is offsite or onsite:

1. Should the board or its management wish to have Dr. Carpenter provide training and consultation or attend any meeting *in person* (beyond the initial seminar retreat articulated in this proposal), the school will be responsible for actual travel expenses incurred, plus \$1,000 per each day, or any part of a day, onsite).
2. Additional offsite requests for telephone guidance, research, writing or any other kind of support each month beyond the thirty that are allocated to the school in this proposal that are requested or directed by the board president (or his or her designee) will be billed monthly at \$250 per hour. However, email notification that the additional work hours rate will apply will be sent to the person requesting or directing the additional work prior to Dr. Carpenter engaging in the additional work. (This is a \$100 per hour discount off Dr. Carpenter's non-annual contract rates.)

**TERMS:** Unless otherwise agreed to by Dr. Carpenter, the fee is due in full at the time of booking. The contact period will run for 365 calendars at the point at which the board accepts this proposal.

**CONDITIONS:** The fee is non-cancelable, non-refundable, and non-transferable. No refund or partial refund will be granted in the event of a no-show by part or all of the board and/or school leader at any session nor will unused monthly hours (if any) at the conclusion of the contract period be redeemable.

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## **The Proper Way for the Board to Decide Whether To Accept This Proposal**

1. Review the Brown Act to ensure that the requirements to place the proposal on the board's agenda are met.
2. Distribute copies of the proposal to each board member in advance of the meeting, however, board members should refrain from discussing the proposal outside of a properly noticed meeting in order to comply with the Brown Act.
3. To vote whether to accept the proposal, a board member needs to introduce a motion such as: "I move that we accept the training and consultation proposal from Dr. Carpenter." The motion will require a second. The board president should then read the motion back to the board at which point (only) it may then be discussed, and then voted on. Attach a copy of this proposal to your minutes for the board's records.
4. If the board accepts the proposal, review everyone's calendars to select possible initial seminar dates and an alternative.
5. Notify Dr. Carpenter of the board's decision and meeting date/time preferences.
6. Dr. Carpenter's company will invoice the school upon scheduling the training.
7. Upon receipt of payment, Dr. Carpenter will confirm the desired training date.



# Brian L. Carpenter, PhD & Associates, LLC

*Helping Charter School Boards and Executives Navigate the Intersection of Governance and Management*<sup>SM</sup>

## ***When Charter School Boards and Executives Want Authoritative Guidance, Here Are Seven Reasons Why They Choose Dr. Brian L. Carpenter***

1. He understands the challenges facing governing boards: In addition to training more than individual 150 charter schools since 2006, along with countless others in group settings at state and national conferences, he has more than two decades of experience working for, and serving on, governing boards.
2. He knows firsthand the difficulties of being a school executive: Before forming his own consulting company in 2009, he had a dozen years of experience as a chief school leader in the independent sector, plus four years as CEO of the National Charter Schools Institute.
3. He is a resource leader in the charter school sector: He has authored more publications than any other consultant in the charter school sector, including two books (with two in progress), dozens of white papers and newspaper articles, podcasts, and original research on charter school closures. His work has been cited in numerous publications, including the premiere journal of school reform, *Education Next*.
4. His writing is considered authoritative: His first book on charter school board governance is used as a graduate student textbook at Central Michigan University and Nova Southeastern University and some of his white papers by Harvard University.
5. In addition to schools, his services are sought by other experts such as authorizers, associations, and attorneys, including: Ball State University, Texas Charter Schools Association, Arkansas Department of Education, Education Resource Center of Central Ohio, South Carolina Public Charter School District, Northern Michigan University, The Missouri Charter Public School Association, Atlanta Public Schools, Idaho Charter School Network, and Gordon & Rees LLP. (See page 8 for Dr. Carpenter's non-school client list.)
6. His credentials are solid: He holds an earned PhD in Education, and has been personally trained by John & Miriam Carver in the theory and implementation of Policy Governance. He is an adjunct author for two state-based think tanks promoting school choice, and he is listed in the Heritage Foundation's Annual Guide to Policy Experts. He is also an adjunct university professor of education at Central Michigan University.
7. People enjoy his sense of humor, depth of insight, and passion for charter school excellence: He has spoken at more than 50 state and national conferences since 2006 where his workshops are often standing room only.



Dr. Brian L. Carpenter

# Brian L. Carpenter, PhD & Associates, LLC

*Helping Charter School Boards and Executives Navigate the Intersection of Governance and Management™*

## **Non-School Client List** (in alphabetical order by category)

### **Authorizers**

- Anchorage Public Schools
- Atlanta Public Schools
- Arkansas Department of Education
- Ball State University (Indiana)
- Charter School Administrative Office (Hawaii)
- Central Michigan University
- Education Resource Center of Central Ohio
- Ferris State University (Michigan)
- Office of the Governor of Delaware
- Ohio Council of Community Schools
- Northern Michigan University
- South Carolina Public Charter School District
- Utah Department of Education

### **State & National Associations**

- Idaho Charter School Network
- Missouri Charter Public School Association
- National Alliance for Public Charter Schools
- New Mexico Coalition of Charter Schools
- North Carolina Alliance for Public Charter Schools
- South Carolina Association of Public Charter Schools
- Texas Charter Schools Association

### **Education Management Organizations/Charter Management Organizations**

- Accord Institute for Education Research
- Concept Schools
- Imagine Schools
- K12, Inc.
- SABIS Educational Systems, Inc.
- National Heritage Academies
- White Hat Management

### **Law Firms**

- Gordon & Rees (Dr. Carpenter has been retained as an expert witness on behalf of several former charter school board members in an ongoing lawsuit)

# Brian L. Carpenter, PhD & Associates, LLC

*Helping Charter School Boards and Executives Navigate the Intersection of Governance and Management™*

## Testimonials and Thank-You Quotes (Used With Permission)

"Dr. Brian Carpenter once again provided [NMU authorized schools] an insightful, interesting, and intensive board governance workshop. His real life examples and down to earth approach engage and capture his audience for the duration of the session."

Bill Pistulka  
Charter Schools Officer  
Northern Michigan University

"Words can not express the sincere gratitude the Board has for you and all you have done."

Dr. Theresa Wright  
Board Chair  
Imagine Life Sciences Academy, East

"The training session at PCHS was exceptionally informative and kept the Board's interest throughout. It has changed our thinking quite a bit. Thanks to Dr. Brian Carpenter, who was so helpful and enjoyable, we now have a better vision of what a Board should be."

Victoria Francis  
Board Member  
Palisades Charter High School

"Brian's work with our board has helped to make this a great school year!"

Robert E. Bohnstengel  
Principal, James Island Charter High, Charleston, SC

"Brian Carpenter's all-day training session at our Board of Director's retreat was just great in both content and style. His warm, energetic presentation style coupled with thoughtful and thought provoking content facilitated both community-building and thorough understanding of the board's role in governance (not micro-management) and strategic planning. Event evaluations were filled with positive feedback and glowing accolades for Brian. Personable, knowledgeable, attentive, organized and a solid professional."

Jane Dye, Principal  
Belle Chasse Academy, New Orleans, LA

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"Thank you for your wonderful time you spent with us. Your training has been an eye opener."

Andrea Strain  
Board Chair  
Milestone Academy, New Orleans, LA

"I am writing to you right now to thank you for bringing us in line with true Policy Governance. Even though we still have much to learn, words cannot express to you how much easier this situation is currently because we have good policies in place . . . . We could not be where we are without you, Brian."

Jenni Theobald  
Board Chair  
Merit Academy, Springville, UT

"Dr. Carpenter knows the charter school business like no other expert I've encountered."

Board Member  
West Buffalo Charter School, NY

My organizational management career includes leadership roles in both the military and the private business sector. I consider myself an avid consumer/user of organizational literature both on the strategic and execution level. Brian's governance model and his approach to teaching/implementing it is the ultimate prescription for a board that is searching for its identity and function. I now have a clear sense of the role of both the executive and the board . . . and more important . . . the rules of engagement that exists between the two. Brian's impact on my understanding of the board's role along with the associated blueprint for governance execution is nothing short of transformational. I truly believe he has laid the framework for future organizational excellence in our school.

Michael Towner  
Board Member  
Montessori Regional Charter School, Erie, PA

"Brian is a gifted lecturer/presenter with a unique grasp of boards generally but more specifically in the context of charter school."

Board Member  
West Buffalo Charter School, NY

## Brian L. Carpenter, PhD & Associates, LLC

*Helping Charter School Boards and Executives Navigate the Intersection of Governance and Management™*

"Brian Carpenter is, without a doubt, the foremost authority on charter school governance in the country. I have witnessed his work with a wide variety of charter school boards in two states and his reception has always been enthusiastic. And, the lasting impact of his work adds significant value to charter schools' governing processes."

Timothy H. Daniels, Ed.D  
Superintendent/Executive Director  
South Carolina Public Charter School District

"I feel so fortunate to have had the opportunity to grow from your expertise and cannot wait for others to as well."

Carla Koepp  
Principal  
Lake Country Academy

"Thank you for your presentation to Delaware's charter school board members and directors . . . . Our charter school leaders, as well as our students, will certainly benefit from your extensive experience and expertise in the areas on governance and effective student recruitment."

Ruth Ann Minner  
Governor  
Delaware

"Dr. Carpenter is widely regarded by the premier state charter authorizers and our national association as the platinum standard on Board and Governance matters."

Robert Giordano  
Director, Business Development  
SABIS Educational Systems, Inc.

"[Dr. Carpenter's] workshop will help us be a more efficient board in regard to our time as well as at oversight."

Board Member  
Indianapolis, IN

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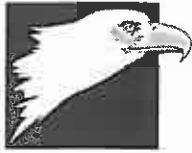
"I would strongly recommend Brian Carpenter . . . . He does the best job of anyone in the United States on charter school board training."

Louis J. Erste  
Charter Schools Division Director  
Georgia Department of Education

"Thank you again for an excellent workshop. You reaffirmed our strengths and helped us to identify our weaknesses in a non-finger-pointing way. Having attended your presentations whenever possible, I was familiar with much of what you presented, but working with you in a small group focused solely on our school gave me so much more understanding. You have a knack for humorously giving shape and form to philosophy."

Coyler Reid  
Co-Founder and Board Member of Reid Traditional Schools  
Phoenix, Arizona

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix W**

10/16/2012 AIMS Board  
Minutes and Resumes of Ms.  
Cook and Dr. Armstrong





# American Indian Model Schools

171 12<sup>th</sup> Street Oakland, CA 94607

## REGULAR BOARD MEETING MINUTES

Tuesday, October 16, 2012 at 7:00 PM

171 12th Street, Suite 300

Oakland, CA 94607

### INSTRUCTIONS FOR PRESENTATIONS TO THE BOARD BY PARENTS AND CITIZENS

The American Indian Model Schools ("AIM Schools") Board of Directors welcomes your participation at the AIM Schools Board meetings. The purpose of a public meeting of the Board is to conduct the affairs of AIM Schools in public. Your participation assures us of continuing community interest in our schools. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all audience members at the meeting.
2. Speaker Cards are available to all audience members who wish to speak on any agenda items or under the general category of "Public Comments." "Public Comments" is set aside for members of the audience to raise issues that are not specifically on the agenda. The Board cannot respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes.
3. You may also complete a Speaker Card form to address the Board on Agenda items. Please specify that agenda item on your Speaker Card and you will be given an opportunity to speak for up to five (5) minutes when the Board discusses that item.
4. When addressing the Board, speakers are requested to state their name and address from the podium and adhere to the time limits set forth.
5. Any public records relating to an agenda item for an open session of the Board which are distributed to all or a majority of all of the Board members shall be available for public inspection at 171 12<sup>th</sup> Street Suite 300 Oakland, California 94607.

*In compliance with the Americans with Disabilities Act (ADA) and upon request, American Indian Model Schools may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Individuals who require appropriate alternative modification of the agenda in order to participate in Board meetings are invited to contact the School office at (510) 893-8701.*



# American Indian Model Schools

171 12<sup>th</sup> Street Oakland, CA 94607

**Staff present:** Mr. Jason Chu, Mrs. Claudia Walker, Ms. Jennifer Avelino, Mrs. Dianne Hatcher, Mrs. Mercedes Askew, Ms. Alice Atienza, Ms. Karely Ordaz and Mrs. Bernadette Coleman

**Guests present:** Mrs. Charlotte Green and Mrs. Renee Williams

Prior to the commencement of the meeting, Ms. Ordaz announces that Board packets, agendas and minutes are available to the audience.

**I. CALL TO ORDER**

a. Meeting was called to order by the Board Chair at 7:01 P.M.

**II. ROLL CALL**

	Present	Absent
Ms. Jean Martinez, Chair	<u>  x  </u>	<u>      </u>
Mr. Nedir Bey	<u>  x  </u>	<u>      </u>
Mr. Ronald Grant	<u>      </u>	<u>  x  </u>
Mr. Steven Leung	<u>  x  </u>	<u>      </u>
Mr. Jordan Locklear, Secretary	<u>  x  </u>	<u>      </u>

**III. APPROVAL OF MINUTES:** President Martinez makes the first motion to approve the minutes of the Special Meeting of Friday, August 31, 2012. Mr. Locklear seconds the motion. Minutes are approved 4-0.

**IV. PUBLIC COMMENTS:** The public may address the Board on any agenda item and any item not on the agenda. The board president will only call on those who have filled out comment cards before the meeting, and each speaker will be allotted three (3) minutes. The Board will not respond or take action on any non-agenda. The item may be added at a later date (Ed. Code 35145.5). The comments shall be made from the podium. In accordance with Government Code 54954.2 - *No action or discussion* shall be undertaken on any item not appearing on the posted agenda.

a. Mrs. Renee Williams, a parent of an AIPCS II student, inquires about the status of the Notice of Violation (NOV) and date AIM Schools will submit their response to the NOV to Oakland Unified School District.

**V. NON ACTION ITEMS**

a. Family Advisory Committee Update: Mrs. Bernadette Coleman  
i. Mrs. Coleman, President of the Family Advisory Committee, states that the Back to School Night held at AIM Schools on October 9, 2012 was a success. She notes that parents were thrilled to speak to teachers and learn more about their children's education. Mrs. Coleman thanks the AIM Schools Board for taking time to meet teachers, parents and students. She also thanks Mr. Chu, AIMS Acting Director, Mrs. Walker, AIPHS Site Administrator and Ms. Avelino,



# American Indian Model Schools

171 12<sup>th</sup> Street Oakland, CA 94607

AIPCS II Site Administrator, for helping and supporting the Family Advisory Committee (FAC). She introduces Mrs. Charlotte Green as the Vice Chair of the FAC and Mrs. Renee Williams as the Fund Raiser Coordinator of the FAC. Mr. Bey thanks the FAC and President Martinez praises Mrs. Coleman for her hard work and dedication.

- b. Financial Update: Mrs. Dianne Hatcher, Financial Administrator
  - i. Mrs. Hatcher introduces herself as the Financial Administrator of AIM Schools. She states that she has over 30 years of experience and has worked as a controller among other positions. She introduces Mrs. Mercedes Askew as the Staff Accountant. Mrs. Hatcher notes that Mrs. Askew has over 20 years of accounting experience. Next, Mrs. Hatcher introduces Ms. Alice Atienza, the AIMS Bookkeeper, who has 15 years of bookkeeping experience. Mrs. Hatcher states that the AIM Schools Financial Department is working to submit all reports to the district in a timely manner. She notes that AIM Schools have submitted all reports to the new independent auditor, Vavrinek, Trine, Day & Co., LLP. Mrs. Hatcher explains that AIM Schools is now starting to receive state and federal funds. Mr. Bey praises the Financial Department for doing a good job.
- c. Director's Report: Mr. Jason Chu, Acting Director
  - i. Mr. Chu, Acting AIM Schools Director, begins by stating that AIM Schools have new API scores. He states that AIPCS has a new API of 974, AIPCS II has an API of 981 and AIPHS has an API of 928. Both AIPCS and AIPCS II are number one in OUSD and AIPHS was in *Newsweek* as one of the top high schools in the United States. Mr. Chu notes that AIPCS has 285 students, AIPCS II has 642 students and AIPHS has 243 students. Furthermore, he mentions that the Back to School Night was very successful and thanks the AIMS Board for taking the time to meet parents and teachers. In addition, Mr. Chu states that Mrs. Hatcher is working on updating the protocols for the finance office to ensure that AIMS is following the Generally Accepted Accounting Principles (GAAP). He states that AIMS facilities are up to code and that in the next few weeks Nurse Ruby Darroughs from OUSD will provide AIMS students health screenings. Last, he states that Ms. Guo, one of the AIPCS II Administrative Assistants, is working on a new AIMS website and will present it to the Board at the next board meeting for approval. Mr. Locklear states that at the October OUSD Board



# American Indian Model Schools

171 12<sup>th</sup> Street Oakland, CA 94607

meeting a parent mentioned that AIM Schools did not have Native American students. Mr. Locklear notes that there is a demographic breakdown that clearly shows that AIM Schools do in fact have Native American students. He states that this is important information that all AIMS employees need to know and asks Mr. Chu to require all AIM Schools employees to learn. Mr. Chu states that he will require all AIM Schools staff to know the data. Mr. Bey congratulates Mr. Chu for doing an excellent job.

## VI. ACTION ITEM

- a. Next Board Meeting Date: November 13, 2012
  - i. President Martinez states that the scheduled board meeting date of November 20, 2012 is during the AIM Schools Thanksgiving break. As a result, the board meeting date will be rescheduled for November 13, 2012. Mr. Locklear makes the first motion to approve the item. Mr. Bey seconds the motion. Item is approved 4-0.
- b. Employees/Contract Approval (AIPCS, AIPCS II, AIPHS)
  - i. Ms. Avelino states that Mrs. Cai is now working as a part-time teacher's aid and Mr. Flores and Ms. Obligar are new elementary school teachers teaching kindergarten and fourth grade. Mr. Chu notes that Ms. Avelino, AIPCS II Site Administrator, and Mrs. Palmore, AIPHS Assistant Site Administrator, have been promoted. As a result, their contracts have changed. Mr. Bey makes the first motion to approve the item. Mr. Locklear seconds the motion. Item is approved 4-0.
- c. AIM Schools Updated Enrollment Application
  - i. Mr. Chu states that the enrollment application has been updated. Mr. Bey makes the first motion to approve the item. Mr. Locklear seconds. Item is approved 4-0.
- d. AIM Schools Family Handbook & Staff Handbook
  - i. Mr. Chu states that the Family Handbook for AIM Schools is similar for every campus with variations in traffic procedures. The AIM Schools Staff Handbook was simplified and has included standardized procedures. Mr. Bey makes the first motion to approve the item. Mr. Locklear seconds the motion. Item is approved 4-0.
- e. 2011-2012 AIM Schools Unaudited Financials
  - i. The 2011-2012 AIMS Unaudited Financials were submitted by Mrs. Hatcher and available to the public. Mr. Locklear makes the first motion to approve the item. Mr. Bey seconds the motion. Item is approved 4-0.



# American Indian Model Schools

171 12<sup>th</sup> Street Oakland, CA 94607

- f. Single Plan for Student Achievement (SPSA) 2012-2013 (AIPCS & AIPHS)
  - i. Mr. Chu explains that every SPSA is updated yearly and outlines the way each school will work to improve student achievement. Mr. Bey makes the first motion to approve the item. Mr. Locklear seconds the motion. Item is approved 4-0.
- g. New AIM Schools Officers
  - i. Mr. Bey states that due to the current status of the AIM Schools organization, two people have been interested in joining the AIM Schools Board. These people are: Ms. Toni Cook, a former OUSD Board Member, and Dr. Laura Armstrong, Director of East Oakland Leadership Academy (EOLA). Mr. Bey explains that Ms. Cook has a background in education and politics. She has worked for Jimmy Carter's campaign and is currently the Dean of the College of Alameda. Moreover, Mr. Bey states that Dr. Armstrong has been in education for over 26 years and has worked to improve the academic performance of EOLA. Both women, Mr. Bey notes, are ready to help AIMS surpass the NOV and the FCMAT report. Mr. Locklear makes the first motion to approve the new AIM Schools Officers. Mr. Bey seconds the motion. Item is approved 4-0.
- h. AIM Schools Financial Specialist Committee
  - i. Mr. Bey notes that since the release of the NOV, the AIMS Board has reached out to establish a Financial Specialist Committee to advise the board similar to the one OUSD has implemented. The AIM Schools Financial Specialist Committee will consist of Mr. Clay Akiwenzi, Mrs. Chaula Pandya and Mr. Vincent Brown, all of whom have deep financial backgrounds. Mr. Bey states that unlike the Charter School Specialist who wanted to bring in people to run the organization at a price of over a quarter million dollars a year, the Financial Specialist Committee will be coming in free of charge. Mr. Bey makes the first motion to approve the AIM Schools Financial Specialist Committee. President Martinez seconds the motion. Item is approved 4-0.

**VII. ADJOURNMENT TIME:** President Martinez makes the first motion to adjourn the meeting. Mr. Bey seconds the motion. Motion is approved 4-0. Meeting adjourns at 7:57 P.M.

## TONI COOK

### Education:

University of California Los Angeles (UCLA), BA, History, (cum laude), 1970, MA, Urban Planning (with distinction), 1973.

### Career:

Executive assistant, Office of Planning, District of Columbia, 1976-79; Deputy Director, Office of Criminal Justice Plans and Analysis, District of Columbia, 1979-81; Associate Dean, School of Architecture and Planning, Howard University, 1981-84; Chief of Staff, Councilman Robert C. Farrell, Los Angeles City Council, 1984-85; Executive Director, Bay Area Black Unified Fund, 1985-89; Senior Policy Advisor, Mayor Elihu M. Harris, City of Oakland, 1989-90; Senior Policy Consultant, Prescott Revitalization Project, 1990-93; Political/Legislative Director, SEIU Local 250, Health Care Worker's Union, 1993-95; principal education consultant, Sobrante Park Consortium, 1994-95; director, HOPE VI, San Francisco Housing Authority, 1995-97; member, Oakland Board of Education, 1990-98; project manager for African American Literacy and Culture Research Project, 1999-2001; Senior Policy Advisor, Councilmember Desley Brooks, City of Oakland, 2001-2005; Faculty and Chairperson, Ethnic Studies Department, Laney College, 2005-2008; Director, EOPS/CARE/CalWORKs, YESS-ILP Foster Youth Programs, College of Alameda, 2008-2012, Dean, Special Programs and Grants, 2012-Present.

### Recruited to Work in DC

Because of her excellent academic record, Cook was nominated for the White House Fellowship program. She was named a finalist, and her application attracted the attention of officials at the Department of Human Resources, who recruited her as a senior program planner. Cook moved back to the East Coast and took a job working on the initial Medicaid plan for the District of Columbia. Her job required her to coordinate efforts among many agencies, both public and private.

Cook's next major position as a program director was also in the District of Columbia. She worked for Mayor Marion Berry's office, and was responsible for implementing a public safety plan. The plan required Cook to establish liaisons among public sector agencies, community organizations, and private and academic agencies.

### Worked as Presidential Advance

At the same time that Cook was working in the public sector as a policy director, she became involved in electoral politics. In 1976, she went to work for Jimmy Carter's election campaign as his presidential advance. Cook was the first African American woman to act as national advance for a presidential candidate. Several years later, she worked as presidential advance during Jessie Jackson's campaign for the presidency.

By this point in her career, Cook was recognized as a person who could manage programs and coordinate projects that involved a variety of agencies. Her next major appointment was not in the public sector, but in education. She became associate dean of the School of Architecture and Planning at Howard University in Washington, D.C. in 1981. Cook began to develop a new talent as a successful writer of grants. One of the grants she secured for Howard was a \$50,000 planning grant that led to the development of Howard's Center for the Study of Urban Policy.

Cook's next position took her back to California, where she worked as Robert C. Farrell's chief of staff for the Los Angeles City Council in 1984. After that, her career took a strong turn towards community-based programs. The projects she worked on during this period had a common theme, developing structures to integrate all the services offered to members of a community. These included educational, family, and health services.

While Cook was working on a project to provide neighborhood-based services for the West Oakland neighborhood of Prescott, the mayor of Oakland asked her to run for the school board of Oakland from her district. She did, and was elected to

the school board in 1990. In 1993, Cook was elected president of the school board and, one year later, was reelected to a second term.

### **Elected Official – 1990-1998**

As an elected school board member, one issue that concerned Cook was the distressing status of African American students in the Oakland school system. The Oakland school system in 1996 was slightly more than 50 percent African American. However, the performance of African American students in the school system was below par. Sixty-four percent of the students who were held back at the end of a school year were African American. Approximately one out of five African American seniors did not graduate, and the grade point average for African American students was the lowest for any ethnic group. Furthermore, African American students comprised only 37 percent of the students enrolled in classes for the gifted. Conversely, 71 percent of the students in special education programs were African American.

Deeply concerned by these statistics, Cook asked the superintendent of the school district to form a task force to look at the performance of African American students in Oakland, and make recommendations for educational programs that would boost their achievement. A community-based task force met for approximately eight months to look at the issue and suggest possible remedies. The task force presented its recommendations to the school board in December of 1996. The task force recommendations were for the expansion of a program called the Standard English Proficiency (SEP) program. This program involves instructing teachers about the characteristics of African American dialect (called "African American Vernacular English" in the resolution. The program also promotes strategies that teach students standard English without attacking or belittling their home dialect.

In 1999, Cook undertook management of a project that was a direct result of the aforementioned controversy. She agreed to manage the African American Literacy and Culture Research Project, a two-year investigation into the relationship between African American language and culture and the development of the ability to read and write. This study was housed at CSU East Bay, School of Education and Allied Services. It was designed to devise strategies that promote the achievement of African American students, and may provide a positive outcome to the debate.

### **Educator**

Toni Cook's education career in education includes serving as Research Associate, UCLA Center for African American Studies, 1971-1973; Lecturer, History Department, CSU Dominguez Hills, 1972-1973; Associate Professor, Built Environment Studies, Morgan State University, 1974-1975; Associate Dean and Associate Professor, School of Architecture & Urban Planning, Howard University, 1980-1984; Lecturer, UC Berkeley, City/Regional Planning, 1988-1989; Laney College, Faculty and Department Chair, Ethnic Studies, 2005-2008. Ms. Cook continues to serve the "least of these," as she is the current director of four student services programs at the College of Alameda. The programs address the challenges of those who desire to attend college, but lack the fiscal resources, or may be first time potential college graduates, English is not the home language (EOPS/CARE); or the family receives TANF (CalWORKs), and/or are emancipated foster youth (YESS-ILP).

### **Awards (Partial Listing)**

National Finalist, White House Fellows Program, 1973 ; Sojourner Truth Leadership Award, Oakland Alliance of Black School Educators, 1997; Outstanding Leadership, Congressional Black Caucus, 1998; Resolution of Commendation, Oakland Board of Education, 1998; Legacy Award, First AME, Oakland Church, 2009; Education Pioneer Award, Task Force on the Education of Black Children, 2011.

# Dr. Laura Armstrong



## **EDUCATIONAL BACKGROUND**

1. Undergraduate Studies completed at the University of Arizona
2. Post Graduate Studies completed at San Francisco State
3. Post Graduate Studies completed at the University of Southern Mississippi

## **CHARTER AND PUBLIC SCHOOL EXPERIENCE**

1. Founder and Director of East Oakland Leadership Academy (EOLA)
  - a. East Oakland Leadership Academy opened in 2003 with 25 students
  - b. Today, EOLA has 140 students
  - c. Over the past 9 years, EOLA has raised school performance from a 400 API to an 800
2. Founder and Director of East Oakland Leadership Academy High
  - a. East Oakland Leadership Academy High opened to continue to serve 8<sup>th</sup> grade EOLA graduates.
3. Teacher and Director for 26 years.



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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix X**

**Resumes of Financial Specialist  
Committee**

# Clay Akiwenzie

## WORK EXPERIENCE

### **Berkadia Commercial Mortgage, LLC**

San Francisco, CA

11/2011 – Present *Vice President*

- Responsible for multifamily permanent debt originations for the Western Region (AZ, CA, WA, NV, UT);
- Diverse product offering required detailed understanding of underwriting criteria for conventional/affordable multifamily, student housing, and mobile home parks for Fannie Mae, Freddie Mac, FHA, Bank, and conduit executions.
- Re-opened San Francisco Office for Berkadia in 2011. *De novo* originations in year 1 exceeded \$140MM in financing.

### **Wells Fargo & Co.**

San Francisco, CA

4/2007 – 11/2011 *Director, Multifamily Capital*

- Responsible for multifamily permanent debt originations for the Western Region (AZ, CA, WA, NV, UT) for both internal and external business channels;
- Diverse product offering required detailed understanding of underwriting criteria for conventional/affordable multifamily, student housing, and mobile home parks for Fannie Mae, Freddie Mac, FHA, and conduit executions.
- Closed in excess of \$1BN in multifamily permanent financing (Conventional, LIHTC, MHP, Acqui/Rehab) with Fannie Mae, Freddie Mac and FHA.)
- Wells Fargo Top Producer for Western United States, 2008; Top 5 Producer Nationally 2010, 2011.

7/2004 – 4/2007 *Vice President, Real Estate Group*

- Responsible for origination, underwriting, credit analysis, loan structuring, document negotiation, construction disbursements, and pricing recommendations for a portfolio of affordable housing developers in northern California and Utah;
- Responsible for understanding structure and underwriting implications of various bridge financing structures, including private placement/public offering of tax-exempt bonds using 4% LIHTCs, 9% LIHTCs, and other residual receipt debt sources available to developers of affordable rental housing in California;
- Closed in excess of \$200MM in loans with a combination of construction debt, unsecured lines of credit, secured acquisition financing and non-recourse permanent debt on single-family detached/attached, mixed-use, and multi-family apartment complexes in California;
- First Runner-up *Golden Spoke* 2006, an award for top producer for West Region (AZ, CA, NV, OR, WA, UT, WA).
- Joined Wells Fargo 7/2004; Promoted to Assistant Vice President 02/2006; Promoted to Vice President 03/2007.

### **Native American Health Center**

Oakland, CA

6/1998– 6/2002 *Director of Youth Development*

- Managed 13-agency collaborative, 11 direct-report staff members, and reporting requirements for all private and public (local, state, and federal) funding sources;
- Developed and managed Native American youth development program in Oakland, CA integrating national best-practices with local needs to create an innovative wrap around continuum of care for urban Native American youth and families;
- Wrote successful grants to private foundations, local governments, state agencies, and federal government in excess of \$3MM during tenure as Director, tripling the annual program operating budget;
- Served as project manager to secure land 100% financed by city sources for the construction of a new 20,000 sf Native American Health Clinic located below 40 units of family affordable housing.

### **American Indian Public Charter School**

Oakland, CA

6/1997–6/1998 *Teacher*

- Taught 9<sup>th</sup> grade Mathematics, English, American Indian History and Physical Education while serving as an AmeriCorps member through the Bay Area Youth Agency Consortium.
- Led 13-member team responsible for implementing a community service project in the American Indian community.

### **Chippewas of Nawash**

Cape Croker, Ontario, CANADA

6/1992–9/1996 *Land Claims and Fisheries Researcher*

- Authored report summarizing contemporary fisheries research for the tribal communications department to counter misinformation being propagated by local anti-Indian fisheries lobby.
- Conducted land claims research for tribal attorney resulting in a landmark court decision confirming tribal right to fish (Regina vs. Jones-Nadjiwan, 1993). Searched land title records at County recorder's office to prove land claim over ancestral burial ground that had been annexed by the City of Owen Sound without providing public notice.
- Conducted and videotaped interviews with local elders as part of tribe's Talking History project.

## EDUCATION

University of California at Berkeley  
Walter A. Haas School of Business  
Master of Business Administration  
*Haas Certificate in Real Estate*

Stanford University  
Religious Studies with Honors  
Bachelor of Arts

## ADDITIONAL

- *Project Manager, MBA Intern*, Mid-Peninsula Housing Coalition, 1/2004- 6/2004; Redwood City, CA
- *Analyst, MBA Intern*, Devine and Gong, Inc. 6/2003-12/2003; San Francisco, CA
- *Wells Fargo Credit Management Training Program*: Participated in a six-month advanced credit-training program involving extensive study and application of financial statement analysis, industry and business risk analysis, cash flow analysis, projections, loan structuring, negotiations, and portfolio management.
- *Continuing Education*: Construction Contracts; Land Use Entitlements; Construction Management
- *Haas Certificate In Real Estate*: Relevant Coursework: Introduction to Real Estate, Real Estate Development, Real Estate Financing, Real Estate Investment Analysis, Real Estate Transactions (Boalt School of Law), Land Use Planning (School of City and Regional Planning), 2003 Bank of America Low Income Housing Challenge Team member.
- Board of Directors, Friendship House Assoc. of American Indians, Alcohol & Drug Treatment Center, 2006-2008
- Fellow, Consortium for Graduate Study in Management, 2002-2003
- Fellow, National Center for American Indian Enterprise Development, 2003
- *Who's Who in Public Service*, International Edition, 2000, 2001, 2002
- Presenter, Surgeon General David Satcher Report: *Mental Health: Culture, Race and Ethnicity*, 2002
- Captain, Stanford Men's Lacrosse Team 1996-1997
- Fellow, Mellon Undergraduate Minority Fellowship Program, Stanford University, 1995-1997
- Graduate Groton School 1992. Football (Captain), Hockey (Captain), Lacrosse (Captain)

# **Chaula M. Pandya**

An enthusiastic, motivated professional with experience in finance, deposit operation, cash management, sales, products and client relationship-building

## **Summary of Qualifications**

- 15 plus years of experience in commercial and retail banking
- Successful at establishing and maintaining profitable business relationships
- Able to relate to people at any level of business and management
- Accomplished outstanding reputation of reliability through adherence to work ethics
- Effective problem solver, organized and team player
- Skilled at handling multiple tasks and projects simultaneously

## **Work History**

**Community Bank of The Bay, Oakland, CA (2002-Present)**

**Senior Vice President, Chief Financial Officer**

- Responsible for the Bank's financial operating results, financial control and profitability, and Chief Technology Officer
- Specifically manage the support operations functions, investment portfolio, technology function and controlling expense areas
- Oversee various administrative duties for the Banks, including Human Resources.
- Prepare; present and interpret financial reports, budgeting and regulatory reporting. Participates in the Board meetings and involved in strategic planning.

**Citic Bank of Commerce, Oakland, CA (\*Now City National Bank)**

**Cash Management Sales and Products, Vice President (1999-2002)**

- Consistently achieved a 80% sales closure rate involving a comprehensive Cash Management proposals to bank prospects
- Independently called on existing clients to introduce new Cash Management products and services to enhance the overall banking relationship to improve profitability for the bank
- Delivered comprehensive PC and Internet banking demonstration resulting in an 85% sales closure rate for both existing clients and prospects
- Successfully managed a project to implement new Cash Management pricing schedule effective 2001 resulting in a significant monthly increase of non-interest income
- Coordinated a Lockbox conversion project maintaining the client base within an extremely challenging time frame

- Responsible for tracking and reporting to senior management monthly deposit growth and profitability of enhanced depository services
- Delivered quarterly training of all Cash Management deposit products to the offices and support personnel throughout the bank

**Civic Bank of Commerce, Fremont, CA**

**Operations Manager, Assistant Vice President (1996-1999)**

- Oversee the operations of three South Bay offices to ensure high quality of client service
- Provide support to all lending officers to confidently grow the client base throughout all offices
- Demonstrated and cross sold Cash Management products and related services to secure banking relationships
- Secured client relationships by maintaining strict attention to detail, developing consistent, high level of trust and efficient service resulting in notable client satisfaction
- Supported nine lending officers throughout three offices with a client base of approximately \$48MM in deposit business relationships

**Civic Bank of Commerce, Oakland, CA**

**Client Services & Wire Room Representative (1993-1996)**

- Supervised wire room operation of two people
- Responsible for complex wire room daily activities ensuring accuracy
- Successfully reorganized entire wire, ACH and PC Banking files
- Cross-trained other associates in all aspects of the Client Services and delivered a high level of efficiency
- Provided assistance to a combination of clients and bank associates throughout bank, looked upon as the "Operation's Specialist"

**Homestead Savings & Loan, Sausalito, CA**

**Client Service Manager (1989-1993)**

- Oversee the daily branch operation
- Provide supervision to customer service representatives when needed
- Audit daily work to proactively detect errors

**Education**

Bachelor of Arts in Psychology, San Francisco State University, San Francisco, CA

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# **Appendix Y**

**Memo to AIMS Site**

**Administrators**



3637 Magee Ave  
Oakland, CA 94619  
Tel. (510) 482-6000  
Fax. (510) 482-6002  
www.aimschools.org



# Memo

**To:** AIMS Site Administrators

**From:** Mr. Jason Chu, Acting Director AIM Schools

**Date:** November 1, 2012

**Re:** AIMS Board Agendas and Approved Minutes Binder

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As stated in the AIMS governing board by-laws, it is the duty of the AIMS Board Secretary to maintain all records of AIMS Board agendas and approved minutes. **It will now be the duty of the AIMS Director and each of the Site Administrators to maintain their own records of the AIMS Board agendas and approved minutes.**

1. The Site Administrators must all be in constant communication with the AIMS Board Secretary to obtain the board agendas and minutes.
2. The Site Administrators must have a binder in their respective offices containing every AIMS Board agenda and approved minutes as of the next board meeting.
3. At any given time, each Site Administrator must be able to provide copies of any AIMS Board agenda or approved minutes as of the next board meeting.

In the case of an emergency, five individuals now have records of all the AIMS Board agendas and approved minutes. This will ensure that our records are accurate and up-to-date.

If you have any questions, please put it in writing and CC it to my attention.

cc: AIMS Board of Directors

***"A School at Work"***

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# **Appendix Z**

**AIM Schools Board Manual**

**2012-2013**



# **American Indian Model Schools**

171 12th Street Oakland, CA 94607

**For AIM Schools Board Manual  
2012-2013 please see binder 2**

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix A<sub>1</sub>**

11/15/2012 AIMS Board

Governance Training Material

from Mr. Hodges and Mr.

Stevens

# AGENDA

✓1. INTRODUCTIONS

✓2. OVERVIEW OF AGENDA ITEMS TO BE PRESENTED

3. PRESENTATION OF ITEMS

4. QUESTIONS & ANSWERS

5. SUMMARY & RECOMMENDATIONS

## GROUND RULES

1. RESPECT EACH OTHER

2. LISTEN ATTENTIVELY

3. ALLOW FOR DIFFERENCES IN OPINIONS

4. ONLY ONE PERSON SPEAKS AT A TIME

5. TRY TO DISAGREE BUT DO NOT DISAGREE

6. REMAIN CALM AND POLITE

7. ALLOW THE PROCESS TO TAKE PLACE

8. RESPECT THE FEELINGS OF THE PERSON

9. RAISE HAND AND WAIT TO BE RECOGNIZED BY FACILITATOR

10. DO NOT BE DEFENSIVE AND CONTROL YOUR TONGUE

11. REMEMBER WE ALL WANT TO DEFINE OUR GOALS

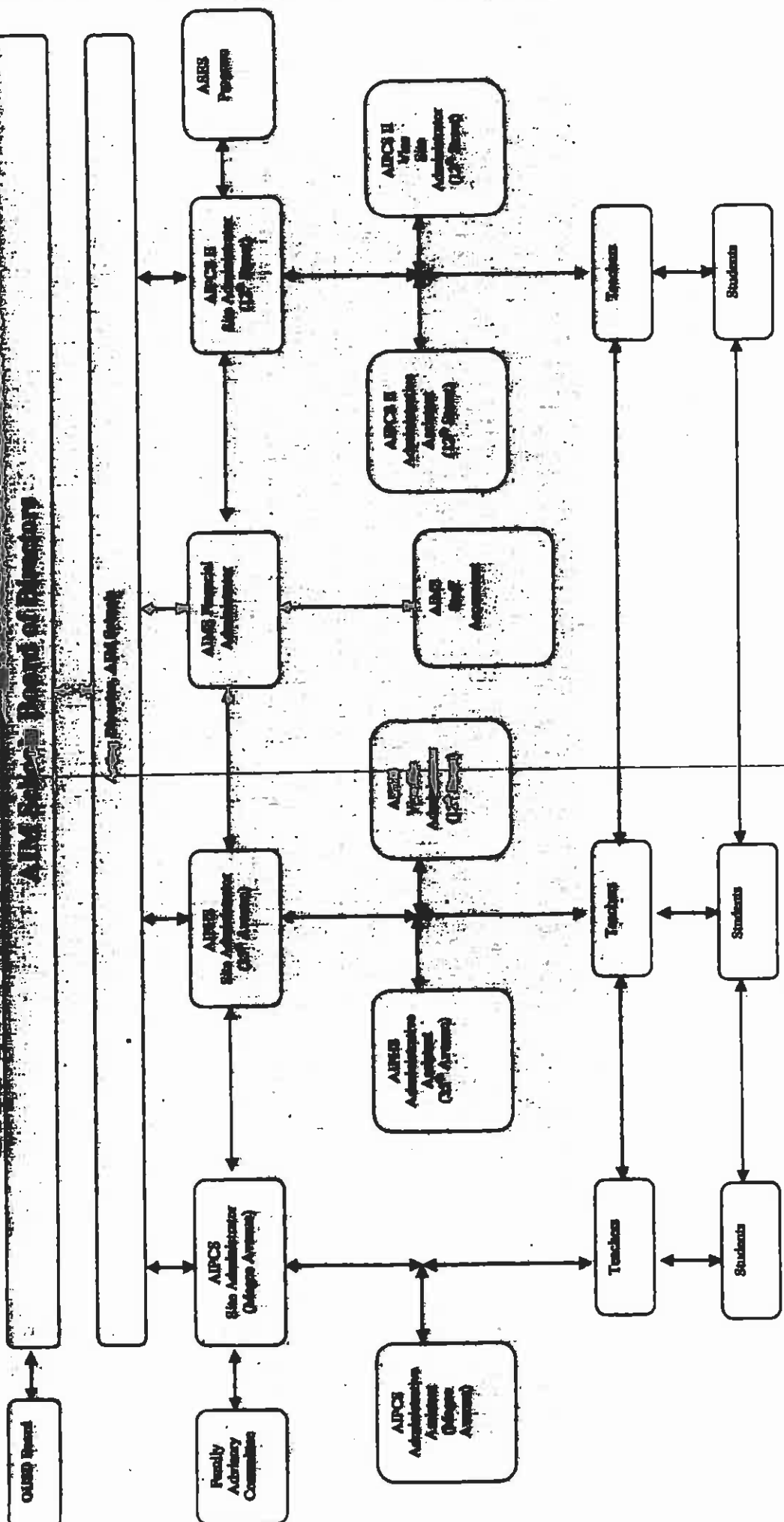
12. DO NOT COMMENT ON EVERYTHING SAID

13. DO NOT TAKE EVERYTHING PERSONALLY



# 2012-2013 AIM Schools Organizational Chart

## AIM Schools Board of Directors



# RESPONSIBILITIES

**This is the responsibilities of the School Board C.E.O/Superintendent and the staff and students.**

## **The School Board:**

- Represents Community
- Oversees facilities and financial planning
- Sets goals and objectives
- Establishes policies
- Reviews performance
- Directs administration
- Evaluates the C.E.O /Superintendent
- Approve and monitor the budget.

## **The C.E.O/Superintendent and Administration:**

- Maintain public liaison
- Prepare facility and financial plans
- Implement policies
- Administer school programs
- Measure performance
- Are directed by and report to the school board
- Provide information requested by the Board necessary for the performance of their duties

## **The Teacher:**

- Maintains student and parent liaison
- Manages the classroom
- Plans student objectives
- Implements teaching strategies
- Monitors and reports student performance

## **The Student:**

- Takes responsibility for his own learning
- Attends school regularly
- Completes homework assignments and does more than just "get by"
- Communicates with parents, teachers, counselors, and others
- Is self-disciplined and does not disrupt the learning environments
- Seeks to develop higher-order skills, and tries to relate his school experience to the work world, among other things.
- Seeks to develop a sense of values and a global view of the world
- Maintain a safe and drug-free environment

## SUMMARY OF THE BROWN ACT

Government Code sections 54950, *et seq.*

The Brown Act embodies the philosophy that public agencies exist for the purpose of conducting public business, and the public has the right to know how its "collaborative decisions" are being made. It represents the determination of the balance that should be struck between access on the one hand, and the need for confidential candor on the other. There is a presumption in favor of access, with exceptions for confidentiality where there has been a demonstrated need. The exceptions are construed narrowly.

Discussions of the Brown Act are usually divided into six topics: to whom does the Act apply, what is a meeting, what are the agenda requirements, what are the public's rights, what may be done in closed sessions, and what are the consequences for violation.

### 1. Bodies covered by the Brown Act.

- A. Legislative body of local agencies, e.g., boards, commissions, councils and committees. This also applies to a person who is elected as part of body who has not yet taken office.
- B. This does not apply to individual decision makers, e.g., department heads, legislative bodies acting in judicial capacity, bodies created by single decision maker.
- C. "Local agencies" include cities, counties, school districts, special districts, municipal corporations, etc. (There is a separate law for state agencies.) Factors used in assessing "localness" include geographical coverage, duties of the agency, and existence of oversight, provisions concerning membership and appointment.
- D. "Legislative bodies" include governing bodies and their subsidiary bodies, e.g., boards, commissions, committees or other bodies of a local agency that are created by charter, ordinance, resolution or "formal action" of a legislative body. This applies regardless of "temporary v. permanent", and "advisory v. decision making."
- E. THERE IS A SPECIFIC EXCEPTION FOR: "NON-STANDING" ADVISORY COMMITTEES THAT ARE COMPOSED OF LESS THAN A QUORUM OF THE LEGISLATIVE BODY.
  - 1. Standing committees are those whose meeting schedule is fixed by resolution or action of the body that created the committee.

2. If a legislative body designates less than a quorum of its members to meet with representatives from another body to exchange info, a separate body is not formed. However, if less than a quorum meets with another agency to perform a task, e.g., make a recommendation, a separate legislative body is formed.
- F. The act covers private corporations created by legislative bodies for the purpose of exercising authority, entities which receive funds from a local agency where the agency appoints one of its members to the board. Mere receipt of public funds by a nonprofit corporation does not subject a nonprofit corporation or other entity to the Brown Act.

2. **What is a meeting?**

- A. Any congregation of a **majority** of the members of legislative body at the same time and place to hear, discuss or deliberate on any matter within its jurisdiction. This can include lunches, social gatherings, or board retreats.
- B. Exemptions for: 1) conferences open to the general public which involve issues of interest to the body, 2) other public meetings, 3) meetings of other bodies under the same local agency, or 4) social or ceremonial occasions, **as long as a majority of the members do not discuss application of specific issues to the legislative body.**
- C. **Serial meetings** are included within the Brown Act if they are **for the purpose of developing a concurrence as to action to be taken.**
  1. Serial meeting is a series of communications, (whether in person or by phone or other media) each of which individually involves less than a quorum, but which, taken as a whole, involve a majority of the board's members. Examples include meetings of board members' intermediaries, chain communications (a | b | c), and hub communications (a | b, a | c).
  2. "Concurrence as to action to be taken" includes substantive matters that are or are likely to be on board's agenda, but does not include purely housekeeping matters (e.g., times, dates and locations of upcoming meetings.)
- D. Individual contacts between members of the public and board members are exempt from definition of meeting.

3. **Notice and Agenda Requirements**

- A. Regular meetings are those whose time and place is set by ordinance, bylaw or resolution.
  1. At least 72 hours prior to meeting, the agency must post an agenda containing a brief general description (generally no longer than 20 words)

of each action or discussion item to be considered, including items to be considered at closed sessions. The purpose is to notify members of the public of items in which they may wish to participate.

2. Exceptions for three types of matters, each of which must be publicly announced before proceeding:
    - a. Emergencies (requires majority vote).
    - b. Need for immediate action arising after publication of agenda (requires 2/3 of entire body, or if fewer than 2/3 remain, 100% of all remaining members).
    - c. Matter which has been posted for a previous meeting which is carried over for no more than five days.
  3. Agenda must contain an opportunity for public testimony on matters not listed on the agenda. The agency may impose reasonable time limitations on this comment period. The board or commission cannot take action on a matter raised for first time in "public comment" if the item is not on its agenda.
- B. Special meetings require 24 hours' notice. No business may be considered except that for which meeting was called.
- C. Emergency meetings (crippling disasters, strikes, public health and/or safety threats) may be called on one hour notice, determined by a majority of the body. No closed session is permitted.
- D. Closed sessions require three types of notice: a listing in the agenda, a pre-closed session announcement, and a post-closed session report of action taken.
1. Statutes contain "safe harbor" format for closed session agenda requirements.
  2. Special statutory requirements re: exposure to potential litigation. There must be a finding of one of the following in order to qualify for this exception:
    - a. Facts and circumstances exist that might result in litigation against the local agency but which the local agency believes are not yet known to a potential plaintiff or plaintiffs need not be disclosed.
    - b. Facts and circumstances exist that might result in litigation against the agency and that are known to a potential plaintiff or plaintiffs shall be publicly stated on the agenda or announced.
    - c. The agency has received a claim pursuant to the Tort Claims Act or some other written communication from a potential plaintiff

threatening litigation, which claim or communication shall be available for public inspection.

- d. A statement has been made by a person in an open and public meeting threatening litigation.
  - e. A statement threatening litigation has been made by person outside an open and public meeting.( No closed session allowed in absence of record of the statement prior to the meeting.)
- 3. No requirement for disclosure of written communications that are privileged and not subject to disclosure pursuant to the Public Records Act .
  - 4. At the end of a closed session, the body must convene in open session and report on action taken, either orally or in writing. Specific statutory requirements must be met as to form of report. (See sample)
  - 5. Adjournments and continuances need not be separately posted if the subsequent meeting is continued for no more than five days. However, notice of adjournment (continuance) must be posted.
  - 6. The location of meetings must generally be within the geographic boundaries of the body's jurisdiction, except for compliance with law or court order, to inspect real property, to conduct meetings of multi agency significance, to reach the nearest available facility if the body has no meeting facility available, to meet with state or federal officials to discuss regulatory issues, to view a facility to discuss the facility itself, to visit legal counsel to reduce fees, or in the case of schools, to attend conferences on collective bargaining or interview a potential employee from another district or interview public about a candidate for superintendent.
  - 7. There are special procedures re: new or increased taxes or assessments.
4. **Rights of the Public.**
- A. Access generally means the right to be notified of items to be considered (agenda), to attend meetings of legislative bodies without identifying oneself, to record the meeting, to have access to documents distributed to members of the legislative body, not to pay for the agency's costs in complying with Brown Act, to be free from discrimination, and to provide public comment.
  - B. Legislative bodies may provide greater public access than required by Brown Act.
5. **Permissible Closed Meetings.**
- A. Personnel exception.

1. This exception applies to the appointment, employment, evaluation, discipline or dismissal of public employee.
2. The employee may request that the hearing be conducted in public only if the purpose is to discuss specific instances of misconduct. The employee has the right to 24 hours' notice of hearing on charges of misconduct.
3. In this context, an employee does not include elected officials, independent contractors, or members of the legislative body.
4. The meeting must pertain to a particular employee, not employees in general. There cannot be abstract discussions re: creation of new positions unless workload discussion involves the performance of a specific employee.
5. The meeting does not be used to discuss salary.

B. Pending litigation and attorney-client privilege.

1. This exception is based on attorney client privilege, but applies only to litigation.
2. Litigation includes any adjudicatory proceeding.
3. Litigation is "pending" when any of the following circumstances exist:
  - (a) Litigation, to which the local agency is a party, has been initiated formally.
  - (b) A point has been reached where, in the opinion of the legislative body of the local agency on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the local agency.
4. "Existing facts and circumstances" are limited to the following:
  - (a) Facts and circumstances that might result in litigation against the local agency but which the local agency believes are not yet known to a potential plaintiff.
  - (b) Facts and circumstances, e.g., an accident, disaster, incident, or transaction that might result in litigation against the agency and that are known to a potential plaintiff or plaintiffs.
  - (c) The receipt of a claim pursuant to the Tort Claims Act or some other written communication from a potential plaintiff threatening litigation.

(d) A statement made by a person in an open and public meeting threatening litigation on a specific matter within the responsibility of the legislative body.

(e) A statement threatening litigation made by a person outside an open and public meeting on a specific matter.

5. The pending litigation exception also includes those cases where the legislative body of the local agency has decided to initiate or is deciding whether to initiate litigation.

C. Real Estate Negotiation

D. Labor Negotiations

E. Public Security

6. **Consequences of Violation.**

A. Criminal penalties-- misdemeanor where action taken in violation of the act.

B. Civil remedies--

1. Injunction, mandamus, declaratory relief

2. Action may be voided following notice to correct, which must be received within 90 days, and acted on within 30 days, lawsuit filed within 15 days.

C. Attorney fees

1. Awarded against agency, not individual.

7. **New Legislation.**

A. New Legislation, effective January 1, 2003 (AB 1945), confirms that it is a violation of the Brown Act to disclose confidential, closed session information.



## Robert's Rules of Order and Parliamentary Procedure

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Robert's Rules of Order exists to facilitate the decision-making process at meetings. They ensure that discussion is clear, and that the rights of both the majority and the minority are protected. Below are some of the basic rules within Bob's Rules that help a meeting run more smoothly and keep discussion on track. The rules, however, are not meant to disrupt or hold-up a meeting, and may be suspended if a member is using them for those purposes.

There is provision within Robert's Rules to suspend the rules, and often at the committee level a consensus decision-making process is employed.

If any folks are really interested in the rules, a particularly good edition to purchase for personal use is: The Scott, Foresman ROBERT'S RULES OF ORDER NEWLY REVISED 1990 Edition 9th Edition, published by Scott, Foresman and Company. It's about \$17.00 new in the UVic Bookstore.

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### Chairperson/Speaker

Each meeting is facilitated or guided by a speaker or chairperson. S/he is responsible for ensuring that the meeting runs smoothly and fairly. The chairperson remains impartial during the debate and should command the respect of all those in the room. The chairperson is not the final arbitrator of all decisions: the assembly ultimately has the authority and the responsibility to decide how the meeting should run.

### Main Motion

The basis for discussion is a formal motion. The motion is put forward of being 'moved' by a voting member of the assembly to focus discussion. Each motion must have a mover and a seconder to show that it has at least a minimum of support from the delegates. Once a motion has been put 'on the floor' for discussion, debate must focus on the substance of the motion. All other discussion is out of order and not allowed. A main motion may not be introduced if there is any other motion on the floor. The mover must state the motion before speaking and motions should be written out and handed to the chair so that everyone is clear on what is being discussed.

### Order

Once a motion is introduced, the chairperson will maintain a speaker's list to allow for discussion in an orderly manner. The seconder of the motion is given the right to speak immediately after the mover. To ensure that all members of the assembly have an equal opportunity to speak, the chairperson will allow speakers on the list who have not yet spoken before those who already have spoken.

### Amendments

At any time, a person who has the floor can introduce an amendment to the main motion being debated. An amendment is a motion that alters, adds to, subtracts from, or completely changes the main motion. Once an amendment has been moved and seconded, debate must be on the substance of the amendment. An amendment can only be amended once. For an amendment to pass, it needs a simple majority. Once an amendment has either been passed, defeated, or withdrawn, discussion reverts back to the main motion,

taking into account whether or not the amendment passed. Complex or lengthy amendments should be written out for the chairperson to **be able to read** back to the assembly.

### Point of Order

If a member feels that the rules of order are being broken, s/he can immediately raise a 'point of order', and state what rule has been broken or not enforced by the chair. A point of order can interrupt a speaker. It cannot be used as an opportunity to get around the speakers' list - it can only be used to **ask the chair to enforce the rules**. The chair decides if the point is valid or not, and proceeds accordingly.

### Point of Privilege

A point of privilege can interrupt the speaker. A member who feels her/his right or privileges have been infringed on may bring up this point by stating their problem. Privilege refers to anything regarding the comfort of accessibility of the member (i.e. too much smoke, too much noise, fuzzy photocopies, etc.), or to the right of the member not to be insulted, misquoted, or deliberately misinterpreted. Again, the **chair** decides if the point is valid or not and proceeds accordingly.

### Challenge the Chair

If a member feels her/his point of order or privilege has been ruled on unfairly by the chair, s/he can challenge the chair. The chair then asks for a motion to uphold the chair, and the vote is **taken**. The **vote** decides whether the action decided upon by the chair is valid, or whether the member is correct.

### Point of Information

A point of information is a **QUESTION**. A member may interrupt the speaker to **ask her/his** question, but the speaker who has the floor has the privilege to refuse the question. The chair will **ask the speaker** if s/he wishes to entertain a question at that time. A point of information is not an opportunity to bring forward information, jump the speakers' list, harass another speaker, or generally disrupt the proceedings - **IT CAN ONLY BE A QUESTION**.

### Table

Debate may end in several ways. If a member feels that a decision on a motion **needs to be** postponed for some reason, then s/he can **move** to 'table' the motion. A member may not **move to table** a motion at the end of a speech, only at the time they **are recognized** by the chair. A specified time may be **put on the tabling** or the motion may be left indefinite. The only debate allowed is as to the length of tabling, or the **time-line** involved. A motion to table requires **only** a simple majority.

### Calling the Question

If a member feels that further **debate** is unproductive, s/he may 'call the question', **requesting** the debate be ended. If there is no objection, **the** meeting proceeds to the main motion. If there is objection, then the meeting

must vote **on whether to end debate**. This vote requires a two-thirds (2/3) majority to pass, and is non-debatable. If the 'call' passes, a vote on the main motion is immediately **taken**, without any further debate.

### Rescind

A motion to rescind another motion is **in order** if it refers to a motion passed at **another meeting on another day**. This cannot be applied to actions that cannot be reversed (i.e. things that have **already been carried out**). This requires a two-thirds (2/3) majority to pass.

### Reconsider

A motion to reconsider is applicable to a motion that was passed at the same meeting. **Such a motion must be moved by someone who voted with the prevailing majority on the previous vote**. It requires a two-thirds (2/3) majority to pass.

### Suspension of the Rules

A motion to suspend the rules of order (so that the assembly may do something **not allowed in the rules**) must receive a two-thirds (2/3) **majority vote**, is **not** debatable, cannot be amended and **cannot be reconsidered at the same meeting**.

### Adjourn

This motion takes precedence over **all others**, except to 'fix the time to adjourn', to which it yields. It is not debatable, it cannot be amended, nor can a vote on it be reconsidered. A motion to adjourn **cannot be made when another has the floor, nor after a question has been put and the assembly is engaged in voting**.

### Refer or Commit

This motion is generally **used to send** a pending question to a committee so that the questions may be carefully investigated. This motion **must be seconded** and is debatable, but the debate can **only extend to the desirability of committing the main motion, not to the substance of the main motion itself**.

### Committee of the Whole

At some point the assembly **may wish to** informally consider a motion or a group of motions before having to deal with them in a 'one at a time', debate **fashion**. Votes may be taken in committee but are **not binding on the assembly unless ratified when the group re-enters the regular session**. Motions are required to move in and out of committee of the whole.

### Minutes

The numbering of motions **always is** by date, and then by when the motion arose in the meeting (YEAR/MONTH/DAY:NUMBER IN ORDER). So the fourteenth motion during the **June 23, 1996** meeting would be numbered like: 96/06/23:14.

The three numbers after **either a 'CARRIED,' 'DEFEATED,' or 'TIED'** are arranged in a specific order. The first number indicated the number which voted in favour; the second is the number **voting against**; the third is the number who abstained. Thus, a decision which saw seven members in favour, **four against**, and two abstaining, would look like: 7 - 4 - 2.

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2011/2012  
Statement of  
Economic Interests



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# Form 700

A Public Document

*Also available on the FPPC website:*

- ***Form 700 in Excel format***
- ***Reference Pamphlet for Form 700***

## **California Fair Political Practices Commission**

428 J Street, Suite 620 • Sacramento, CA 95814  
Toll-free advice line: 1 (866) ASK-FPPC • 1 (866) 275-3772  
Telephone: (916) 322-5660 • Website: [www.fppc.ca.gov](http://www.fppc.ca.gov)

December 2011

## Introduction

The Political Reform Act (Gov. Code Sections 81000-91014) requires most state and local government officials and employees to publicly disclose their personal assets and income. They also must disqualify themselves from participating in decisions that may affect their personal economic interests. The Fair Political Practices Commission (FPPC) is the state agency responsible for issuing the attached Statement of Economic Interests, Form 700, and for interpreting the law's provisions.

### Gift Prohibition

Gifts received by most state and local officials, employees, and candidates are subject to a limit. For 2011-2012, the gift limit remains at \$420 from a single source during a calendar year. This gift limit is effective until December 31, 2012.

In addition, state officials, state candidates, and certain state employees are subject to a \$10 limit per calendar month on gifts from lobbyists and lobbying firms registered with the Secretary of State. See Reference Pamphlet, page 10.

State and local officials and employees should check with their agency to determine if other restrictions apply.

### Disqualification

Public officials are, under certain circumstances, required to disqualify themselves from making, participating in, or attempting to influence governmental decisions that will affect their economic interests. This may include interests they are not required to disclose (i.e., a personal residence is often not reportable, but may be disqualifying). Specific disqualification requirements apply to 87200 filers (e.g., city councilmembers, members of boards of supervisors, planning commissioners, etc.). These officials must identify orally the economic interest that creates a conflict of interest and leave the room before a discussion or vote takes place at a public meeting. For more information, consult Government Code Section 87105, Regulation 18702.5, and the Overview of the Conflict of Interest Laws at [www.fppc.ca.gov](http://www.fppc.ca.gov).

### Honorarium Ban

Most state and local officials, employees, and candidates are prohibited from accepting an honorarium for any speech given, article published, or attendance at a conference, convention, meeting, or like gathering. See Reference Pamphlet, page 10.

### Loan Restrictions

Certain state and local officials are subject to restrictions on loans. See Reference Pamphlet, page 14.

### Post-Governmental Employment

There are restrictions on representing clients or employers before former agencies. The provisions apply to elected state officials, most state employees, local elected officials, county chief administrative officers, city managers, including the chief administrator of a city, and general managers or chief administrators of local special districts and JPAs. The FPPC website has fact sheets explaining the provisions.

### Late Filing

The filing officer who retains originally-signed statements of economic interests may impose on an individual a fine for any statement that is filed late. The fine is \$10 per day up to a maximum of \$100. Late filing penalties may be reduced or waived under certain circumstances.

Persons who fail to timely file their Form 700 may be referred to the FPPC's Enforcement Division (and, in some cases, to the Attorney General or district attorney) for investigation and possible prosecution. In addition to the late filing penalties, a fine of up to \$5,000 per violation may be imposed.

**For assistance** concerning reporting, prohibitions, and restrictions under the Act:

- Call the FPPC toll-free at (866) 275-3772.
- See the booklet entitled "Your Duty to File: A Basic Overview of State Economic Disclosure Law and Reporting Requirements for Public Officials" available at [www.fppc.ca.gov](http://www.fppc.ca.gov).

### Form 700 Public Access

Statements of Economic Interests are public documents. The filing officer must permit any member of the public to inspect and receive a copy of any statement.

- Statements must be available as soon as possible during the agency's regular business hours, but in any event not later than the second business day after the statement is received. Access to the Form 700 is not subject to the Public Records Act procedures.
- No conditions may be placed on persons seeking access to the forms.
- No information or identification may be required from persons seeking access.
- Reproduction fees of no more than 10 cents per page may be charged.

**STATEMENT OF ECONOMIC INTERESTS  
COVER PAGE**

Date Received  
Official Use Only

Please type or print in ink.

NAME OF FILER (LAST) (FIRST) (MIDDLE)

**1. Office, Agency, or Court**

Agency Name

Division, Board, Department, District, if applicable

Your Position

► If filing for multiple positions, list below or on an attachment.

Agency: \_\_\_\_\_

Position: \_\_\_\_\_

**2. Jurisdiction of Office (Check at least one box)**

State

Judge or Court Commissioner (Statewide Jurisdiction)

Multi-County \_\_\_\_\_

County of \_\_\_\_\_

City of \_\_\_\_\_

Other \_\_\_\_\_

**3. Type of Statement (Check at least one box)**

Annual: The period covered is January 1, 2011, through December 31, 2011.

Leaving Office: Date Left \_\_\_\_/\_\_\_\_/\_\_\_\_  
(Check one)

-or-  
The period covered is \_\_\_\_/\_\_\_\_/\_\_\_\_, through December 31, 2011.

The period covered is January 1, 2011, through the date of leaving office:

Assuming Office: Date assumed \_\_\_\_/\_\_\_\_/\_\_\_\_

The period covered is \_\_\_\_/\_\_\_\_/\_\_\_\_, through the date of leaving office.

Candidate: Election Year \_\_\_\_\_ Office sought, if different than Part 1: \_\_\_\_\_

**4. Schedule Summary**

Check applicable schedules or "None."

► Total number of pages including this cover page: \_\_\_\_\_

Schedule A-1 - Investments - schedule attached

Schedule C - Income, Loans, & Business Positions - schedule attached

Schedule A-2 - Investments - schedule attached

Schedule D - Income - Gifts - schedule attached

Schedule B - Real Property - schedule attached

Schedule E - Income - Gifts - Travel Payments - schedule attached

-or-

None - No reportable interests on any schedule

**5. Verification**

MAILING ADDRESS STREET CITY STATE ZIP CODE  
(Business or Agency Address Recommended - Public Document)

DAYTIME TELEPHONE NUMBER E-MAIL ADDRESS (OPTIONAL)  
( )

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information contained herein and in any attached schedules is true and complete. I acknowledge this is a public document.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date Signed \_\_\_\_\_  
(month, day, year)

Signature \_\_\_\_\_  
(File the originally signed statement with your filing official.)

## Questions and Answers

### General

- Q. What is the reporting period for disclosing interests on an assuming office statement or a candidate statement?
- A. On an assuming office statement, disclose all reportable investments, interests in real property, and business positions held on the date you assumed office. In addition, you must disclose income (including loans, gifts and travel payments) received during the 12 months prior to the date you assumed office.

On a candidate statement, disclose all reportable investments, interests in real property, and business positions held on the date you file your declaration of candidacy. You must also disclose income (including loans, gifts and travel payments) received during the 12 months prior to the date you file your declaration of candidacy.

- Q. I hold two other board positions in addition to my position with the county. Must I file three statements of economic interests?
- A. Yes, three are required. However, you may complete one statement listing the county and the two boards on the cover page or an attachment as the agencies for which you will be filing. Report your economic interests using the largest jurisdiction and highest disclosure requirements assigned to you by the three agencies. Make two copies of the entire statement **before signing it**, sign each copy with an original signature, and distribute one original to the county and to each of the two boards. **Remember to complete separate statements for positions that you leave or assume during the year.**
- Q. I am a department head who recently began acting as city manager. Should I file as the city manager?
- A. Yes. File an assuming office statement as city manager. Persons serving as "acting," "interim," or "alternate" must file as if they hold the position because they are or may be performing the duties of the position.
- Q. As a designated employee, I left one state agency to work for another state agency. Must I file a leaving office statement?
- A. Yes. You may also need to file an assuming office statement for the new agency.

### Investment Disclosure

- Q. I have an investment interest in shares of stock in a company that does not have an office in my jurisdiction. Must I still disclose my investment interest in this company?
- A. Probably. The definition of "doing business in the jurisdiction" is not limited to whether the business has an office or physical location in your jurisdiction. See Reference Pamphlet, page 13.
- Q. My spouse and I have a living trust. The trust holds rental property in my jurisdiction, our primary residence, and investments in diversified mutual funds. I have full disclosure. How is this trust disclosed?
- A. Disclose the name of the trust, the rental property and its income on Schedule A-2. Your primary residence and investments in diversified mutual funds registered with the SEC are not reportable.
- Q. I am required to report all investments. I hold many stocks through an account managed by a brokerage firm. Must I disclose these stocks even though I did not decide which stocks to purchase?
- A. Yes. Disclose on Schedule A-1 or A-2 any stock worth \$2,000 or more in a business entity located in or doing business in your jurisdiction.
- Q. I own stock in IBM and must report this investment on Schedule A-1. I initially purchased this stock in the early 1990s; however, I am constantly buying and selling shares. Must I note these dates in the "Acquired" and "Disposed" fields?
- A. No. You must only report dates in the "Acquired" or "Disposed" fields when, during the reporting period, you initially purchase a reportable investment worth \$2,000 or more or when you dispose of the entire investment. You are not required to track the partial trading of an investment.
- Q. On last year's filing I reported stock in Encoe valued at \$2,000 - \$10,000. Late last year the value of this stock fell below and remains at less than \$2,000. How should this be reported on this year's statement?
- A. You are not required to report an investment if the value was less than \$2,000 during the entire reporting period. However, because a disposed date is not



# SCHEDULE A-1

## Investments

### Stocks, Bonds, and Other Interests

(Ownership Interest is Less Than 10%)

Do not attach brokerage or financial statements.

Name \_\_\_\_\_

▶ NAME OF BUSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF BUSINESS ACTIVITY \_\_\_\_\_

---

FAIR MARKET VALUE

\$2,000 - \$10,000       \$10,001 - \$100,000

\$100,001 - \$1,000,000       Over \$1,000,000

NATURE OF INVESTMENT

Stock       Other \_\_\_\_\_ (Describe)

Partnership       Income Received of \$0 - \$499

Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/11      \_\_\_\_/\_\_\_\_/11

ACQUIRED      DISPOSED

▶ NAME OF BUSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF BUSINESS ACTIVITY \_\_\_\_\_

---

FAIR MARKET VALUE

\$2,000 - \$10,000       \$10,001 - \$100,000

\$100,001 - \$1,000,000       Over \$1,000,000

NATURE OF INVESTMENT

Stock       Other \_\_\_\_\_ (Describe)

Partnership       Income Received of \$0 - \$499

Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/11      \_\_\_\_/\_\_\_\_/11

ACQUIRED      DISPOSED

▶ NAME OF BUSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF BUSINESS ACTIVITY \_\_\_\_\_

---

FAIR MARKET VALUE

\$2,000 - \$10,000       \$10,001 - \$100,000

\$100,001 - \$1,000,000       Over \$1,000,000

NATURE OF INVESTMENT

Stock       Other \_\_\_\_\_ (Describe)

Partnership       Income Received of \$0 - \$499

Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/11      \_\_\_\_/\_\_\_\_/11

ACQUIRED      DISPOSED

▶ NAME OF BUSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF BUSINESS ACTIVITY \_\_\_\_\_

---

FAIR MARKET VALUE

\$2,000 - \$10,000       \$10,001 - \$100,000

\$100,001 - \$1,000,000       Over \$1,000,000

NATURE OF INVESTMENT

Stock       Other \_\_\_\_\_ (Describe)

Partnership       Income Received of \$0 - \$499

Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/11      \_\_\_\_/\_\_\_\_/11

ACQUIRED      DISPOSED

▶ NAME OF BUSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF BUSINESS ACTIVITY \_\_\_\_\_

---

FAIR MARKET VALUE

\$2,000 - \$10,000       \$10,001 - \$100,000

\$100,001 - \$1,000,000       Over \$1,000,000

NATURE OF INVESTMENT

Stock       Other \_\_\_\_\_ (Describe)

Partnership       Income Received of \$0 - \$499

Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/11      \_\_\_\_/\_\_\_\_/11

ACQUIRED      DISPOSED

▶ NAME OF BUSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF BUSINESS ACTIVITY \_\_\_\_\_

---

FAIR MARKET VALUE

\$2,000 - \$10,000       \$10,001 - \$100,000

\$100,001 - \$1,000,000       Over \$1,000,000

NATURE OF INVESTMENT

Stock       Other \_\_\_\_\_ (Describe)

Partnership       Income Received of \$0 - \$499

Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/11      \_\_\_\_/\_\_\_\_/11

ACQUIRED      DISPOSED

Comments: \_\_\_\_\_

# SCHEDULE A-2

## Investments, Income, and Assets of Business Entities/Trusts

(Ownership Interest is 10% or Greater)

**CALIFORNIA FORM 700**  
FAIR POLITICAL PRACTICES COMMISSION

Name \_\_\_\_\_

**1. BUSINESS ENTITY OR TRUST**

Name \_\_\_\_\_

Address (Business Address Acceptable) \_\_\_\_\_

Check one  
 Trust, go to 2     Business Entity, complete the box, then go to 2

**GENERAL DESCRIPTION OF BUSINESS ACTIVITY**

<b>FAIR MARKET VALUE</b>	<b>IF APPLICABLE, LIST DATE:</b>	
<input type="checkbox"/> \$0 - \$1,999	____/____/11	____/____/11
<input type="checkbox"/> \$2,000 - \$10,000	ACQUIRED	DISPOSED
<input type="checkbox"/> \$10,001 - \$100,000		
<input type="checkbox"/> \$100,001 - \$1,000,000		
<input type="checkbox"/> Over \$1,000,000		

**NATURE OF INVESTMENT**  
 Sole Proprietorship     Partnership     Other \_\_\_\_\_

**YOUR BUSINESS POSITION** \_\_\_\_\_

**1. BUSINESS ENTITY OR TRUST**

Name \_\_\_\_\_

Address (Business Address Acceptable) \_\_\_\_\_

Check one  
 Trust, go to 2     Business Entity, complete the box, then go to 2

**GENERAL DESCRIPTION OF BUSINESS ACTIVITY**

<b>FAIR MARKET VALUE</b>	<b>IF APPLICABLE, LIST DATE:</b>	
<input type="checkbox"/> \$0 - \$1,999	____/____/11	____/____/11
<input type="checkbox"/> \$2,000 - \$10,000	ACQUIRED	DISPOSED
<input type="checkbox"/> \$10,001 - \$100,000		
<input type="checkbox"/> \$100,001 - \$1,000,000		
<input type="checkbox"/> Over \$1,000,000		

**NATURE OF INVESTMENT**  
 Sole Proprietorship     Partnership     Other \_\_\_\_\_

**YOUR BUSINESS POSITION** \_\_\_\_\_

**2. IDENTIFY THE GROSS INCOME RECEIVED (INCLUDE YOUR PRO RATA SHARE OF THE GROSS INCOME TO THE ENTITY/TRUST)**

<input type="checkbox"/> \$0 - \$499	<input type="checkbox"/> \$10,001 - \$100,000
<input type="checkbox"/> \$500 - \$1,000	<input type="checkbox"/> OVER \$100,000
<input type="checkbox"/> \$1,001 - \$10,000	

**2. IDENTIFY THE GROSS INCOME RECEIVED (INCLUDE YOUR PRO RATA SHARE OF THE GROSS INCOME TO THE ENTITY/TRUST)**

<input type="checkbox"/> \$0 - \$499	<input type="checkbox"/> \$10,001 - \$100,000
<input type="checkbox"/> \$500 - \$1,000	<input type="checkbox"/> OVER \$100,000
<input type="checkbox"/> \$1,001 - \$10,000	

**3. LIST THE NAME OF EACH REPORTABLE SINGLE SOURCE OF INCOME OF \$10,000 OR MORE (Attach a separate sheet if necessary)**

\_\_\_\_\_

\_\_\_\_\_

**3. LIST THE NAME OF EACH REPORTABLE SINGLE SOURCE OF INCOME OF \$10,000 OR MORE (Attach a separate sheet if necessary)**

\_\_\_\_\_

\_\_\_\_\_

**4. INVESTMENTS AND INTERESTS IN REAL PROPERTY HELD BY THE BUSINESS ENTITY OR TRUST**

Check one box:  
 INVESTMENT     REAL PROPERTY

Name of Business Entity, if Investment, or Assessor's Parcel Number or Street Address of Real Property \_\_\_\_\_

Description of Business Activity or City or Other Precise Location of Real Property \_\_\_\_\_

<b>FAIR MARKET VALUE</b>	<b>IF APPLICABLE, LIST DATE:</b>	
<input type="checkbox"/> \$2,000 - \$10,000	____/____/11	____/____/11
<input type="checkbox"/> \$10,001 - \$100,000	ACQUIRED	DISPOSED
<input type="checkbox"/> \$100,001 - \$1,000,000		
<input type="checkbox"/> Over \$1,000,000		

**NATURE OF INTEREST**  
 Property Ownership/Deed of Trust     Stock     Partnership

Leasehold \_\_\_\_\_ Yrs. remaining     Other \_\_\_\_\_

Check box if additional schedules reporting investments or real property are attached

**4. INVESTMENTS AND INTERESTS IN REAL PROPERTY HELD BY THE BUSINESS ENTITY OR TRUST**

Check one box:  
 INVESTMENT     REAL PROPERTY

Name of Business Entity, if Investment, or Assessor's Parcel Number or Street Address of Real Property \_\_\_\_\_

Description of Business Activity or City or Other Precise Location of Real Property \_\_\_\_\_

<b>FAIR MARKET VALUE</b>	<b>IF APPLICABLE, LIST DATE:</b>	
<input type="checkbox"/> \$2,000 - \$10,000	____/____/11	____/____/11
<input type="checkbox"/> \$10,001 - \$100,000	ACQUIRED	DISPOSED
<input type="checkbox"/> \$100,001 - \$1,000,000		
<input type="checkbox"/> Over \$1,000,000		

**NATURE OF INTEREST**  
 Property Ownership/Deed of Trust     Stock     Partnership

Leasehold \_\_\_\_\_ Yrs. remaining     Other \_\_\_\_\_

Check box if additional schedules reporting investments or real property are attached

Comments: \_\_\_\_\_

**SCHEDULE B**  
**Interests in Real Property**  
(Including Rental Income)

Name \_\_\_\_\_

▶ ASSESSOR'S PARCEL NUMBER OR STREET ADDRESS  
\_\_\_\_\_

CITY  
\_\_\_\_\_

FAIR MARKET VALUE IF APPLICABLE, LIST DATE:  
 \$2,000 - \$10,000  
 \$10,001 - \$100,000  
 \$100,001 - \$1,000,000  
 Over \$1,000,000

ACQUIRED    /   /11      DISPOSED    /   /11

NATURE OF INTEREST  
 Ownership/Deed of Trust       Easement  
 Leasehold \_\_\_\_\_ Yrs. remaining       \_\_\_\_\_ Other

IF RENTAL PROPERTY, GROSS INCOME RECEIVED  
 \$0 - \$499       \$500 - \$1,000       \$1,001 - \$10,000  
 \$10,001 - \$100,000       OVER \$100,000

SOURCES OF RENTAL INCOME: If you own a 10% or greater interest, list the name of each tenant that is a single source of income of \$10,000 or more.  
 \_\_\_\_\_  
 \_\_\_\_\_

▶ ASSESSOR'S PARCEL NUMBER OR STREET ADDRESS  
\_\_\_\_\_

CITY  
\_\_\_\_\_

FAIR MARKET VALUE IF APPLICABLE, LIST DATE:  
 \$2,000 - \$10,000  
 \$10,001 - \$100,000  
 \$100,001 - \$1,000,000  
 Over \$1,000,000

ACQUIRED    /   /11      DISPOSED    /   /11

NATURE OF INTEREST  
 Ownership/Deed of Trust       Easement  
 Leasehold \_\_\_\_\_ Yrs. remaining       \_\_\_\_\_ Other

IF RENTAL PROPERTY, GROSS INCOME RECEIVED  
 \$0 - \$499       \$500 - \$1,000       \$1,001 - \$10,000  
 \$10,001 - \$100,000       OVER \$100,000

SOURCES OF RENTAL INCOME: If you own a 10% or greater interest, list the name of each tenant that is a single source of income of \$10,000 or more.  
 \_\_\_\_\_  
 \_\_\_\_\_

\* You are not required to report loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without regard to your official status. Personal loans and loans received not in a lender's regular course of business must be disclosed as follows:

NAME OF LENDER\*  
\_\_\_\_\_

ADDRESS (Business Address Acceptable)  
\_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF LENDER  
\_\_\_\_\_

INTEREST RATE      TERM (Months/Years)  
 \_\_\_\_\_%       None      \_\_\_\_\_

HIGHEST BALANCE DURING REPORTING PERIOD  
 \$500 - \$1,000       \$1,001 - \$10,000  
 \$10,001 - \$100,000       OVER \$100,000  
 Guarantor, if applicable

NAME OF LENDER\*  
\_\_\_\_\_

ADDRESS (Business Address Acceptable)  
\_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF LENDER  
\_\_\_\_\_

INTEREST RATE      TERM (Months/Years)  
 \_\_\_\_\_%       None      \_\_\_\_\_

HIGHEST BALANCE DURING REPORTING PERIOD  
 \$500 - \$1,000       \$1,001 - \$10,000  
 \$10,001 - \$100,000       OVER \$100,000  
 Guarantor, if applicable

Comments: \_\_\_\_\_

# SCHEDULE C

## Income, Loans, & Business Positions

(Other than Gifts and Travel Payments)

**CALIFORNIA FORM 700**

FAIR POLITICAL PRACTICES COMMISSION

Name \_\_\_\_\_

**▶ 1. INCOME RECEIVED**

NAME OF SOURCE OF INCOME \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF SOURCE \_\_\_\_\_

YOUR BUSINESS POSITION \_\_\_\_\_

GROSS INCOME RECEIVED

\$500 - \$1,000       \$1,001 - \$10,000

\$10,001 - \$100,000       OVER \$100,000

CONSIDERATION FOR WHICH INCOME WAS RECEIVED

Salary       Spouse's or registered domestic partner's income

Loan repayment       Partnership

Sale of \_\_\_\_\_  
*(Real property, car, boat, etc.)*

Commission or       Rental Income, list each source of \$10,000 or more

\_\_\_\_\_

Other \_\_\_\_\_  
*(Describe)*

**▶ 1. INCOME RECEIVED**

NAME OF SOURCE OF INCOME \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF SOURCE \_\_\_\_\_

YOUR BUSINESS POSITION \_\_\_\_\_

GROSS INCOME RECEIVED

\$500 - \$1,000       \$1,001 - \$10,000

\$10,001 - \$100,000       OVER \$100,000

CONSIDERATION FOR WHICH INCOME WAS RECEIVED

Salary       Spouse's or registered domestic partner's income

Loan repayment       Partnership

Sale of \_\_\_\_\_  
*(Real property, car, boat, etc.)*

Commission or       Rental Income, list each source of \$10,000 or more

\_\_\_\_\_

Other \_\_\_\_\_  
*(Describe)*

**▶ 2. LOANS RECEIVED OR OUTSTANDING DURING THE REPORTING PERIOD**

\* You are not required to report loans from commercial lending institutions, or any indebtedness created as part of a retail installment or credit card transaction, made in the lender's regular course of business on terms available to members of the public without regard to your official status. Personal loans and loans received not in a lender's regular course of business must be disclosed as follows:

NAME OF LENDER\* \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF LENDER \_\_\_\_\_

HIGHEST BALANCE DURING REPORTING PERIOD

\$500 - \$1,000

\$1,001 - \$10,000

\$10,001 - \$100,000

OVER \$100,000

INTEREST RATE \_\_\_\_\_%       None

TERM (Months/Years) \_\_\_\_\_

SECURITY FOR LOAN

None       Personal residence

Real Property \_\_\_\_\_  
*Street address*

\_\_\_\_\_

*City*

Guarantor \_\_\_\_\_

Other \_\_\_\_\_  
*(Describe)*

Comments: \_\_\_\_\_

## Instructions – Schedule E Travel Payments, Advances, and Reimbursements

Travel payments reportable on Schedule E include advances and reimbursements for travel and related expenses, including lodging and meals.

Gifts of travel may be subject to the gift limit. In addition, certain travel payments are reportable gifts, but are not subject to the gift limit. To avoid possible misinterpretation or the perception that you have received a gift in excess of the gift limit, you may wish to provide a specific description of the purpose of your travel. See the FPPC fact sheet entitled "Limitations and Restrictions on Gifts, Honoraria, Travel, and Loans" at [www.fppc.ca.gov](http://www.fppc.ca.gov).

**You are not required to disclose:**

- Travel payments received from any state, local, or federal government agency for which you provided services equal or greater in value than the payments received
- Travel payments received from your employer in the normal course of your employment that are included in the income reported on Schedule C
- Payments for admission to an event at which you make a speech, participate on a panel, or make a substantive formal presentation, transportation, and necessary lodging, food, or beverages, and nominal non-cash benefits provided to you in connection with the event so long as both the following apply:
  - The speech is for official agency business and you are representing your government agency in the course and scope of your official duties.
  - The payment is a lawful expenditure made only by a federal, state, or local government agency for purposes related to conducting that agency's official business.

**Note:** This exception does not apply to a state or local elected officer, as defined in Section 82020, or an official specified in Section 87200.

- A travel payment that was received from a non-profit entity exempt from taxation under Internal Revenue Code Section 501(c)(3) for which you provided equal or greater consideration

**To Complete Schedule E:**

- Disclose the full name (not an acronym) and address of the source of the travel payment.
- Identify the business activity if the source is a business entity.
- Check the box to identify the payment as a gift or income, report the amount, and disclose the date(s).

-- **Travel payments are gifts** if you did not provide services that were equal to or greater in value than the payments received. You must disclose gifts totaling \$50 or more from a single source during the period covered by the statement. Gifts of travel are reportable without regard to where the donor is located.

When reporting travel payments that are gifts, you must provide a description of the gift and the date(s) received.

-- **Travel payments are income** if you provided services that were equal to or greater in value than the payments received. You must disclose income totaling \$500 or more from a single source during the period covered by the statement. You have the burden of proving the payments are income rather than gifts.

When reporting travel payments as income, you must describe the services you provided in exchange for the payment. You are not required to disclose the date(s) for travel payments that are income.

**Example:**

City council member Rick Chandler is the chairman of a trade association and the association pays for Rick's travel to attend its meetings. Because Rick is deemed to be providing equal or greater consideration for the travel payment by virtue of serving on the board, this payment may be reported as income. Payments for Rick to attend other events for which Rick is not providing services are likely considered gifts.

NAME OF SOURCE	
Health Services Trade Association	
ADDRESS (Business Address Acceptable)	
1230 K Street, Ste. 610	
CITY AND STATE	
Sacramento, CA	
BUSINESS ACTIVITY (IF ANY OF SOURCE) <input type="checkbox"/> 501(c)(3)	
Association of Healthcare Workers	
DATE, (M / D / Y)	AMT. \$ 688.00
TYPE OF PAYMENT (Must check one) <input type="checkbox"/> Gift <input checked="" type="checkbox"/> Income	
DESCRIPTION: Travel reimbursement for board meeting	

**SCHEDULE E**  
**Income – Gifts**  
**Travel Payments, Advances,**  
**and Reimbursements**

Name \_\_\_\_\_

- You must mark either the gift or income box.
- Mark the 501(c)(3) box for a travel payment received from a nonprofit 501(c)(3) organization. These payments are not subject to the \$420 gift limit, but may result in a disqualifying conflict of interest.

▶ NAME OF SOURCE \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

CITY AND STATE \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF SOURCE  501 (c)(3) \_\_\_\_\_

DATE(S): \_\_\_\_/\_\_\_\_/\_\_\_\_ - \_\_\_\_/\_\_\_\_/\_\_\_\_ AMT: \$ \_\_\_\_\_  
 (If gift)

TYPE OF PAYMENT: (must check one)  Gift  Income

Made a Speech/Participated in a Panel

Other - Provide Description \_\_\_\_\_

▶ NAME OF SOURCE \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

CITY AND STATE \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF SOURCE  501 (c)(3) \_\_\_\_\_

DATE(S): \_\_\_\_/\_\_\_\_/\_\_\_\_ - \_\_\_\_/\_\_\_\_/\_\_\_\_ AMT: \$ \_\_\_\_\_  
 (If gift)

TYPE OF PAYMENT: (must check one)  Gift  Income

Made a Speech/Participated in a Panel

Other - Provide Description \_\_\_\_\_

▶ NAME OF SOURCE \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

CITY AND STATE \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF SOURCE  501 (c)(3) \_\_\_\_\_

DATE(S): \_\_\_\_/\_\_\_\_/\_\_\_\_ - \_\_\_\_/\_\_\_\_/\_\_\_\_ AMT: \$ \_\_\_\_\_  
 (If gift)

TYPE OF PAYMENT: (must check one)  Gift  Income

Made a Speech/Participated in a Panel

Other - Provide Description \_\_\_\_\_

▶ NAME OF SOURCE \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

CITY AND STATE \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF SOURCE  501 (c)(3) \_\_\_\_\_

DATE(S): \_\_\_\_/\_\_\_\_/\_\_\_\_ - \_\_\_\_/\_\_\_\_/\_\_\_\_ AMT: \$ \_\_\_\_\_  
 (If gift)

TYPE OF PAYMENT: (must check one)  Gift  Income

Made a Speech/Participated in a Panel

Other - Provide Description \_\_\_\_\_

Comments: \_\_\_\_\_

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix B<sub>1</sub>**

**Disk with AIMS' Response to  
OUSD's NOV**



**See Disk**

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix C<sub>1</sub>**

**12/18/2012 AIMS Board**

**Meeting Minutes**



# American Indian Model Schools

171 12<sup>th</sup> Street Oakland, CA 94607

## REGULAR BOARD MEETING MINUTES

Tuesday, December 18, 2012 at 7:00 PM

171 12th Street, Suite 300

Oakland, CA 94607

### INSTRUCTIONS FOR PRESENTATIONS TO THE BOARD BY PARENTS AND CITIZENS

The American Indian Model Schools ("AIM Schools") Board of Directors welcomes your participation at the AIM Schools Board meetings. The purpose of a public meeting of the AIM Schools Board is to conduct the affairs of AIM Schools in public. Your participation assures us of continuing community interest in our schools. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all audience members at the meeting.
2. Speaker Cards are available to all audience members who wish to speak on any agenda items or under the general category of "Public Comments." "Public Comments" is set aside for members of the audience to raise issues that are not specifically on the agenda. The Board cannot respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes.
3. You may also complete a Speaker Card form to address the AIM Schools Board on Agenda items. Please specify the agenda item on your Speaker Card and you will be given an opportunity to speak for up to five (5) minutes when the AIM Schools Board discusses that item.
4. When addressing the AIM Schools Board, speakers are requested to state their name and address from the podium. Please adhere to the time limits set forth.
5. Any public records relating to an agenda item for an open session of the AIM Schools Board which are distributed to all or a majority of all of the AIM Schools Board members shall be available for public inspection at 171 12<sup>th</sup> Street Suite 300 Oakland, California 94607.

*In compliance with the Americans with Disabilities Act (ADA) and upon request, American Indian Model Schools may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Individuals who require appropriate alternative modification of the agenda in order to participate in Board meetings are invited to contact the School office at (510) 893-8701.*



# American Indian Model Schools

171 12<sup>th</sup> Street Oakland, CA 94607

## REGULAR BOARD MEETING MINUTES

Tuesday, December 18, 2012 at 7:00 PM

171 12th Street, Suite 300

Oakland, CA 94607

### I CALL TO ORDER:

1 Meeting was called to order by the Board Chair at 7:05 p.m.

### II ROLL CALL

	Present	Absent
1 Ms. Jean Martinez, Chair	<u>  x  </u>	<u>      </u>
2 Mr. Nedir Bey	<u>  x  </u>	<u>      </u>
3 Mr. Ronald Grant	<u>  x  </u>	<u>      </u>
4 Mr. Steven Leung	<u>  x  </u>	<u>      </u>
5 Mr. Jordan Locklear, Secretary	<u>      </u>	<u>  x  </u>
6 Ms. Toni Cook	<u>  x  </u>	<u>      </u>
7 Dr. Laura Armstrong	<u>  x  </u>	<u>      </u>

### III APPROVAL OF MINUTES:

1 Special Board Meeting of September 26, 2012: Mr. Bey makes the motion to approve the special board meeting minutes of September 26, 2012, Mr. Steven Leung seconds the motion. Minutes are approved 6-0.

**IV PUBLIC COMMENTS:** The public may address the Board on any agenda item and any item not on the agenda. The board chair will only call on those who have filled out comment cards before the meeting, and each speaker will be allotted three (3) minutes. The Board will not respond or take action on any non-agenda. The item may be added at a later date (Ed. Code 35145.5). The comments shall be made from the podium. In accordance with Government Code 54954.2 - *No action or discussion* shall be undertaken on any item not appearing on the posted agenda.

- 1 Ms. Ashley Russell, Administrative Assistant for AIPCS, states that she is present in support of action item 6 which was presented by Ms. Lillian Guo, Administrative Assistant for AIPCS II. She states that the current student system is difficult to use because of the number of students each school has.
- 2 Mr. Kin Lee and Mr. Huang are members of the AIM Schools student government. Mr. Huang introduces himself as the President of the AIM Schools student body and Mr. Lee as the Vice President and Ms. Cindy Ming as the Secretary. Mr. Lee is also the co-community service chair. Mr. Lee states that he is excited to introduce the student body government of AIM Schools. Mr Lee states the purpose of the student government is to



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help the current students improve their cultural and social welfare. Mr. Lee adds that the student government started a peer tutoring program and will host a community service project every other month. In November, AIM Schools students collected over 90 items to donated to a homeless shelter. In January, Mr. Lee states that the student body plans to have a food drive. He adds that the student government has created a school library accessible to all students with books they generally do not find in a library. Finally, Mr. Lee states that at the end of the year, they hope to fundraise for a yearbook through talent shows and penny drives and will develop a student of the year award.

- 3 Mr. Jose Guzman, an AIM Schools Alumnus, and Mrs. Anjuelle Floyd, an AIPCS II parent, request a consistent symbol for AIM Schools. Mrs. Floyd states that it is important that AIM Schools have a consistent symbol to create a long term brand. She suggests that the board creates a committee that will work on developing a symbol that will properly represent AIM Schools. Mr. Guzman asks if he can be in charge of the committee to develop one logo with the input of the student government, staff, and parents. Ms. Cook states that she believes that this matter can be deferred to the administration. She adds that three proposals be brought to the AIMS board and requests that AIMS' students are represented in the process. Mr. Guzman requests that the AIMS' alumni be involved in the process as well. The board agrees.
- 4 Mrs. Claudia Walker, Site Administrator of AIPHS, states that at the beginning of the school year, the AIPHS science lab was use to accommodate space at AIPCS. She states that AIPHS students have to meet a four year graduation requirement of science laboratories. She notes that board members have agreed to work with her on using Science Labs in Merritt College. Mrs. Walker has developed a solution of virtual science labs.

## V NON ACTION ITEMS:

- 1 Family Advisory Committee Update: Mrs. Bernadette Coleman, President: Mrs. Coleman is not present due to a family matter.
- 2 Financial Update: Ms. Dianne Hatcher, Financial Administrator: Ms. Hatcher states that AIM Schools have successfully completed the AIM Schools independent audit for 2011-2012. She adds that the AIM Schools' financial policies and procedures have been reviewed and supported by the AIM Schools financial specialist committee and consultant, Mr. Hodges. Ms. Cook adds that the financial policies and procedures are very good for AIM Schools.

Ms. Hatcher begins by reading the balance sheet for AIPCS. She states that as of November 2012, the total checking/savings for AIPCS are \$674,902. She adds that there was an accounts receivable from OUSD for \$198,245, which was delivered in December. The total AIPCS assets are of \$1,121,179.61 and total liabilities and equity of \$1,121,179.61. Ms. Hatcher notes that the total income for AIPCS as of November 2012 is \$233,679.36 and total expenses are \$117,516 with a net income of \$116,162. For AIPCS II, she states that the total AIPCS II current assets are \$417,544 and total



# American Indian Model Schools

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liabilities are \$243,374. The total income is \$115,531 and expenses are \$231,863. Ms. Cook asks why there is a net loss for November 2012. Ms. Hatcher states that the state funds are coming in late. Ms. Cook then asks if there is an appropriate schedule/calendar of payments from OUSD. Ms. Hatcher responds that there is. Ms. Cook requests that there be a paper trail of the schools' request so that the bank can know that AIM Schools are not at fault for receiving late payments and could still qualify for future loans if needed. Mr. Grant asks if AIM Schools had to use reserved funds since payments are late. Ms. Hatcher responds that AIM Schools has not used reserved funds yet, and adds that AIPCS II receives funds first because it is a direct funded school. Finally for AIPHS, Ms. Hatcher states that OUSD accounts receivable is of \$171,788 and total assets are \$591,532. AIPHS' total income is \$211,567 and total expenses are \$121,908. Ms. Cook asks Mr. Hodges is it is appropriate for the AIMS' financial update to be an action item that the board approves the reports. Mr. Hodges responds that it is appropriate.

- 3 Director's Report: Mr. Jason Chu, Acting Director, states that there are leaks at AIPCS on 3637 Magee that have been repaired as well as heater in the building. Enrollment at AIM Schools is as follows: AIPCS: 279, AIPCS II: 648, and AIPHS: 244, for a total student enrollment of 1171 students. For academic highlights, Mr. Chu states that 81 students took the SCAT test to qualify for the John Hopkins CTY Summer Program and notes that the results are coming in. The Physical Fitness tests have been turned in and will be posted in January 2013. He notes that compared to the district's physical fitness test results, AIMS' results are much higher. At AIPHS, the seniors are finalizing their applications for UC's and CSU's. Finally, Mr. Chu states that the AIM Schools' response to OUSD's Notice of Violation (NOV) was 5,200 pages consisting of 13 binders with a response to every allegation. He adds that AIM Schools is currently awaiting a response from the district. Mr. Chu states that he went to the OUSD meeting to update on status on AIM Schools to thank Board Member Noel Gallo for his support. Ms. Cook commends Mr. Chu, alumni and staff on the response to the NOV's.

## VI ACTION ITEMS:

- i Election of AIM Schools Board Officers: Ms. Cook nominates Ms. Jean Martinez to continue to serve as President of AIMS Board. Mr. Grant seconds the motion. Motion passes unanimously. Mr. Bey calls for a point of order. He asks the role of the Chairperson is. Mr. Grant responds that the Chairperson is the leader of the board meetings. Ms. Cook adds that the position of Chairperson and President are the same. Ms. Martinez makes the first motion to nominate Ms. Cook as the first Vice President. Dr. Armstrong seconds the motion. Motion passes unanimously. Ms. Martinez resumes as chair. Ms. Cook nominates Mr. Grant as the second motion Vice President. Mr. Bey seconds the motion. Motion passes unanimously. Mr. Grant makes the first motion to nominate Mr. Leung as Treasurer. Ms. Cook seconds the action. Motion passes unanimously. Ms. Cook nominates Mr. Bey as the Assistant Treasurer. Mr. Grant seconds the motion. Mr. Bey respectfully declines. Motion does not pass. Ms. Cook asks Dr. Laura Armstrong if she wants the position of Assistant Treasurer. Dr. Armstrong states that due to possible conflict of interest she is declining. Mr. Grant motions Mr. Locklear as Secretary. Ms. Cook seconds the motion. Motion passes unanimously.



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- 2 Approval of four (4) New AIM Schools Employees & One (1) Revised Employee Contract: Mr. Chu states that per the request of the AIM Schools board all new employees are present. Mr. Matt Wienclawski introduces himself as an AIPCS II teacher who teaches 7th grade. Ms. Gina Hundt introduces herself as a teacher at AIPCS II who teaches 6th grade and received her teaching credential from Arizona. Ms. Vannee Chand states that she will be new resource teacher for K-2 at AIPCS II and adds that she grew up in Oakland. Mr. Chu states that Ms. Amy Cai's is not present and her contract was simply revised. Finally, Mrs. Walker states that Ms. Rubin is not present due to health issues. Ms. Cook makes the first motion to approve the Four(4) New AIM Schools Employees and one(1) Revised Employee Contract. Mr. Grant seconds the motion. Item is approved 6-0.
- 3 Approval of Updated AIM Schools Financial Policies and Procedures: Ms. Cook states that she thinks that the financial policies and procedures are very well written. Mr. Grant agrees. Ms. Cook makes the first motion to approve the Updated AIM Schools Financial Policies and Procedure and thanked the Financial Specialist Committee for reviewing the handbook. Mr. Bey seconds the motion. Item is approved 6-0.
- 4 Approval of AIM Schools Audits for the Year Ending in June 30, 2012: Ms. Cook asks if it is possible to tabled the item to allow the auditors to attend the next board meeting to give a summary of their findings for the record. Mr. Chu states that this is a time sensitive item that must be approved at this meeting but adds that he will invite the auditors for the next board meeting. Ms. Cook makes the first motion to approve the AIM Schools Independent Audits for the Year Ending in June 20, 2012. Mr. Grant seconds the motion. Item is approved 6-0.
- 5 Approval of AIM Schools Interim Financial Reports for 2012-2013: Ms. Cook makes the first motion to approve the AIM Schools Interim Financial Reports for 2012-2013. Mr. Grant seconds the motion. Item is approved 6-0.
- 6 Approval of an AIM Schools Online Student Database System: AERIES, SCHOOL PATHWAYS or POWERSCHOOL (3 Proposals Available): Ms. Nguyen and Ms. Guo, Administrative Assistants of AIPCS II, present the item together. Ms. Guo states that she is responsible for record keeping of about 600 students. Because she completes her work on an excel sheet she states that the percentage of human error is very high. Ms. Nguyen states that a student information system allows consistency in storing of student data. Ms. Cook states that this is a necessary 21st century tool and adds that she would like for company representatives to attend a board meeting to explain the multiplicity of usage. Mr. Bey states that he believes it is important that everyone understands their job and role and adds that it is essential that employees know who to point to when they are requesting a change. Mr. Grant states that he has two problems with this action item. The first is that this is brought as an action item when it should have been an item for information. The second is that board members do not know enough about the products to vote. Ms. Martinez adds that it does not make sense for AIM Schools to vote on this item especially since AIMS has not heard back from the district regarding the NOV. Ms. Martinez asks Dr. Armstrong if she is using a student database system at East Oakland





# American Indian Model Schools

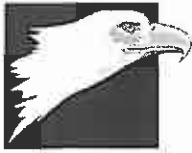
171 12<sup>th</sup> Street Oakland, CA 94607

Leadership Academy (EOLA). Dr. Armstrong responds that at EOLA they use Power Schools and is satisfied with it. Mr. Grant requests that company representatives provide the board with a demonstration of their products. Mr. Bey asks that AIMS employees always use the resources within our organization first before seeking others at other charter schools. No vote takes place at this time.

- 7 Approval of AIM Schools Alumni Organization: Mr. Jose Guzman states that he graduated from AIPCS in 2002, graduated from UC Berkeley's Haas School of Business and adds that he has been working for AIM Schools for about two years. He states that he currently works at a Hedge Fund. He states that he wants to develop an Alumni Organization to give back to AIM Schools. Mr. Edward Moreno states that he graduated from AIPCS in 2002 and would have stayed longer if AIPHS was opened at the time. He adds that he worked for the USDA Geological Survey and then worked for AIPCS II as the overseer of the K-4 expansion. He states that he wants AIM Schools' motto of family to be part of the AIMS Alumni Organization by continuing relationship with all former students. The AIMS Alumni plans to develop a website and maintain regular meetings. Ms. Karely Ordaz states that she attended AIPHS from 2005-2009 and graduated with a 4.3 GPA. She adds that she was accepted to universities like UCLA and UC Berkeley and chose to attend UC Berkeley and notes that with the preparation she received at AIPHS she was able to graduate in three years rather than four. Ms. Ordaz notes that the AIM Schools Scholarship Fund paid for her school tuition and states that one of the AIMS Alumni's long term goals is to provide scholarships to AIMS students. Mr. Grant adds that one of the three students present attended Merritt College with concurrent enrollment. Ms. Cook suggests that AIPHS students attend Alameda College for concurrent enrollment to give AIMS students an opportunity to receive an Associates Degree. Ms. Cook motions to approve the concept of AIMS' Alumni and that they work with the appropriate people to get the organization started. Mr. Grant seconds the motion. Item is approved 6-0.

- VII ADJOURNMENT TIME:** Mr. Grant makes the first motion to adjourn the meeting. Ms. Cook seconds the motion. Meeting adjourns at 8:52 P.M.

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**American Indian Model Schools**

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# **Appendix D<sub>1</sub>**

**AIM Schools Independent**

**Audits 2011-2012**



VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

To the Board of Directors  
American Indian Public Charter School

We have audited the financial statements of American Indian Public Charter School for the year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 31, 2012. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by American Indian Public Charter School are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected two liabilities that were overstated as listed below. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

5000 Hopyard Road, Suite 335 Pleasanton, CA 94588 Tel: 925.734.6600 Fax 925.734.6611 [www.vtdcpa.com](http://www.vtdcpa.com)

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### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 3, 2012.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the governing board and management of American Indian Public Charter School and is not intended to be, and should not be, used by anyone other than these specified parties.

*Vavrinek, Time, Day & Co., LLP*

Pleasanton, California  
December 3, 2012

AMERICAN INDIAN PUBLIC CHARTER SCHOOL

AUDIT DIFFERENCE EVALUATION  
 JUNE 30, 2012

Description of Audit Difference	Cause	W/P Ref.	Financial Statements Effects - Amount of Over (Under) Statement of:			
			Total Assets	Total Liabilities	Fund Balance	Net Income/Loss
Cash understated	Recorded amount different from bank reconciliation	H101	\$ (14,780)	\$ -	\$ (14,780)	\$ -
Receivables understated	Facility grant received in September for fiscal year 11-12 was not accrued.	J106	(16,385.00)	-	(16,385.00)	(16,385.00)
Depreciation expense understated	Amount recorded different from depreciation schedule	L102	-	-	3,398.00	3,398.00
Liabilities overstated	ASES fiscal agent fees doubled accrued	M103	-	30,842.00	(30,842.00)	(30,842.00)
Liabilities overstated	July rent accrued	M103	-	23,267.00	(23,267.00)	(23,267.00)
Total			(31,165.00)	54,109.00	(81,876.00)	(67,096.00)
Less: Audit Adjustments Subsequently Booked			-	(54,109.00)	54,109.00	54,109.00
Net Unadjusted Audit Differences - This Year			(31,165.00)	-	(27,767.00)	(12,987.00)
Effect of Unadjusted Audit Differences - Prior Years (1)						-
Net Audit Differences			(31,165.00)	-	(27,767.00)	(12,987.00)
Financial Statement Caption Totals			#VALUE!	#VALUE!	#VALUE!	#VALUE!
Net Audit Differences as % of F/S Captions			#VALUE!	#VALUE!	#VALUE!	#VALUE!

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL  
(A California Nonprofit Corporation)**

**FINANCIAL STATEMENTS  
JUNE 30, 2012  
WITH  
INDEPENDENT AUDITORS' REPORT**

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL  
(A California Nonprofit Corporation)**

**JUNE 30, 2012**

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VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
American Indian Public Charter School  
Oakland, California

We have audited the accompanying statement of financial position of American Indian Public Charter School (a California nonprofit corporation) as of June 30, 2012, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of American Indian Public Charter School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-12*, issued by the California Education Audit Appeals Panel as regulations. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Indian Public Charter School as of June 30, 2012, and the changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, on our consideration of the Organization'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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in the audit of the financial statements. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Varkinek, Time, Day & Co., LLP*

Pleasanton, California  
December 3, 2012

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL  
(A California Nonprofit Corporation)**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2012**

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	2012
<b>ASSETS</b>	
Cash and cash equivalents	\$ 637,444
Restricted cash	128,432
Accounts receivable	680,811
Other assets	(4,347)
Equipment, net of accumulated depreciation	245,584
Total Assets	<u>\$ 1,687,924</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 70,767
Accrued expenses	94,725
Total Liabilities	<u>165,492</u>
<b>NET ASSETS</b>	
Unrestricted	1,394,556
Temporarily restricted	127,876
Total Net Assets	<u>1,522,432</u>
Total Liabilities and Net Assets	<u>\$ 1,687,924</u>

See the accompanying notes to financial statements.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL**  
**(A California Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Unrestricted	Temporarily Restricted	2012 Total
<b>Support and Revenues</b>			
General apportionment	\$ 1,522,670	\$ -	\$ 1,522,670
Other federal revenues	218,808	-	218,808
Other state revenues	363,463	-	363,463
Other local revenues	2,450	121,547	123,997
<b>Total Support and Revenues</b>	<u>2,107,391</u>	<u>121,547</u>	<u>2,228,938</u>
<b>Expenses</b>			
<b>Program services</b>			
Academic programs	1,423,521	-	1,423,521
Scholarship	-	76,076	76,076
<b>Supporting Services</b>			
Management and general	472,524	-	472,524
<b>Total program and supporting services</b>	<u>1,896,045</u>	<u>76,076</u>	<u>1,972,121</u>
<b>CHANGE IN NET ASSETS</b>	211,346	45,471	256,817
<b>NET ASSETS, BEGINNING OF YEAR, restated</b>	<u>1,183,210</u>	<u>82,405</u>	<u>1,265,615</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,394,556</u>	<u>\$ 127,876</u>	<u>\$ 1,522,432</u>

See the accompanying notes to financial statements.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL  
(A California Nonprofit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012**

	Academic Programs	Scholarship	Total Program Expenses	Management and General	2012 Total Expenses
Salaries and benefits	\$ 648,696	\$ -	\$ 648,696	\$ 201,208	\$ 849,904
Payroll expense	2,037	-	2,037	-	2,037
Stipends	96,742	-	96,742	6,636	103,378
Staff bonus	3,600	-	3,600	-	3,600
Books and supplies	40,541	-	40,541	-	40,541
Depreciation	-	-	-	56,607	56,607
Dues and fees	2,885	-	2,885	4,755	7,640
Student testing/application fees	4,789	-	4,789	-	4,789
Equipment rental	7,135	-	7,135	-	7,135
Field trips	1,706	-	1,706	-	1,706
Food	2,885	-	2,885	-	2,885
Insurance	-	-	-	6,963	6,963
Bad debt and miscellaneous	-	-	-	60,416	60,416
Occupancy	279,205	-	279,205	-	279,205
Office supplies	-	-	-	26,145	26,145
OUSD 1% oversight fee	-	-	-	15,159	15,159
Professional development	8,075	-	8,075	-	8,075
Professional fees	-	-	-	45,549	45,549
Repair and maintenance	-	-	-	44,091	44,091
Equipment	-	-	-	700	700
Special education	177,632	-	177,632	-	177,632
SAIL Summer Math Program	51,500	-	51,500	-	51,500
Academic Enrichment Program	92,575	-	92,575	-	92,575
Telephone	-	-	-	4,295	4,295
Scholarship expense	(7,707)	76,076	68,369	-	68,369
Utilities	11,225	-	11,225	-	11,225
<b>Total Expenses</b>	<b>\$ 1,423,521</b>	<b>\$ 76,076</b>	<b>\$ 1,499,597</b>	<b>\$ 472,524</b>	<b>\$ 1,972,121</b>

See the accompanying notes to financial statements.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL  
(A California Nonprofit Corporation)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012**

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	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 256,817
Adjustments to reconcile change in net assets to net cash provided by operations	
Depreciation	56,607
Fixed asset adjustments	(294,119)
Change in operating assets and liabilities	
Accounts receivable	(290,824)
Other assets	464,793
Accounts payable	(28,593)
Accrued expenses	94,725
Net Cash Provided by Operating Activities	<u>259,406</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of capital assets	(42,683)
Net Cash Used by Investing Activities	<u>(42,683)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	216,723
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>549,153</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u>\$ 765,876</u>

See the accompanying notes to financial statements.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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***NOTE #1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES***

**Organization**

The American Indian Public Charter School (the School) was incorporated in the State of California in 1996 as a nonprofit public benefit corporation that is organized under the Nonprofit Public Benefit Corporation Law exclusively for charitable and educational purposes within the meaning of 510(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law. It is one of the education arms of the non-profit American Indian Public Charter School, Inc. (charter number 0106). The School is operating under a charter granted by the Oakland Unified School District that expires on June 30, 2016.

The primarily objective and purpose of the School is to meet the academic social, cultural and developmental needs of American Indian students, and all students, in an environment that respects the integrity of the individual student and diverse cultures and knowledge and which creates educational partnerships among teachers, students, parents, and the wider community consisting of individuals, businesses, institutions, and cultural organizations on grade levels 4 through 8.

**Financial Statement Presentation**

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) ASC 958-210-50. Under ASC 958-210-50, 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. In addition, the School is required to present a statement of cash flows. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

**Financial Reporting Entity**

The accompanying financial statements present only the financial activities of the School and are not intended to present fairly the financial position and the results of operations of American Indian Public Charter School, Inc. as a whole in conformity with accounting principles generally accepted in the United States of America.

**Support and Expenses**

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The School reports gifts of cash or other assets in the category designated by the donor. The School reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the School reports these contributions as unrestricted.

**Revenue Recognition**

*State Apportionment*

The School's support is derived primarily from the State of California's public education monies received through the Oakland Unified School District and are recognized as revenues by the School based on the average daily attendance (ADA) of students.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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*State and Federal Grants*

The School also receives other educational government grants. Revenues are recognized when expenditures have been incurred in accordance with the grant agreement.

**Property and Equipment**

The School capitalized assets costing \$10,000 or more when purchased or donated. Capital assets are stated at cost, or if donated, at estimated fair value on the date of donation. Routine maintenance and repairs are charged to expense as incurred and major improvements are capitalized. Depreciation is computed on the straight line method over the estimated useful lives of the individual assets:

Leasehold Improvements	10 years
Furniture and Fixtures	5 years
Equipment	5 years

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the School's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**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 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 and Cash Equivalents**

Cash balances are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) for each account. At June 30, 2012, the School had \$657,272 in its Community Bank of the Bay account before reconciling items. All cash held by the financial institutions is fully insured or collateralized except those which exceeds the maximum insured levels of FDIC.

**Allowance for Bad Debts**

No allowance for bad debts was recorded. Management does not consider it is necessary to set up an allowance for bad debts as uncollectible receivables are written off when identified.



**AMERICAN INDIAN PUBLIC CHARTER SCHOOL  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Income Taxes**

The Charter School is a nonprofit corporation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Charter School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b) (A) (vi). Income tax returns for 2009 and forward may be audited by regulatory agencies, however, the Charter School is not aware of any such actions at this time.

**Allocation of Functional Expenses**

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and fundraising activities benefited.

**NOTE #2 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2012 consisted of the following:

Oakland Unified School District	<u>\$ 680,811</u>
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**NOTE #3 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2012, consisted of the following:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletion/ Adjustments</u>	<u>End of Year</u>
Equipment	\$ 32,723	\$ -	\$ 63,000	\$ 95,723
Leasehold improvements	477,954	42,683	(63,000)	457,637
Accumulated depreciation	(251,170)	(60,005)	3,399	(307,776)
	<u>\$ 259,507</u>	<u>\$ (17,322)</u>	<u>\$ 3,399</u>	<u>\$ 245,584</u>

AIPCS recorded depreciation expense for the year ended June 30, 2012, was \$56,607.

**NOTE #4 – ACCOUNTS PAYABLE**

Accounts payables at June 30, 2012 consisted the following:

	<u>2012</u>
Scholarships	\$ 556
Vendor	70,211
Total payable	<u>\$ 70,767</u>

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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***NOTE #5 – NET ASSETS RESTATEMENT***

Balances carried forward from several years back and are no longer receivables and payables were written off during the current year. This resulted in a decrease of \$376,523 to the unrestricted net assets and an increase of \$82,405 to the temporary restricted net assets.

***NOTE #6 - TEMPORARILY RESTRICTED NET ASSETS***

At June 30, 2012, the School had temporary restricted net assets of \$127,876 for the scholarship funds.

***NOTE #7 - PENSION PLAN***

The School contributes to CalPERS and IRA for eligible employees. Employees are eligible for IRA contribution after two years of their employment. During the year, the School contributed \$15,422 and \$3,106 to CalPERS and IRA, respectively.

***NOTE #8 – COMMITMENTS AND CONTINGENCIES***

**Grants**

The School received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of the management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2012.

**Facility Lease**

The School leased the facility at 3637 Magee Avenue. This lease expires on June 30, 2013. The School paid \$270,205 during the fiscal year. Future minimum lease payments of \$290,373 will be paid during fiscal year 2012-2013.

***NOTE # 9 – RISK AND UNCERTAINTY***

The School is funded principally through the State of California's public education monies, the California Department of Education and Oakland Unified School District, and various government agency grants. The charter may be revoked by the State of California for material violations of the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. Any decreases in the state's allocations for the School programs could have a material adverse effect on the School's business, financial condition, and results of operations.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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***NOTE # 10 – OTHER RELATED PARTY TRANSACTIONS***

During the year the School leased properties and incurred other transactions with Academic Delivery Systems (ADS), Stanford Academic Institute of Learning Summer Mathematics Institute (SAIL), A&A Business Solutions, and AAFS whose owner of these organizations also founded the American Indian Public Charters, Inc. The transactions incurred with these parties during the year are as follows:

<u>Organization</u>	<u>Description</u>	<u>Amount</u>
ADS	Leasing properties	\$ 279,205
SAIL	Summer Math Programs	51,500
A & A Business Solutions	Bookkeeping	4,000
AAFS	Accounting	24,000
	Total	<u>\$ 358,705</u>

***NOTE #11 – SUBSEQUENT EVENTS***

The School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet dated through December 3, 2012, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

*SUPPLEMENTAL INFORMATION*

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL  
(A California Nonprofit Corporation)**

**ORGANIZATIONAL STRUCTURE  
FOR THE YEAR ENDED JUNE 30, 2012**

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**GOVERNING BOARD**

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Jean Jackson Martinez	President	May 2016
Jordan Locklear	Secretary	January 2014
Michael Stember	Treasurer	March 2014
Chris Rodriguez	Member	July 2012
Michael Yu	Member	May 2016

**ADMINISTRATION**

Jason Chu

Director

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL  
(A California Nonprofit Corporation)**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2012**

	Second period report			Annual		
	Average daily attendance	Classroom Based	Non-Classroom Based	Average daily attendance	Classroom Based	Non-Classroom Based
Grades 4 to 6	126	126	0	126	126	0
Grades 7 to 8	139	139	0	138	138	0
Total ADA	265	265	0	264	264	0

The Charter School's operation is classroom based with no full time independent study program.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL  
(A California Nonprofit Corporation)**

**SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Grade Level</u>	<u>1982-83 Actual Minutes</u>	<u>Minimum Minutes Requirement</u>	<u>2011-12 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Grades 4 - 6	Not Applicable	52.457			
Grade 4			64,440	180	Complied
Grade 5			64,440	180	Complied
Grade 6			64,440	180	Complied
Grades 7 - 8	Not Applicable	52.457			
Grade 7			64,440	180	Complied
Grade 8			64,440	180	Complied

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL  
(A California Nonprofit Corporation)**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

Balance, June 30, 2012, Unaudited Actuals	\$ 1,852,914
Decrease cash	(14,663)
Increase cash, restricted (scholarship fund)	128,432
Decrease accounts receivable	(21,198)
Decrease other assets	(345,978)
Decrease property and equipment	(89,926)
Increase accounts payable and accrued expenses	(29,290)
Decrease current loans	42,141
Balance, June 30, 2012, Audited Financial Statements	<u>\$ 1,522,432</u>



# AMERICAN INDIAN PUBLIC CHARTER SCHOOL

## NOTE TO SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2012

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### *NOTE 1 - PURPOSE OF SCHEDULES*

#### **Agency Organization Structure**

This schedule provides information about the members of the governing board and the administration of the School.

#### **Schedule of Average Daily Attendance (ADA)**

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

#### **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 Sections 46200 through 46206.

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

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



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

Board of Directors  
American Indian Public Charter School  
Oakland, California

We have audited the financial statements of American Indian Public Charter School as of and for the year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. 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.

Internal Control Over Financial Reporting

Management of American Indian Public Charter School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered American Indian Public Charter School's internal control over financial reporting as a basis for designing our auditing procedures 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 Indian Public Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the American Indian Public Charter School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs 2012-1 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs 2012-2 through 2012-8 to be significant deficiencies.

#### Compliance and Other Matters

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

American Indian Public Charter School's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit American Indian Public Charter School's response and, accordingly, express no opinion on it.

This report is intended solely for the information and use of the Governing Board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Varkinek, Time, Day & Co., LLP*

Pleasanton, California  
December 3, 2012



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& COMPANY, LLP  
*Certified Public Accountants*

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**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

Board of Directors  
American Indian Public Charter School  
Oakland, California

We have audited the American Indian Public Charter School's compliance with the requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies*, applicable to American Indian Public Charter School's government programs as noted below for the year ended June 30, 2012. Compliance with the requirements referred to above is the responsibility of American Indian Public Charter School's management. Our responsibility is to express an opinion on American Indian Public Charter School's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-2012* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about American Indian Public Charter 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. Our audit does not provide a legal determination of American Indian Public Charter School's compliance with those requirements.

In our opinion, American Indian Public Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2012.

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

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance reporting	6	Not Applicable
Teacher Certification and Misassignments	3	Not Applicable
Kindergarten continuance	3	Not Applicable
Independent study	23	Not Applicable
Continuation education	10	Not Applicable

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	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
<b>Instructional Time:</b>		
School districts	6	Not Applicable
County offices of education	3	Not Applicable
<b>Instructional Materials:</b>		
General requirements	8	Not Applicable
Ratios of Administrative Employees to Teachers	1	Not Applicable
Classroom Teacher Salaries	1	Not Applicable
Early retirement incentive	4	Not Applicable
Gann limit calculation	1	Not Applicable
School Accountability Report Card	3	Not Applicable
Public Hearing Requirement – Receipt of Funds	1	Not Applicable
Juvenile Court Schools	2	Not Applicable
Exclusion of Pupils – Pertussis Immunization	2	Not Applicable
<b>Class Size Reduction Program (including in Charter Schools):</b>		
General requirements	7	Not Applicable
Option one classes	3	Not Applicable
Option two classes	4	Not Applicable
District or charter schools with only one school serving K-3	4	Not Applicable
<b>After School Education and Safety Program</b>		
General requirements	4	Yes
Before school	6	Not Applicable
After school	5	Yes
<b>Charter Schools:</b>		
Contemporaneous records of attendance	3	Yes
Mode of instruction	1	Yes
Non classroom-based instruction/independent study	15	Not Applicable
Determination of funding for non classroom-based instruction	3	Not Applicable
Annual instruction minutes classroom based	4	Yes

This report is intended solely for the information and use of the Board of directors, management, the California Department of Education, the State Controller's Office, and Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

American Indian Public Charter School's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit American Indian Public Charter School's response and, accordingly, express no opinion on it.

*Vavrinek, Time, Day & Co., LLP*

Pleasanton, California  
December 3, 2012

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL**

**SUMMARY OF AUDITORS RESULTS  
FOR THE YEAR ENDED JUNE 30, 2012**

---

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>Yes</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>Not Applicable</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Not Applicable</u>
Type of auditors' report issued on compliance for major programs:	<u>Not Applicable</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>

# AMERICAN INDIAN PUBLIC CHARTER SCHOOL

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

---

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

### 2012-1 Financial Reporting (30000)

#### **Criteria or Specific Requirements**

Industry standards and best business practice related to accounting and internal control require that an entity perform monitoring procedures over the financial reporting process to ensure that all items are accounted for appropriately and reports are accurate.

#### **Condition**

*Material Weakness* – We noted several differences in the account balances that resulted in audit adjustments as noted on page 16 of this report. Most of the adjustments were balances carried forward from several years back that were either uncollectible receivables or payables that should have been reversed.

#### **Recommendation**

We recommend that the Organization's management review the content of the audit adjustments proposed and design and incorporate procedures and internal controls into the year-end closing process so that financial statements are complete, accurate and in accordance with Generally Accepted Accounting Principles.

#### **Corrective Action Plan**

Management will develop detailed policies and procedures for the year-end close. Included will be a review of all outstanding payables and receivables, loans, notes, vacation liability, deferred revenue and expenses.

### 2012-2 Segregation of Duties (30000)

#### **Criteria or Specific Requirements**

Best accounting practice and good internal controls emphasize segregation of duties so that there are checks and balances in place to ensure financial information is properly recorded.

#### **Condition**

*Significant deficiencies* - During our internal control walkthrough for the payroll and personnel process, we noted that the bookkeeper has access to both payroll and personnel function. The bookkeeper has access to add new employees to the payroll system and makes changes to salaries.

# AMERICAN INDIAN PUBLIC CHARTER SCHOOL

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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### **Recommendation**

We recognize that in a small business environment, it is sometimes difficult to have full segregation of duties in place. However, we suggest that compensated controls to be put in place by having someone who has the knowledge of the activity review payroll information regularly and compare it to the personnel records for accuracy.

### **Corrective Action Plan**

The Staff Accountant compiles payroll information in the monthly payroll worksheet and the Site Administrators review and approve it. The worksheet shows new employees to be added and any changes being made to salary or position. After the data has been entered in ADP's payroll system, a copy of the report and the worksheet will be given to the Director for final review and approval.

### **2012-3 Journal Entries (30000)**

#### **Criteria or Specific Requirements**

As part of maintaining good accounting practices and internal controls, it is necessary that audit evidence, including supporting documentation, be maintained for journal entries.

#### **Condition**

*Significant Deficiency* - The School does not maintain adequate supporting documentation for journal entries. Supporting documentation does not always include the initials of the preparer and reviewer. The supporting documents do not always clearly support or define the reason for the entry. In addition, we noted some entries posted to accrue year-end balances in the previous year were not properly cleared.

#### **Recommendation**

The School should maintain adequate supporting documentation for journal entries that are made. This supporting documentation should be attached to the journal entry and filed with the copy of the journal entry. All journal entries should be reviewed and approved before being posted to the School's financial system.

#### **Corrective Action Plan**

Each journal entry must have sufficient documentation. Turn on the number in sequence in QuickBooks for the journal entries and identify the originator of the entry. Print out the journal entry and attach the documentation. The Bookkeeper will maintain the journal with all of the journal entries and back up.

### **2012-4 Compensated Absences (30000)**

#### **Criteria or Specific Requirements**

Strong internal controls over the reporting of compensation involve the accumulation, review, and recording of compensated absences.

#### **Condition**

*Significant Deficiency* - We noted that the School updates the vacation balance for each eligible employee on their pay stub issued by an outside payroll company (ADP), however, the vacation earned and used for each employee for the year are not summarized and reviewed for accuracy. The vacation liability calculation was not performed and the amount was not recorded in the financial statements.



# AMERICAN INDIAN PUBLIC CHARTER SCHOOL

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

---

### **Recommendation**

The School should implement procedures to summarize vacation earned and used for each eligible employee. The balance of the vacation hours at each fiscal year end should be calculated to accurately report the liabilities of the School.

### **Corrective Action Plan**

The Staff Accountant will create a monthly report showing the balance of vacation/PTO and forward it to the Site Administrator for their review.

At year-end an accrual will be made for the liability of the remaining vacation/PTO in the schools' financial statements.

### **2012-5 Capital Assets (30000)**

#### **Criteria or Specific Requirements**

The School's fiscal policies for capital depreciation state that assets in excess of \$10,000 shall be depreciated over the useful life and assets under \$10,000 shall be expensed.

#### **Condition**

*Control Deficiency* – We noted some items under the capitalization threshold are being capitalized instead of expensed as per the policy noted above.

#### **Recommendation**

The School should adhere to its policies for asset capitalization.

#### **Corrective Action Plan**

The Finance department is now adhering to fixed asset capitalization policy of the school. The Bookkeeper will review all entries for purchases over \$10,000 and will make the appropriate entries at that time.

### **2012-6 Form 700 Statement of Economic Interest (30000)**

#### **Criteria or Specific Requirements**

The Political Reform Act and the California Fair Political Practices Commission require that Form 700 Statement of Economic Interests be filed by State and Locally Elected Officials and Employees designated in a Conflict-of-interest Code no later than April 1 of each year.

#### **Condition**

*Significant Deficiency* – We noted no Form 700 was filed for members of the management and key employees.

#### **Recommendation**

We recommend that the Organization establishing policies to require certain individuals to complete and maintain Form 700 annually. In addition, the Organization should assign a responsible individual to ensure that Form 700 is turned in by all necessary personnel within the required time frame.

# AMERICAN INDIAN PUBLIC CHARTER SCHOOL

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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### **Corrective Action Plan**

The Administrative Assistant to the Board is responsible for maintaining current Form 700 for all required Board and Staff members.

### **2012-7 Check Signing (30000)**

#### **Criteria or Specific Requirements**

Best accounting practices and good internal controls include procedures designed to safeguard the School's assets.

#### **Condition**

*Control Deficiency* – During our internal control walkthrough for the disbursement process, we noted that the School utilizes a stamp to endorse the disbursement checks instead of having the signors review the appropriateness of the check before signing it.

#### **Recommendation**

We recommend that the disbursement checks be reviewed and manually signed by the signor to guard against unauthorized payments.

#### **Corrective Action Plan**

Our new practice in Finance requires two signatures for each check. There are three people allowed to sign the checks: 1) Financial Administrator; 2) the Board President; and 3) the Board Secretary. Each signer reviews the checks and accompanying back up. The stamps are no longer valid for use.

### **2012-8 Expense Classification (30000)**

#### **Criteria or Specific Requirements**

For financial reporting purposes, the School is required to accurately classify expenses in accordance with the nature of the expense.

#### **Condition**

*Significant Deficiency* – During our review of expenditures, we noted that certain incentive pay and some hourly work payments for employees were coded to other operating expenses instead of salary and benefits related expenses.

#### **Recommendation**

We recommend that payments made to employees for work performed or incentive are paid through payroll process, so that it can be accounted for and reported in the proper expense category.

#### **Corrective Action Plan**

We have implemented the recommendation of the Auditors that payment made to employees for work performed or incentive are paid through payroll process. We will create a sub-account of salary for incentives. The contractors (1099s) are issued payments through our A/P.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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None reported.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012**

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There were no audit findings reported in the prior year's schedule of financial statement findings.



# American Indian Model Schools

171 12<sup>th</sup> Street Oakland, CA 94607

# AIPCS II

"A School at Work"



To the Board of Directors  
American Indian Public Charter School II

We have audited the financial statements of American Indian Public Charter School II for the year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 31, 2012. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by American Indian Public Charter School II are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected the accumulated depreciation of \$55,276, depreciation expense of \$26,131, and the rent payable of \$24,297. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. The attached schedule summarizes misstatements of the financial statements. Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 3, 2012.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the governing board and management of American Indian Public Charter School II and is not intended to be, and should not be, used by anyone other than these specified parties.

*Vavrinek, Time, Day & Co., LLP*

Pleasanton, California  
December 3, 2012

AMERICAN INDIAN PUBLIC CHARTER SCHOOL II

AUDIT DIFFERENCE EVALUATION  
 JUNE 30, 2012

Description of Audit Difference	Cause	W/P Ref.	Financial Statements Effects - Amount of Over (Under) Statement of:			
			Total Assets	Total Liabilities	Fund Balance	Net Income/Loss
Accumulated depreciation understated	Amount recorded different from depreciation schedule	L102	\$ 55,276	\$ -	\$ 55,276	\$ 55,276
Depreciation expense understated	Amount recorded different from depreciation schedule	L102	-	-	26,131	26,131
Liabilities overstated	July 12 rent was accrued	M103	-	24,297	(24,297)	(24,297)
Accounts receivable understated	4th quarter lottery not accrued	J103	(8,705)	-	(8,705)	(8,705)
Total			46,571	24,297	-48,405	48,405
Less: Audit Adjustments Subsequently Booked			(55,276)	(24,297)	(57,110)	(57,110)
Net Unadjusted Audit Differences - This Year			(8,705)	-	(8,705)	(8,705)
Effect of Unadjusted Audit Differences - Prior Years (1)						-
Net Audit Differences			(8,705)	-	(8,705)	(8,705)
Financial Statement Caption Totals			1,442,840	272,675	1,170,165	4,930
Net Audit Differences as % of F/S Captions			-0.60%	0.00%	-0.74%	-176.57%



**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**FINANCIAL STATEMENTS  
JUNE 30, 2012  
WITH  
INDEPENDENT AUDITORS' REPORT**

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**JUNE 30, 2012**

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VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
American Indian Public Charter School II  
Oakland, California

We have audited the accompanying statement of financial position of American Indian Public Charter School II (a California nonprofit corporation) as of June 30, 2012, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of American Indian Public Charter School II's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-12*, issued by the California Education Audit Appeals Panel as regulations. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Indian Public Charter School II as of June 30, 2012, and the changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, on our consideration of the Organization'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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in the audit of the financial statements. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Vavrinek, Time, Day & Co., LLP*

Pleasanton, California  
December 3, 2012

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2012**

---

	2012
<b>ASSETS</b>	
Cash and cash equivalents	\$ 215,038
Accounts receivable	706,992
Other assets	14,000
Equipment, net of accumulated depreciation	506,810
Total Assets	<u>\$ 1,442,840</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 272,675
Total Liabilities	<u>272,675</u>
<b>NET ASSETS</b>	
Unrestricted	<u>1,170,165</u>
Total Net Assets	<u>1,170,165</u>
Total Liabilities and Net Assets	<u>\$ 1,442,840</u>

See the accompanying notes to financial statements.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

---

Support and Revenues	
General apportionment	\$ 1,623,226
Other federal revenue	98,120
Other state revenues	619,356
Other local revenues	5,715
Total Support and Revenues	<u>2,346,417</u>
Expenses	
Program services	
Academic programs	1,801,970
Supporting Services	
Management and general	539,517
Total program and supporting services	<u>2,341,487</u>
CHANGE IN NET ASSETS	4,930
NET ASSETS, BEGINNING OF YEAR, restated	<u>1,165,235</u>
NET ASSETS, END OF YEAR	<u>\$ 1,170,165</u>

See the accompanying notes to financial statements.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012**

	Academic Programs	Management and General	2012 Total Expenses
Salaries and benefits	\$ 570,127	\$ 169,304	\$ 739,431
Payroll expense	1,938	-	1,938
Stipends	76,943	30,717	107,660
Staff bonus	2,800	-	2,800
Books and supplies	46,207	-	46,207
Contractual services	301,014	-	301,014
Depreciation	-	50,307	50,307
Equipment rental	14,689	-	14,689
Field trips	2,311	-	2,311
Food	3,335	-	3,335
Insurance	-	8,193	8,193
Janitorial	-	8,152	8,152
Bad debt expense	-	24,176	24,176
Miscellaneous	-	627	627
Occupancy	319,229	-	319,229
Office supplies	-	42,891	42,891
OUSD 1% oversight fee	-	15,889	15,889
Professional development	7,151	-	7,151
Professional fees	160	46,212	46,372
Repair and maintenance	-	135,280	135,280
Equipment	2,655	1,480	4,135
Special education	184,761	-	184,761
SAIL Summer Math Program	63,500	-	63,500
Academic Enrichment Program	159,471	-	159,471
Telephone	-	6,289	6,289
Student recognition/awards	2,929	-	2,929
Utilities	42,750	-	42,750
<b>Total Expenses</b>	<b>\$ 1,801,970</b>	<b>\$ 539,517</b>	<b>\$ 2,341,487</b>

See the accompanying notes to financial statements.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012**

---

	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 4,930
Adjustments to reconcile change in net assets to net cash provided by operations	
Depreciation	50,307
Beginning net assets and fixed asset adjustments	453,550
Change in operating assets and liabilities	
Accounts receivable	(369,522)
Other assets	2,557
Accounts payable and accrued liabilities	(138,102)
Net Cash Provided for Operating Activities	<u>3,720</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of capital assets	(110,415)
Net Cash Used by Investing Activities	<u>(110,415)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(106,695)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>321,733</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u><u>\$ 215,038</u></u>

See the accompanying notes to financial statements.



**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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***NOTE #1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES***

**Organization**

The American Indian Public Charter School II (the School) was incorporated in the State of California in 2000 as a nonprofit public benefit corporation that is organized under the Nonprofit Public Benefit Corporation Law exclusively for charitable and educational purposes within the meaning of 510(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law. It is one of the education arms of the non-profit American Indian Public Charter School, Inc. (charter number 0882). The School is operating under a charter granted by the Oakland Unified School District that expires on June 30, 2016.

The primarily objective and purpose of the School is to meet the academic social, cultural and developmental needs of American Indian students, and all students, in an environment that respects the integrity of the individual student and diverse cultures and knowledge and which creates educational partnerships among teachers, students, parents, and the wider community consisting of individuals, businesses, institutions, and cultural organizations on grade levels 4 through 8.

**Financial Statement Presentation**

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) ASC 958-210-50. Under ASC 958-210-50, 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. In addition, the School is required to present a statement of cash flows. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

**Financial Reporting Entity**

The accompanying financial statements present only the financial activities of the School and are not intended to present fairly the financial position and the results of operations of American Indian Public Charter School, Inc. as a whole in conformity with accounting principles generally accepted in the United States of America.

**Support and Expenses**

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The School reports gifts of cash or other assets in the category designated by the donor. The School reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the School reports these contributions as unrestricted.

**Revenue Recognition**

*State Apportionment*

The School's support is derived primarily from the State of California's public education monies received through the Oakland Unified School District and are recognized as revenues by the School based on the average daily attendance (ADA) of students.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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*State and Federal Grants*

The School also receives other educational government grants. Revenues are recognized when expenditures have been incurred in accordance with the grant agreement.

**Property and Equipment**

The School capitalized assets costing \$10,000 or more when purchased or donated. Capital assets are stated at cost, or if donated, at estimated fair value on the date of donation. Routine maintenance and repairs are charged to expense as incurred and major improvements are capitalized. Depreciation is computed on the straight line method over the estimated useful lives of the individual assets:

Leasehold Improvements	10 years
Furniture and Fixtures	5 years
Equipment	5 years

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the School's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**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 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 and Cash Equivalents**

Cash balances are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) for each account. At June 30, 2012, the School had \$285,142 in its Community Bank of the Bay account before reconciling items. All cash held by the financial institutions is fully insured or collateralized except those which exceeds the maximum insured levels of FDIC.

**Allowance for Bad Debts**

No allowance for bad debts was recorded. Management does not consider it is necessary to set up an allowance for bad debts as uncollectible receivables are written off when identified.

**Income Taxes**

The Charter School is a nonprofit corporation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Charter School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b) (A) (vi). Income tax returns for 2009 and forward may be audited by regulatory agencies, however, the Charter School is not aware of any such actions at this time.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Allocation of Functional Expenses**

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and fundraising activities benefited.

**NOTE #2 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2012 consisted of the following:

General apportionment (OUSD)	<u>\$ 706,992</u>
------------------------------	-------------------

**NOTE #3 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2012, consisted of the following:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletion/ Adjustments</u>	<u>End of Year</u>
Leasehold improvements	\$ 838,015	\$ 110,415	\$ (280,778)	\$ 667,652
Accumulated depreciation	(81,391)	(50,307)	(29,144)	(160,842)
	<u>\$ 756,624</u>	<u>\$ 60,108</u>	<u>\$ (309,922)</u>	<u>\$ 506,810</u>

AIPCS recorded depreciation expense for the year ended June 30, 2012, was \$50,307.

**NOTE #4 – ACCOUNTS PAYABLE**

Accounts payables at June 30, 2012 consisted the following:

Vendor	<u>2012</u> <u>\$ 272,675</u>
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**NOTE #5 – NET ASSETS RESTATEMENT**

During the year, the management has written off items in the balance sheet that were carried forward from several years ago and should have been reversed in the prior years. The net change to the beginning fund balance was an increase of \$143,629 to the unrestricted fund balance.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE #6 - PENSION PLAN**

The School contributes to CalPERS and IRA for eligible employees. Employees are eligible for IRA contribution after two years of their employment. During the year, the School contributed \$12,095 and \$2,857 to CalPERS and IRA, respectively.

**NOTE #7 - COMMITMENTS AND CONTINGENCIES**

**Grants**

The School received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of the management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2012.

**Facility Lease**

The School leased the facility at 3637 Magee Avenue. This lease expires on June 30, 2017. The School paid \$319,229 during the fiscal year. Future minimum lease payments are as follow:

Fiscal Year	Lease Payment
12-13	\$ 562,788
13-14	579,672
14-15	597,060
15-16	614,976
16-17	633,420
Total	<u>\$ 2,987,916</u>

**NOTE #8 - RISK AND UNCERTAINTY**

The School is funded principally through the State of California's public education monies, the California Department of Education and Oakland Unified School District, and various government agency grants. The charter may be revoked by the State of California for material violations of the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. Any decreases in the state's allocations for the School programs could have a material adverse effect on the School's business, financial condition, and results of operations.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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***NOTE #9 – OTHER RELATED PARTY TRANSACTIONS***

During the year the School leased properties and incurred other transactions with Lumbee Properties, Stanford Academic Institute of Learning Summer Mathematics Institute (SAIL), A&A Business Solutions, and AAFS whose owner of these organizations also founded the American Indian Public Charters, Inc. The transactions incurred with these parties during the year are as follows:

<u>Organization</u>	<u>Description</u>	<u>Amount</u>
Lumbee Properties	Facilities rent	\$ 319,229
SAIL	Summer Math Programs	63,500
A & A Business Solutions	Bookkeeping	4,167
AAFS	Accounting	25,000
	Total	<u>\$ 411,896</u>

***NOTE #10 – SUBSEQUENT EVENTS***

The School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 3, 2012, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

*SUPPLEMENTAL INFORMATION*

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**ORGANIZATIONAL STRUCTURE  
FOR THE YEAR ENDED JUNE 30, 2012**

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**GOVERNING BOARD**

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Jean Jackson Martinez	President	May 2016
Jordan Locklear	Secretary	January 2014
Michael Stember	Treasurer	March 2014
Chris Rodriguez	Member	July 2012
Michael Yu	Member	May 2016

**ADMINISTRATION**

Jason Chu

Director

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2012**

	Second period report			Annual		
	Average daily attendance	Classroom Based	Non-Classroom Based	Average daily attendance	Classroom Based	Non-Classroom Based
Grades 4 to 6	155	155	0	159	159	0
Grades 7 to 8	121	121	0	122	122	0
Total ADA	276	276	0	281	281	0

The Charter School's operation is classroom based with no full time independent study program.



**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2012**

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Grade Level	1982-83 Actual Minutes	Minimum Minutes Requirement	2011-12 Actual Minutes	<u>Number of Days</u> Traditional Calendar	Status
Grades 4 - 6	Not Applicable	52,457			
Grade 4			64,620	180	Complied
Grade 5			64,620	180	Complied
Grade 6			64,620	180	Complied
Grades 7 - 8	Not Applicable	52,457			
Grade 7			64,620	180	Complied
Grade 8			64,620	180	Complied

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II  
(A California Nonprofit Corporation)**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

Balance, June 30, 2012, Unaudited Actuals	\$ 1,257,960
Decrease cash	(8,089)
Decrease accounts receivable	(131,252)
Decrease other assets	(688,836)
Increase property and equipment	401,243
Decrease accounts payable and accrued expenses	17,916
Decrease current loan	321,223
Balance, June 30, 2012, Audited Financial Statements	<u>\$ 1,170,165</u>

## AMERICAN INDIAN PUBLIC CHARTER SCHOOL II

### **NOTE TO SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2012**

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#### ***NOTE 1 - PURPOSE OF SCHEDULES***

##### **Agency Organization Structure**

This schedule provides information about the members of the governing board and the administration of the School.

##### **Schedule of Average Daily Attendance (ADA)**

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

##### **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 Sections 46200 through 46206.

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

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



VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

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

Board of Directors  
American Indian Public Charter School II  
Oakland, California

We have audited the financial statements of American Indian Public Charter School II as of and for the year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. 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.

Internal Control Over Financial Reporting

Management of American Indian Public Charter School II is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered American Indian Public Charter School II's internal control over financial reporting as a basis for designing our auditing procedures 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 Indian Public Charter School II's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the American Indian Public Charter School II's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs 2012-1 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs 2012-2 through 2012-7 to be significant deficiencies.

#### Compliance and Other Matters

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

American Indian Public Charter School II's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit American Indian Public Charter School II's response and, accordingly, express no opinion on it.

This report is intended solely for the information and use of the Governing Board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Varkinek, Time, Day & Co., LLP*

Pleasanton, California  
December 3, 2012



VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

Board of Directors  
American Indian Public Charter School II  
Oakland, California

We have audited the American Indian Public Charter School II's compliance with the requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies*, applicable to American Indian Public Charter School II's government programs as noted below for the year ended June 30, 2012. Compliance with the requirements referred to above is the responsibility of American Indian Public Charter School II's management. Our responsibility is to express an opinion on American Indian Public Charter School II's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-2012* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about American Indian Public Charter School II's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of American Indian Public Charter School II's compliance with those requirements.

In our opinion, American Indian Public Charter School II complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2012.

In connection with the audit referred to above, we selected and tested transactions and records to determine the American Indian Public Charter School II's compliance with the State laws and regulations applicable to the following items:

	Procedures in Audit Guide	Procedures Performed
<b>Attendance Accounting:</b>		
Attendance reporting	6	Not Applicable
Teacher Certification and Misassignments	3	Not Applicable
Kindergarten continuance	3	Not Applicable
Independent study	23	Not Applicable
Continuation education	10	Not Applicable

	Procedures in Audit Guide	Procedures Performed
Instructional Time:		
School districts	6	Not Applicable
County offices of education	3	Not Applicable
Instructional Materials:		
General requirements	8	Not Applicable
Ratios of Administrative Employees to Teachers	1	Not Applicable
Classroom Teacher Salaries	1	Not Applicable
Early retirement incentive	4	Not Applicable
Gann limit calculation	1	Not Applicable
School Accountability Report Card	3	Not Applicable
Public Hearing Requirement – Receipt of Funds	1	Not Applicable
Juvenile Court Schools	2	Not Applicable
Exclusion of Pupils – Pertussis Immunization	2	Not Applicable
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Not Applicable
Option one classes	3	Not Applicable
Option two classes	4	Not Applicable
District or charter schools with only one school serving K-3	4	Not Applicable
After School Education and Safety Program		
General requirements	4	Yes
Before school	6	Not Applicable
After school	5	Yes
Charter Schools:		
Contemporaneous records of attendance	3	Yes
Mode of instruction	1	Yes
Non classroom-based instruction/independent study	15	Not Applicable
Determination of funding for non classroom-based instruction	3	Not Applicable
Annual instruction minutes classroom based	4	Yes

American Indian Public Charter School II's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit American Indian Public Charter School II's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of directors, management, the California Department of Education, the State Controller's Office, and Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Vavrinek, Time, Day & Co., LLP*

Pleasanton, California  
December 3, 2012

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II**

**SUMMARY OF AUDITORS RESULTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>Yes</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>Not Applicable</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Not Applicable</u>
Type of auditors' report issued on compliance for major programs:	<u>Not Applicable</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>



# AMERICAN INDIAN PUBLIC CHARTER SCHOOL II

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

### 2012-1 Financial Reporting (30000)

#### **Criteria or Specific Requirements**

Industry standards and best business practice related to accounting and internal control require that an entity perform monitoring procedures over the financial reporting process to ensure that all items are accounted for appropriately and reports are accurate.

#### **Condition**

*Material Weakness* – We noted several differences in the account balances that resulted in audit adjustments as noted on page 16 of this report. Most of the adjustments were balances carried forward from several years back that were either uncollectible receivables or payables that should have been reversed.

#### **Recommendation**

We recommend that the Organization's management review the content of the audit adjustments proposed and design and incorporate procedures and internal controls into the year-end closing process so that financial statements are complete, accurate and in accordance with Generally Accepted Accounting Principles.

#### **Corrective Action Plan**

Management will develop detailed policies and procedures for the year-end close. Included will be a review of all outstanding payables and receivables, loans, notes, vacation liability, deferred revenue and expenses.

### 2012-2 Segregation of Duties (30000)

#### **Criteria or Specific Requirements**

Best accounting practice and good internal controls emphasize the segregation of duties so that there are checks and balances in place to ensure financial information is properly recorded.

#### **Condition**

*Significant deficiencies* - During our internal control walkthrough for the payroll and personnel process, we noted that the bookkeeper has access to both payroll and personnel function. The bookkeeper has access to add new employees to the payroll system and makes changes to salaries.

## AMERICAN INDIAN PUBLIC CHARTER SCHOOL II

### FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

---

#### **Recommendation**

We recognized that in a small business environment, it is sometimes difficult to have full segregation of duties in place. However, we suggest that compensated controls be put in place by having someone who has the knowledge of the activity to review payroll information regularly and compare it to the personnel records for accuracy.

#### **Corrective Action Plan**

The Staff Accountant compiles payroll information in the monthly payroll worksheet and the Site Administrators review and approve it. The worksheet shows new employees to be added and any changes being made to salary or position. After the data has been entered in ADP's payroll system, a copy of the report and the worksheet will be given to the Director for final review and approval.

#### **2012-3 Journal Entries (30000)**

##### **Criteria or Specific Requirements**

As part of maintaining good accounting practices and internal controls, it is necessary that audit evidence, including supporting documentation, be maintained for journal entries.

##### **Condition**

*Significant Deficiency* - The School does not maintain adequate supporting documentation for journal entries. Supporting documentation does not always include the initials of the preparer and reviewer. The supporting documents do not always clearly support or define the reason for the entry. In addition, we noted some entries posted to accrue year-end balances in the previous year were not properly cleared.

##### **Recommendation**

The District should maintain adequate supporting documentation for journal entries that are made. This supporting documentation should be attached to the journal entry and filed with the copy of the journal entry. All journal entries should be reviewed and approved before being posted to the School's financial system.

##### **Corrective Action Plan**

Each journal entry must have sufficient documentation. Turn on the number in sequence in QuickBooks for the journal entries and identify the originator of the entry. Print out the journal entry and attach the documentation. The Bookkeeper will maintain the journal with all of the journal entries and back up.

#### **2012-4 Compensated Absences (30000)**

##### **Criteria or Specific Requirements**

Proper internal controls over the reporting of compensation involve the accumulation, review, and recording of compensated absences.

##### **Condition**

*Significant Deficiency* - We noted that the School updates the vacation balance for each eligible employee on their pay stub issued by an outside payroll company (ADP), however, the vacation earned and used for each employee for the year are not summarized and reviewed for accuracy. The vacation liability calculation was not performed and the amount was not recorded in the financial statements.

## AMERICAN INDIAN PUBLIC CHARTER SCHOOL II

### FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

---

#### **Recommendation**

The School should implement procedures to summarize vacation earned and used for each eligible employee. The balance of the vacation hours at each fiscal year end should be calculated to accurately report the liabilities of the School.

#### **Corrective Action Plan**

The Staff Accountant will create a monthly report showing the balance of vacation/PTO and forward it to the Site Administrator for their review.

At year-end an accrual will be made for the liability of the remaining vacation/PTO in the schools' financial statements.

#### **2012-5 Form 700 Statement of Economic Interest (30000)**

##### **Criteria or Specific Requirements**

The Political Reform Act and The California Fair Political Practices Commission require that Form 700 Statement of Economic Interests be filed by State and Locally Elected Officials and Employees designated in a Conflict-of-Interest Code no later than April 1 of each year.

##### **Condition**

*Significant Deficiency* – We noted no Form 700 was filed for members of the management and key employees.

##### **Recommendation**

We recommend that the School establishing policies to required certain individuals to complete and maintain Form 700 annually. In addition, the School should assign a responsible individual to ensure that Form 700 Statement of Economic Interests is turned in by all necessary personnel within the required time frame.

##### **Corrective Action Plan**

The Administrative Assistant to the Board is responsible for maintaining current Form 700 for all required Board and Staff members.

#### **2012-6 Check Signing (30000)**

##### **Criteria or Specific Requirements**

Best accounting practices and good internal controls include procedures design to safeguard of the School's assets.

##### **Condition**

*Control Deficiency* – During our internal control walkthrough for the disbursement process, we noted that the School utilizes a stamp to endorse the disbursement checks instead of having the signors review the appropriateness of the check before signing it.

##### **Recommendation**

We recommend that the disbursement checks be reviewed and manually signed by the signor to guard against unauthorized payments.

AMERICAN INDIAN PUBLIC CHARTER SCHOOL II

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012**

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**Corrective Action Plan**

Our new practice in Finance requires two signatures for each check. There are three people allowed to sign the checks: 1) Financial Administrator; 2) the Board President; and 3) the Board Secretary. Each signer reviews the checks and accompanying back up. The stamps are no longer valid for use.

**2012-7 Expense Classification (30000)**

**Criteria or Specific Requirements**

For financial reporting purposes, the School is required to accurately classify expenses in accordance with the nature of the expense.

**Condition**

*Significant Deficiency* – During our review of expenditures, we noted that certain incentive pay and some hourly work payments for employees were coded to other operating expenses instead of salary and benefits related expenses.

**Recommendation**

We recommend that payments made to employees for work performed or incentive are paid through payroll process, so that it can be accounted for and reported in the proper expense category.

**Corrective Action Plan**

We have implemented the recommendation of the Auditors that payment made to employees for work performed or incentive are paid through payroll process. We will create a sub-account of salary for incentives. The contractors (1099s) are issued payments through our A/P.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL II**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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None reported.

**AMERICAN INDIAN PUBLIC CHARTER SCHOOL**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012**

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There were no audit findings reported in the prior year's schedule of financial statement findings.



To the Board of Directors  
American Indian Public High School

We have audited the financial statements of American Indian Public High School for the year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 31, 2012. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by American Indian Public High School are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected the rent amount of \$21,304 that was recorded as prepaid expenses and liability. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. The attached schedule summarizes the misstatements of the financial statements. Management has determined that the effects of unrecorded amounts are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 3, 2012.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the governing board and management of American Indian Public High School and is not intended to be, and should not be, used by anyone other than these specified parties.

*Vavrinek, Time, Day & Co., LLP*

Pleasanton, California  
December 3, 2012



AMERICAN INDIAN PUBLIC HIGH SCHOOL

AUDIT DIFFERENCE EVALUATION  
JUNE 30, 2012

Description of Audit Difference	Cause	W/P Ref.	Financial Statements Effects - Amount of Over (Under) Statement of:			
			Total Assets	Total Liabilities	Fund Balance	Net Income/Loss
Cash understated	Amount different from bank reconciliation amount	H102	\$ (8,735)	\$ -	\$ (8,735)	\$ (8,735)
Prepaid expense overstated	July rent was not paid until July	K101	21,304	-	21,304	21,304
Prepaid expense overstated	Prior year audit adjustment not cleared	K101	4,501	-	4,501	4,501
Accounts payable overstated	July rent recorded as a liability	M103	-	21,304	(21,304)	(21,304)
Total			17,070	21,304	(4,234)	(4,234)
Less: Audit Adjustments Subsequently Booked			(21,304)	(21,304)	-	-
Net Unadjusted Audit Differences - This Year			(4,234)	-	(4,234)	(4,234)
Effect of Unadjusted Audit Differences - Prior Years (1)						-
Net Audit Differences			(4,234)	-	(4,234)	(4,234)
Financial Statement Caption Totals			\$ 1,053,542	\$ 127,937	\$ 925,605	\$ 99,660
Net Audit Differences as % of F/S Captions			-0.40%	0.00%	-0.46%	-4.25%

**AMERICAN INDIAN PUBLIC HIGH SCHOOL  
(A California Nonprofit Corporation)**

**FINANCIAL STATEMENTS  
JUNE 30, 2012  
WITH  
INDEPENDENT AUDITORS' REPORT**

**AMERICAN INDIAN PUBLIC HIGH SCHOOL  
(A California Nonprofit Corporation)**

**JUNE 30, 2012**

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& COMPANY, LLP  
*Certified Public Accountants*

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
American Indian Public High School  
Oakland, California

We have audited the accompanying statement of financial position of American Indian Public High School (a California nonprofit corporation) as of June 30, 2012, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of American Indian Public High School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-12*, issued by the California Education Audit Appeals Panel as regulations. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Indian Public High School as of June 30, 2012, and the changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, on our consideration of the Organization'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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in the audit of the financial statements. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Vavrinek, Time, Day & Co., LLP*

Pleasanton, California  
December 3, 2012

**AMERICAN INDIAN PUBLIC HIGH SCHOOL**  
**(A California Nonprofit Corporation)**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2012**

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	2012
<b>ASSETS</b>	
Cash and cash equivalents	\$ 375,434
Accounts receivable	541,707
Other assets	6,943
Security deposit	10,000
Equipment, net of accumulated depreciation	119,458
Total Assets	<u>\$ 1,053,542</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 127,937
Total Liabilities	<u>127,937</u>
<b>NET ASSETS</b>	
Unrestricted	925,605
Total Net Assets	<u>925,605</u>
Total Liabilities and Net Assets	<u>\$ 1,053,542</u>

See the accompanying notes to financial statements.

**AMERICAN INDIAN PUBLIC HIGH SCHOOL  
(A California Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

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Support and Revenues		
General apportionment	\$	1,276,976
Other federal revenues		158,973
Other state revenues		217,006
Other local revenues		1,169
Total Support and Revenues		<u>1,654,124</u>
Expenses		
Program services		
Academic programs		1,076,662
Supporting Services		
Management and general		477,802
Total program and supporting services		<u>1,554,464</u>
CHANGE IN NET ASSETS		99,660
NET ASSETS, BEGINNING OF YEAR, restated		<u>825,945</u>
NET ASSETS, END OF YEAR	\$	<u>925,605</u>

See the accompanying notes to financial statements.

**AMERICAN INDIAN PUBLIC HIGH SCHOOL  
(A California Nonprofit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012**

	Academic Programs	Management and General	2012 Total Expenses
Salaries and benefits	\$ 481,545	\$ 301,947	\$ 783,492
Payroll expense	1,491	-	1,491
Stipends	41,721	-	41,721
Staff bonus	5,300	-	5,300
Books and supplies	45,325	-	45,325
Depreciation	-	28,450	28,450
Dues and fees	-	1,218	1,218
Student testing/application fees	4,355	-	4,355
Equipment rental	9,241	-	9,241
Field trips	2,019	-	2,019
Food	130	-	130
Insurance	-	8,718	8,718
Janitorial	-	9,642	9,642
Bad debt expense	-	47,577	47,577
Miscellaneous	-	1,055	1,055
Occupancy	255,651	-	255,651
Office supplies	-	12,146	12,146
OUSD 1% oversight fee	-	12,766	12,766
Professional development	3,335	-	3,335
Professional fees	-	40,752	40,752
Repair and maintenance	-	8,641	8,641
Equipment	17,867	-	17,867
Special education	128,738	-	128,738
SAIL Summer Math Program	29,500	-	29,500
Academic Enrichment Program	3,126	-	3,126
Telephone	-	4,890	4,890
Scholarship expense	1,756	-	1,756
Utilities	45,562	-	45,562
<b>Total Expenses</b>	<b>\$ 1,076,662</b>	<b>\$ 477,802</b>	<b>\$ 1,554,464</b>

See the accompanying notes to financial statements.



**AMERICAN INDIAN PUBLIC HIGH SCHOOL  
(A California Nonprofit Corporation)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 99,660
Adjustments to reconcile change in net assets to net cash provided by operations	
Adjustments to beginning net assets	218,388
Depreciation	28,450
Change in operating assets and liabilities	
Accounts receivable	(96,864)
Other assets	17,999
Accounts payable and accrued liabilities	(137,904)
Net Cash Provided from Operating Activities	<u>129,729</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS	129,729
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>245,705</u>

CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 375,434</u>
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See the accompanying notes to financial statements.

**AMERICAN INDIAN PUBLIC HIGH SCHOOL  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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***NOTE #1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES***

**Organization**

The American Indian Public High School (the School) was incorporated in the State of California in 2007 as a nonprofit public benefit corporation that is organized under the Nonprofit Public Benefit Corporation Law exclusively for charitable and educational purposes within the meaning of 510(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law. It is one of the education arms of the non-profit American Indian Public Charter School, Inc. (charter number 0765). The School is operating under a charter granted by the Oakland Unified School District that expires on June 30, 2016.

The primary objective and purpose of the School is to meet the academic social, cultural and developmental needs of American Indian students, and all students, in an environment that respects the integrity of the individual student and diverse cultures and knowledge and which creates educational partnerships among teachers, students, parents, and the wider community consisting of individuals, businesses, institutions, and cultural organizations on grade levels 9 through 12.

**Financial Statement Presentation**

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) ASC 958-210-50. Under ASC 958-210-50, 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. In addition, the School is required to present a statement of cash flows. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

**Financial Reporting Entity**

The accompanying financial statements present only the financial activities of the School and are not intended to present fairly the financial position and the results of operations of American Indian Public Charter School, Inc. as a whole in conformity with accounting principles generally accepted in the United States of America.

**Support and Expenses**

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The School reports gifts of cash or other assets in the category designated by the donor. The School reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the School reports these contributions as unrestricted.

**Revenue Recognition**

*State Apportionment*

The School's support is derived primarily from the State of California's public education monies received through the Oakland Unified School District and are recognized as revenues by the School based on the average daily attendance (ADA) of students.

**AMERICAN INDIAN PUBLIC HIGH SCHOOL  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

---

*State and Federal Grants*

The School also receives other educational government grants. Revenues are recognized when expenditures have been incurred in accordance with the grant agreement.

**Property and Equipment**

The School capitalized assets costing \$10,000 or more when purchased or donated. Capital assets are stated at cost, or if donated, at estimated fair value on the date of donation. Routine maintenance and repairs are charged to expense as incurred and major improvements are capitalized. Depreciation is computed on the straight line method over the estimated useful lives of the individual assets:

Leasehold Improvements	10 years
Furniture and Fixtures	5 years
Equipment	5 years

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the School's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**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 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 and cash equivalents**

Cash balances are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) for each account. At June 30, 2012, the School had \$396,519 in its Community Bank of the Bay account before reconciling items. All cash held by the financial institutions is fully insured or collateralized except those which exceeds the maximum insured levels of FDIC.

**Allowance for Bad Debts**

No allowance for bad debts was recorded. Management does not consider it is necessary to set up an allowance for bad debts as uncollectible receivables are written off when identified.

**Income Taxes**

The Charter School is a nonprofit corporation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Charter School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b) (A) (vi). Income tax returns for 2009 and forward may be audited by regulatory agencies, however, the Charter School is not aware of any such actions at this time.

**AMERICAN INDIAN PUBLIC HIGH SCHOOL  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Allocation of Functional Expenses**

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and fundraising activities benefited.

**NOTE #2 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2012 consisted of receivable from Oakland Unified School District in the amount of \$541,707.

**NOTE #3 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2012, consisted of the following:

	Beginning of Year	Additions	Deletions	End of Year
Leasehold improvements	\$ 284,500	\$ -	\$ -	\$ 284,500
Accumulated depreciation	(136,592)	(28,450)	-	(165,042)
	<u>\$ 147,908</u>	<u>\$ (28,450)</u>	<u>\$ -</u>	<u>\$ 119,458</u>

The depreciation expense for the year ended June 30, 2012, was \$28,450.

**NOTE #4 – ACCOUNTS PAYABLE**

Accounts payables at June 30, 2012 consisted the following:

Vendor	<u>\$ 127,937</u>
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**NOTE #5 – NET ASSETS RESTATEMENT**

During the year, the management has written off items on the balance sheet that were carried forward from several years back and should have been reversed in the prior years. The net change to the beginning net assets was an increase of \$218,388 to the unrestricted net assets.

**AMERICAN INDIAN PUBLIC HIGH SCHOOL  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE #6 - PENSION PLAN**

The School contributes to CalPERS and IRA for eligible employees. Employees are eligible for IRA contribution after two years of their employment. During the year, the School contributed \$18,497 and \$2,252 to CalPERS and IRA, respectively.

**NOTE #7 - COMMITMENTS AND CONTINGENCIES**

**Grants**

The School received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of the management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2012.

**Facility Lease**

The School leased the facility at 3626-28 35<sup>th</sup> Avenue. This lease expires on June 30, 2013. The School paid \$255,651 for rent during the fiscal year. The estimated lease payment of \$243,360 will be paid in next fiscal year.

**NOTE #8 - RISK AND UNCERTAINTY**

The School is funded principally through the State of California's public education monies, the California Department of Education and Oakland Unified School District, and various government agency grants. The charter may be revoked by the State of California for material violations of the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. Any decreases in the state's allocations for the School programs could have a material adverse effect on the School's business, financial condition, and results of operations.

**NOTE #9 - OTHER RELATED PARTY TRANSACTIONS**

During the year, the School leased properties and incurred other transactions with Lumbee Properties, Stanford Academic Institute of Learning Summer Mathematics Institute (SAIL), A&A Business Solutions, and AAFS whose owner of these organizations also founded the American Indian Public Charters, Inc. The transactions incurred with these parties during the year are as follows:

Organization	Description	Amount
ADS	Leasing properties	\$ 255,651
SAIL	Summer Math Programs	29,500
A & A Business Solutions	Bookkeeping	4,167
AAFS	Accounting	25,000
Total		\$ 314,318

**AMERICAN INDIAN PUBLIC HIGH SCHOOL  
(A California Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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***NOTE #10 – SUBSEQUENT EVENTS***

The School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet dated through December 3, 2012, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

*SUPPLEMENTAL INFORMATION*

**AMERICAN INDIAN PUBLIC HIGH SCHOOL  
(A California Nonprofit Corporation)**

**ORGANIZATIONAL STRUCTURE  
FOR THE YEAR ENDED JUNE 30, 2012**

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**GOVERNING BOARD**

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Jean Jackson Martinez	President	May 2016
Jordan Locklear	Secretary	January 2014
Michael Stember	Treasurer	March 2014
Chris Rodriguez	Member	July 2012
Michael Yu	Member	May 2016

**ADMINISTRATION**

Jason Chu

Director



**AMERICAN INDIAN PUBLIC HIGH SCHOOL  
(A California Nonprofit Corporation)**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2012**

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	Final Report	
	Second Period Report	Annual Report
<i>Grade 9 -12</i>		
Average daily attendance	192	192
Classroom based	192	192
Non-Classroom based	0	0

The Charter School's operation is classroom based with no full time independent study program.

**AMERICAN INDIAN PUBLIC HIGH SCHOOL  
(A California Nonprofit Corporation)**

**SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Grade Level</u>	<u>1982-83 Actual Minutes</u>	<u>Minimum Minutes Requirement</u>	<u>2011-12 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Grades 9 - 12	Not Applicable	62,949			
Grade 9			70,560	180	Complied
Grade 10			70,560	180	Complied
Grade 11			70,560	180	Complied
Grade 12			70,560	180	Complied

**AMERICAN INDIAN PUBLIC HIGH SCHOOL  
(A California Nonprofit Corporation)**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

Balance, June 30, 2012, Unaudited Actuals	\$ 793,156
Decrease cash	(8,660)
Increase accounts receivable	(68,264)
Prepaid and other assets	(21,927)
Decrease accounts payable and accrued expenses	231,300
Balance, June 30, 2012, Audited Financial Statements	<u>\$ 925,605</u>

# AMERICAN INDIAN PUBLIC HIGH SCHOOL

## **NOTE TO SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2012**

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### ***NOTE 1 - PURPOSE OF SCHEDULES***

#### **Agency Organization Structure**

This schedule provides information about the members of the governing board and the administration of the School.

#### **Schedule of Average Daily Attendance (ADA)**

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

#### **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 Sections 46200 through 46206.

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

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



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*Certified Public Accountants*

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

Board of Directors  
American Indian Public High School  
Oakland, California

We have audited the financial statements of American Indian Public High School as of and for the year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. 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.

Internal Control Over Financial Reporting

Management of American Indian Public High School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered American Indian Public High School's internal control over financial reporting as a basis for designing our auditing procedures 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 Indian Public High School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the American Indian Public High School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs 2012-1 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs 2012-2 through 2012-7 to be significant deficiencies.

#### Compliance and Other Matters

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

American Indian Public High School's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit American Indian Public High School's response and, accordingly, express no opinion on it.

This report is intended solely for the information and use of the Governing Board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vavrinek, Time, Day & Co., LLP*

Pleasanton, California  
December 3, 2012



VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

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**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

Board of Directors  
American Indian Public High School  
Oakland, California

We have audited the American Indian Public High School's compliance with the requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies*, applicable to American Indian Public High School's government programs as noted below for the year ended June 30, 2012. Compliance with the requirements referred to above is the responsibility of American Indian Public High School's management. Our responsibility is to express an opinion on American Indian Public High School's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-2012* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about American Indian Public High 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. Our audit does not provide a legal determination of American Indian Public High School's compliance with those requirements.

In our opinion, American Indian Public High School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2012.

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

	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance reporting	6	Not Applicable
Teacher Certification and Misassignments	3	Not Applicable
Kindergarten continuance	3	Not Applicable
Independent study	23	Not Applicable
Continuation education	10	Not Applicable

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	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Instructional Time:		
School districts	6	Not Applicable
County offices of education	3	Not Applicable
Instructional Materials:		
General requirements	8	Not Applicable
Ratios of Administrative Employees to Teachers	1	Not Applicable
Classroom Teacher Salaries	1	Not Applicable
Early retirement incentive	4	Not Applicable
Gann limit calculation	1	Not Applicable
School Accountability Report Card	3	Not Applicable
Public Hearing Requirement – Receipt of Funds	1	Not Applicable
Juvenile Court Schools	2	Not Applicable
Exclusion of Pupils – Pertussis Immunization	2	Not Applicable
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Not Applicable
Option one classes	3	Not Applicable
Option two classes	4	Not Applicable
District or charter schools with only one school serving K-3	4	Not Applicable
After School Education and Safety Program		
General requirements	4	Not Applicable
Before school	6	Not Applicable
After school	5	Not Applicable
Charter Schools:		
Contemporaneous records of attendance	3	Yes
Mode of instruction	1	Yes
Non classroom-based instruction/independent study	15	Not Applicable
Determination of funding for non classroom-based instruction	3	Not Applicable
Annual instruction minutes classroom based	4	Yes

This report is intended solely for the information and use of the Board of directors, management, the California Department of Education, the State Controller's Office, and Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

American Indian Public High School's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit American Indian Public High School's response and, accordingly, express no opinion on it.

*Vavrinek, Time, Day & Co., LLP*

Pleasanton, California  
December 3, 2012



**AMERICAN INDIAN PUBLIC HIGH SCHOOL**

**SUMMARY OF AUDITORS RESULTS  
FOR THE YEAR ENDED JUNE 30, 2012**

---

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>Yes</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>Not Applicable</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Not Applicable</u>
Type of auditors' report issued on compliance for major programs:	<u>Not Applicable</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>

# AMERICAN INDIAN PUBLIC HIGH SCHOOL

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

### 2012-1 Financial Reporting (30000)

#### **Criteria or Specific Requirements**

Industry standards and best business practice related to accounting and internal control require that an entity perform monitoring procedures over the financial reporting process to ensure that all items are accounted for appropriately and reports are accurate.

#### **Condition**

*Material Weakness* – We noted several differences in the account balances that resulted in audit adjustments as noted on page 16 of this report. Most of the adjustments were balances carried forward from several years back that were either uncollectible receivables or payables that should have been reversed.

#### **Recommendation**

We recommend that the Organization's management review the content of the audit adjustments proposed and design and incorporate procedures and internal controls into the year-end closing process so that financial statements are complete, accurate and in accordance with Generally Accepted Accounting Principles.

#### **Corrective Action Plan**

Management will develop detailed policies and procedures for the year-end close. Included will be a review of all outstanding payables and receivables, loans, notes, vacation liability, deferred revenue and expenses.

### 2012-2 Segregation of Duties (30000)

#### **Criteria or Specific Requirements**

Best accounting practice and good internal controls emphasize segregation of duties so that there are checks and balances in place to ensure financial information is properly recorded.

#### **Condition**

*Significant deficiencies* - During our internal control walkthrough for the payroll and personnel process, we noted that the bookkeeper has access to both payroll and personnel function. The bookkeeper has access to add new employees to the payroll system and makes changes to salaries.

# AMERICAN INDIAN PUBLIC HIGH SCHOOL

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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### **Recommendation**

We recognize that in a small business environment, it is sometimes difficult to have full segregation of duties in place. However, we suggest that compensated controls to be put in place by having someone who has the knowledge of the activity review payroll information regularly and compare it to the personnel records for accuracy.

### **Corrective Action Plan**

The Staff Accountant compiles payroll information in the monthly payroll worksheet and the Site Administrators review and approve it. The worksheet shows new employees to be added and any changes being made to salary or position. After the data has been entered in ADP's payroll system. A copy of the report and the worksheet will be given to the Director for final review and approval.

### **2012-3 Journal Entries (30000)**

#### **Criteria or Specific Requirements**

As part of maintaining good accounting practices and internal controls, it is necessary that audit evidence, including supporting documentation, be maintained for journal entries.

#### **Condition**

*Significant Deficiency* - The School does not maintain adequate supporting documentation for journal entries. Supporting documentation does not always include the initials of the preparer and reviewer. The supporting documents do not always clearly support or define the reason for the entry. In addition, we noted some entries posted to accrue year-end balances in the previous year were not properly cleared.

#### **Recommendation**

The District should maintain adequate supporting documentation for journal entries that are made. This supporting documentation should be attached to the journal entry and filed with the copy of the journal entry. All journal entries should be reviewed and approved before being posted to the School's financial system.

#### **Corrective Action Plan**

Each journal entry must have sufficient documentation. Turn on the number in sequence in QuickBooks for the journal entries and identify the originator of the entry. Print out the journal entry and attach the documentation. The Bookkeeper will maintain the journal with all of the journal entries and back up.

### **2012-4 Compensated Absences (30000)**

#### **Criteria or Specific Requirements**

Strong internal controls over the reporting of compensation involve the accumulation, review, and recording of compensated absences.

# AMERICAN INDIAN PUBLIC HIGH SCHOOL

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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### **Condition**

*Significant Deficiency* – We noted that the School updates the vacation balance for each eligible employee on their pay stub issued by an outside payroll company (ADP), however, the vacation earned and used for each employee for the year are not summarized and reviewed for accuracy. The vacation liability calculation was not performed and the amount was not recorded in the financial statements.

### **Recommendation**

The School should implement procedures to summarize vacation earned and used for each eligible employee. The balance of the vacation hours at each fiscal year end should be calculated to accurately report the liabilities of the School.

### **Corrective Action Plan**

The Staff Accountant will create a monthly report showing the balance of vacation/PTO and forward it to the Site Administrator for their review.

At year-end an accrual will be made for the liability of the remaining vacation/PTO in the schools' financial statements.

## 2012-5 Form 700 Statement of Economic Interest (30000)

### **Criteria or Specific Requirements**

The Political Reform Act and The California Fair Political Practices Commission require that Form 700 Statement of Economic Interests be filed by State and Locally Elected Officials and Employees designated in a Conflict-of-Interest Code no later than April 1 of each year.

### **Condition**

*Significant Deficiency* – We noted no Form 700 was filed for members of the management and key employees.

### **Recommendation**

We recommend that the School establishing policies to required certain individuals to complete and maintain Form 700 annually. In addition, the School should assign a responsible individual to ensure that Form 700 Statement of Economic Interests is turned in by all necessary personnel within the required time frame.

### **Corrective Action Plan**

The Administrative Assistant to the Board is responsible for maintaining current Form 700 for all required Board and Staff members.

## 2012-6 Check Signing (30000)

### **Criteria or Specific Requirements**

Best accounting practices and good internal controls includes safeguard of the School assets.

# AMERICAN INDIAN PUBLIC HIGH SCHOOL

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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### **Condition**

*Control Deficiency* – During our internal control walkthrough for the disbursement process, we noted that the School utilizes a stamp to endorse the disbursement checks instead of having the signors review the appropriateness of the check before signing it.

### **Recommendation**

We recommend that the disbursement checks be reviewed and manually signed by the signor to prevent unauthorized payments.

### **Corrective Action Plan**

Our new practice in Finance requires two signatures for each check. There are three people allowed to sign the checks: 1) Financial Administrator; 2) the Board President; and 3) the Board Secretary. Each signer reviews the checks and accompanying back up. The stamps are no longer valid for use.

## 2012-7 Expense Classification (30000)

### **Criteria or Specific Requirements**

For financial reporting purposes, the School is required to accurately classify expenses in accordance with the nature of the expense.

### **Condition**

*Significant Deficiency* – During our review of expenditures, we noted that certain incentive pay and some hourly work payments for employees were coded to other operating expenses instead of salary and benefits related expenses.

### **Recommendation**

We recommend that payments made to employees for work performed or incentive are paid through payroll process, so that it can be accounted for and reported in the proper expense category.

### **Corrective Action Plan**

We have implemented the recommendation of the Auditors that payment made to employees for work performed or incentive are paid through payroll process. We will create a sub-account of salary for incentives. The contractors (1099s) are issued payments through our A/P.

**AMERICAN INDIAN PUBLIC HIGH SCHOOL**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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None reported.

**AMERICAN INDIAN PUBLIC HIGH SCHOOL**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012**

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There were no audit findings reported in the prior year's schedule of financial statement findings.

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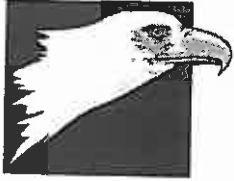


**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix E<sub>1</sub>**

## **AIM Schools' Financial Procedures and Policies Manual**



American Indian Model (AIM) Schools  
Oakland, CA

Revised 12/11/2012

# **AIM Schools' Financial Procedures and Policies Manual**

**"A School at Work"**

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# **AIM SCHOOLS' FINANCIAL PROCEDURES**

## **A. ACCOUNTING SYSTEM-CHART OF ACCOUNTS**

- 1) AIM Schools uses the accrual method of accounting, adhering to all generally accepted accounting principles (GAAP) for accrual basis accounting.
- 2) AIM Schools uses QuickBooks accounting software program to maintain its financial books, records and financial reports.
- 3) The Financial Administrator maintains QuickBooks with up-to-date budget numbers, cash receipts, disbursements and any items necessary to maintain the records in accordance with generally accepted accounting principles.
- 4) The Financial Administrator maintains the Chart of Accounts, a listing of revenue, expense, asset, liability, and equity accounts, which accurately reflects budget categories and provides information in a manner to coincide with reporting requirements.

## **B. FINANCIAL REPORTING**

- 1) The Financial Administrator prepares monthly financial reports for the AIM Schools Board. He/She submits any and all fiscal reports required by state or federal law to the Oakland Unified School District. Monthly statistical attendance reports are completed and sent to the Oakland Unified School District by the Site Administrators. A copy will be forwarded to the AIM Schools Director.
- 2) The Financial Administrator prepares monthly Statements of Financial Position and Statements of Activities of AIM Schools. These statements include a profit and loss, balance sheet, cash flow statement and bank statement to be reviewed by the AIM Schools Board. Quarterly interim reports, annual reports and any other any

other financial reporting required by state or federal law is prepared by the Financial Administrator.

### **C. BANK ACCOUNT MANAGEMENT**

- 1) AIM Schools will maintain its accounts in federally insured commercial banks or credit unions. Funds will be deposited in non-speculative accounts including federally-insured savings or checking accounts or invested in non-speculative federally-backed instruments.
- 2) The AIM Schools Finance Department will reconcile the School's ledgers with its bank accounts on a monthly basis. The Finance Department will deposit all checks in a timely manner when they are received. The bank account reconciliation (QuickBooks report) along with the bank statements will be filed in the binder set up for each bank account. A copy of all checks and invoices will be stapled and filed in the appropriate binder by check number.
- 3) The Financial Administrator will adhere to the check signing procedures established by the AIM Schools Board. The AIM Schools Board must approve the opening or closing of any bank accounts. The signature of the Secretary or Treasurer of the AIM Schools Board is required to open or close any bank accounts.
- 4) Currently there are five bank accounts at the Community Bank of the Bay. There is an account for AIPCS, AIPCS II, AIPHS, an AIM Schools scholarship account, and an "After School Education and Safety" Program (ASES) account. There is one AIM Schools account at Merchants Bank.

The Board President, Board Secretary and Director have signatory power on all of the accounts at the Community Bank of the Bay.

- 5) Checks will be issued only within the approved budget and with the approval of the Site Administrator for each school or the Director.
- 6) AIM Schools will no longer maintain a petty cash fund as of November 10, 2012.

## D. SCHOOL CREDIT CARDS

- 1) Each school has a credit card in the name of the Site Administrator to use to make purchases for the school. The Administrative Assistant(s) can make purchases approved by the Site Administrator using the school credit card. The Site Administrator keeps the credit card log sheet which details the name of the purchaser, time when the credit card was taken and returned, items purchased, the purpose of the purchase and signature of both purchaser and Site Administrator. The Site Administrator will be held responsible for making sure there is receipt/back up documentation for every transaction made with the school credit card. The school credit card should only be used to purchase pre-approved school related purchases. The purchaser/Administrative Assistant(s) files the credit card receipt in the designated folder after every purchase. There should be a permanent email account for each school when purchasing from Amazon, Follet, Staples and other merchants when using a credit card, example: [aipcs1creditcardpurchase@aimschools.org](mailto:aipcs1creditcardpurchase@aimschools.org) for the purpose of tracking receipts incase of misplacement.
- 2) The AIM Schools Bookkeeper receives credit card bills/statements for AIM Schools and forwards all of the bills directly to the appropriate Site Administrator or Administrative assistant(s). Within five business days, the Site Administrator/Administrative Assistant(s) submits the reconciled credit card statements along with receipts. The receipts should be compiled according to the order of credit card statement. The Site Administrator approves and initials next to each transaction on the credit card statement. The AIM Schools Bookkeeper verifies the credit card receipts and statements and forwards it to the Finance Administrator for approval. Once the Finance Administrator approves, the AIM Schools Bookkeeper will process the credit card bill for payment.
- 3) In case of a missing receipt, the Finance Administrator contacts the Site Administrator to request the receipt from the merchant. If the receipt can not be found, the Site Administrator must complete and return the "Missing Receipt Form" to the Finance Administrator. Details on the form should include the reason why the receipt is missing, verified dollar amount of missing receipt, and the Director's signature.

## **E. ISSUING/SIGNING CHECKS**

- 1) Two signatures are required to write any check. Any check above the amount of \$10,000 has to be approved by the AIM Schools Board, except for recurring vendors for rent, utilities, and textbooks.
- 2) Site Administrators initial and approve original invoices. The invoice and supporting documentation are then forwarded to the finance department.
- 3) The Bookkeeper reviews the checks for proper authorization and inputs the data into QuickBooks. Reports are run showing what vendors have an open balance and the invoices are selected for payment. The Financial Administrator reviews the report and authorizes the invoices for payment. The checks are run and an accompanying report is generated and given to the Financial Administrator for final approval.
- 4) Printed checks, as well as check stock are to be locked in a secured cabinet at all times. Voided checks must be labeled "void" in large letters. A copy of the voided check is placed in the appropriate binder to insure proper maintenance of checking account records. No checks shall be made payable to "Cash", written in advance, or pre-signed.
- 5) AIM Schools pays invoices on the 12<sup>th</sup> and 26<sup>th</sup> of each month, unless alternative arrangements are made with the vendor. Reimbursements and check requests are made for pre-approved expenses. All invoices, check requests, reimbursements, contractor's timesheets must be submitted three business days before the 12<sup>th</sup> and 26<sup>th</sup>.
- 6) Accounts payable is maintained in QuickBooks by the Finance Department. All invoices are paid according to policy and checks are written out of QuickBooks to make sure that payments are not duplicated or overlooked. Employees will be reimbursed for approved expenses related to the school by completing a "Check Request Form"; attaching original receipts and obtaining a signature from the Site Administrator.
- 7) W9 (Social Security or Federal Tax ID) AIM Schools is required to meet the regulations of the Internal Revenue Service for payments

to individuals or partnership. To be in compliance, all new vendors must have proper documentation (W9 Form) on file and be entered into QuickBooks before payments can be released. This information allows the Finance Department to issue 1099s at year-end to all vendors who make over \$600 in the calendar year.

## **F. DEPOSITS**

- 1) The Site Administrator keeps a log sheet for checks received with date of receipt, when it was forwarded to finance department and amount. Once a check is received, the Staff Accountant will endorse the check "For deposit only into the account # xxxxxxxxxx" (the account number for the school associated with the deposit), and keep it in a locked cabinet until it is deposited. The Staff Accountant deposits the checks electronically to the school's checking account with the Community Bank of the Bay. The transaction is recorded in QuickBooks and filed in the appropriate binder with the corresponding deposit slip. The Bookkeeper records the deposit and recognizes the revenue, according to GAAP, and the fund associated with the deposit. The Finance Department keeps a log sheet for deposits with date of receipt/deposit date/date entered in QuickBooks, performed by, verified by. The Bookkeeper files the notice of apportionment and proof of deposit in the depository binder. The Financial Administrator periodically reviews the revenue based on reports received from OUSD and ACOE. The two deposit log sheets from Site Administrator and Finance Department must be submitted to the director by the end of the month.
- 2) AIPCS II – Funds are directly deposited into the school's bank account by Alameda County. A Notice of Apportionment is emailed to the Financial Administrator notifying the deposit of funds and Financial Administrator verifies deposit. Funds are posted into the QuickBooks software by the Bookkeeper.
- 3) AIPCS/AIPHS – The Oakland Unified School District mails checks to each school site. The Site Administrator opens and forwards the check to the Financial Administrator to be deposited into the appropriate bank account. Funds are posted into the QuickBooks software by the Bookkeeper.



## **G. PAYROLL**

- 1) AIM Schools uses ADP Payroll Service to issue employees' paychecks. Paychecks are issued and distributed to employees on the 26<sup>th</sup> of each month. ADP processes all of the federal and local taxes and reports associated with payroll on behalf of AIM Schools. ADP processes the W-2 reports at year-end and mail them to the employees. The staff accountant checks quarterly to ensure that the withholding deposits have been made. The report from the inquiry is printed and included in the payroll binders.
- 2) The Staff Accountant collects the following payroll information from all AIM Schools at least four days ahead of payroll date (26<sup>th</sup> each month): (a) Updated list for new employees and terminations for monthly payroll and (b) Confirmation from Site Administrators if any salaried teacher is absent during the pay period.
- 3) The Staff Accountant then compiles payroll information in the monthly payroll worksheet where the regular salaries, other wages, health insurance reimbursements, health deductions, retirement deductions are listed. The approvals for the payroll worksheets are obtained from Site Administrators.
- 4) Payroll information is then input into the ADP website where it is reviewed and compared with final figures on payroll worksheet before submission. Printed ADP Reports are given to the bookkeeper for input into QB.
- 5) Paychecks are delivered to each school and the Site Administrator signs on the payroll distribution worksheet.
- 6) All staff expense reimbursements will be on checks separate from payroll checks.

# **AIM SCHOOLS' FISCAL POLICIES**

## **H. BUDGET**

- 1) AIM Schools will maintain in effect the following principles in its on-going fiscal management practices to ensure that, (1) expenditures are authorized by and in accordance with the amounts specified in the board-adopted budget each year, (2) the school's funds are managed and held in a manner that provides a high degree of protection of the school's assets and best interest of the school, and (3) all transactions are recorded and documented in an appropriate manner.
- 2) The Site Administrator and Financial Administrator will develop an annual budget in conjunction with short and long term goals of the school by May 30 of each year. The Site Administrator and Financial Administrator will review the Governor's proposed state budget for the upcoming fiscal year to identify the like range of revenue. Both Administrators will work together to review and prepare a set of budget assumptions including: projected enrollment and proposed staffing changes. These assumptions will be put in the budget model, which then determines an estimated ADA which projects the revenue for ADA related funds, and associated personnel expenses. The Financial Administrator reviews the other expenses and estimates what they will be for the next fiscal year.
- 3) The budget will be reviewed periodically and updated with current information. After the budget is developed; it will be presented to the AIM Schools Board for review and vote. Upon acceptance of the budget, it will be submitted to the Oakland Unified School District by the annual deadline.
- 4) A five year budget projection will be developed in accordance with the school's established strategic growth plan.

## **I. ANNUAL FINANCIAL AUDIT**

- 1) An independent audit will be conducted annually by a certified public accounting firm selected by the AIM Schools Board. The firm will perform an annual fiscal audit that includes, but is not limited to: (a) an audit of the accuracy of the school's financial statements (b) an

audit of the school's attendance accounting and revenue claims practices and (c) an audit of the school's internal control practices. The audit will be completed and submitted to the Oakland Unified School District by December 1st. Once the audit has been completed, it must be approved by the AIM Schools Board. The approval of the completed audit must be an action item on the AIMS Board meeting agenda. Once approved, the District affidavit and agenda must be submitted by December 15<sup>th</sup>.

## **J. PURCHASING PROCEDURE**

- 1) All purchases of \$10,000 must be approved by the AIM Schools Board and include documentation of a "good faith" effort to secure the lowest possible cost for comparable goods or services. The Site Administrator or Financial Administrator should not approve purchase orders or check requests lacking such documentation. Documentation must be attached to all purchase orders and check requests showing that at least three vendors were contracted. Such documentation will be on file for three years. All contracts and leases should be reviewed by the Financial Administrator and Director before being approved by the AIM Schools' Board.

## **K. PROPERTY AND LIABILITY INSURANCE**

- 1) The Financial Administrator will ensure that AIM Schools retains appropriate property and liability insurance coverage. Property insurance will address; business interruption and casualty needs, including fire, earthquake, and other hazards; with replacement cost coverage for all assets listed in the school's property inventory and consumables. Premises and Board errors and omissions liability insurance will be obtained and enforced at all times. Coverage for the school vehicle must be included.

## **L. CAPITAL DEPRECIATION**

- 1) AIM Schools has its capital depreciation account maintained by its auditor and reviewed by the Financial Administrator annually. The AIM Schools Board and/or Site Administrator will approve all equipment purchases. Assets in excess of \$10,000 will be depreciated over their useful life. Purchases under \$10,000 will not be capitalized.

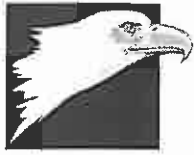
## **M. RECORD KEEPING**

- 1) Transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other fiscal documents will be maintained by school staff in a secure location for at least three years, or as long as required by applicable law, whichever is longer. Appropriate back-up copies of electronic and paper documentation, including financial and attendance accounting data, will be regularly prepared and stored in a secure of-site location.

## **N. DONATIONS/GRANTS**

- 1) Once a donation is received, it will be entered as either local or corporate. The address and other pertinent information about the person/corporation should be entered in QuickBooks as a customer.
- 2) A letter acknowledging the receipt and appreciation of any donation should be sent to the appropriate donor. The letter should be copied and marked "sent" with the date and location, then placed into the appropriate Corporate/Local Donation file.
- 3) Procedures for deposit should be as followed:
  - i. If a grant was given without restrictions or requirement on how to spend the funds, it can be placed under local or Corporate Donation.
  - ii. If the grant was given with specific restrictions or requirements on how to spend the funds, it should be added under Other Grants and assigned a class in QuickBooks, so the related expenditures can be tracked.
  - iii. Materials that are donated such as computers, furniture, software, books, etc. will be given a value at fair market price. The donation will be recorded according to GAAP.

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix F<sub>1</sub>**

**01/10/2013 AIMS Board**

**Meeting Minutes**



# American Indian Model Schools

171 12<sup>th</sup> Street Oakland, CA 94607

## SPECIAL BOARD MEETING MINUTES

Thursday, January 10, 2013 at 3:30 PM

171 12th Street, Suite 300

Oakland, CA 94607

### INSTRUCTIONS FOR PRESENTATIONS TO THE BOARD BY PARENTS AND CITIZENS

The American Indian Model Schools ("AIM Schools") Board of Directors welcomes your participation at the AIM Schools Board meetings. The purpose of a public meeting of the AIM Schools Board is to conduct the affairs of AIM Schools in public. Your participation assures us of continuing community interest in our schools. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all audience members at the meeting.
2. Speaker Cards are available to all audience members who wish to speak on any agenda items or under the general category of "Public Comments." "Public Comments" is set aside for members of the audience to raise issues that are not specifically on the agenda. The Board cannot respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes.
3. You may also complete a Speaker Card form to address the AIM Schools Board on Agenda items. Please specify the agenda item on your Speaker Card and you will be given an opportunity to speak for up to five (5) minutes when the AIM Schools Board discusses that item.
4. When addressing the AIM Schools Board, speakers are requested to state their name and address from the podium. Please adhere to the time limits set forth.
5. Any public records relating to an agenda item for an open session of the AIM Schools Board which are distributed to all or a majority of all of the AIM Schools Board members shall be available for public inspection at **171 12<sup>th</sup> Street Suite 300 Oakland, California 94607.**

*In compliance with the Americans with Disabilities Act (ADA) and upon request, American Indian Model Schools may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Individuals who require appropriate alternative modification of the agenda in order participate in Board meetings are invited to contact the School office at (510) 893-8701.*



# American Indian Model Schools

171 12<sup>th</sup> Street Oakland, CA 94607

## SPECIAL BOARD MEETING MINUTES

Thursday, January 10, 2013 at 3:30 PM

171 12<sup>th</sup> Street, Suite 300

Oakland, CA 94607

### I. CALL TO ORDER:

- Meeting was called to order by the Board Chair at 3:44 P.M.

### II. ROLL CALL:

	Present	Absent
1. Ms. Jean Martinez, Chair	<u>  x  </u>	<u>      </u>
2. Mr. Nedir Bey	<u>  x  </u>	<u>      </u>
3. Mr. Ronald Grant, Vice President	<u>  x  </u>	<u>      </u>
4. Mr. Steven Leung, Treasurer	<u>  x  </u>	<u>      </u>
5. Mr. Jordan Locklear, Secretary	<u>  x  </u>	<u>      </u>
6. Ms. Toni Cook, Vice President	<u>  x  </u>	<u>      </u>
7. Dr. Laura Armstrong	<u>  x  </u>	<u>      </u>

III. **PUBLIC COMMENTS:** The public may address the Board on any agenda item and any item not on the agenda. The board chair will only call on those who have filled out comment cards before the meeting, and each speaker will be allotted three (3) minutes. The Board will not respond or take action on any non-agenda. The item may be added at a later date (Ed. Code 35145.5). The comments shall be made from the podium. In accordance with Government Code 54954.2 - *No action or discussion* shall be undertaken on any item not appearing on the posted agenda.

- Mr. Bolota Asmerom, an African American community member, states that when he was trying to apply for employment at AIPCS II in 2010 and 2011 when Ms. Mey and Mr. Glover were school administrators he was denied many times. He states that he was meeting with the staff and they would tell him they were interested but never hired him. Finally, he states, he contacted Dr. Chavis in August 2011 and explained to him that no matter how much he was doing, he was not being hired by AIM Schools. He states that Dr. Chavis, as Director of AIM Schools, was the person who finally gave him and more diverse people a job. He notes that he had to leave AIM Schools but now helps with student recruitment, focusing on black and Latino kids. He states that he is East African by origin and as a result has a contact with that community. He states that many black parents have had the same experience he had when applying at AIM Schools. Now, when colored parents apply the staff ensures them they'll get accepted but then tell them that they are on the waiting list. He states that parents have been calling him complaining about the difficulty they are having enrolling at AIM Schools. He asks the board if they are aware of this problem and asks them if they are willing to do something about it.
- Ms. Jennifer Avelino, the AIPCS II Site Administrator, states that she asked that the AIPCS II Enrollment Practices and Procedures and supplemental enrollment forms are in the agenda for the next board meeting (January 15, 2013). She asks the board to read and





# American Indian Model Schools

171 12<sup>th</sup> Street Oakland, CA 94607

review it. Ms. Avelino asks Dr. Armstrong if she has any advice or suggestions about the lottery process. Finally, she states that on Monday, January 14, 2013, AIPCS II will have new spots for students because there will be a new kindergarten/first grade class. She notes that out of the nine (9) spots available, five (5) were given to African American students who had relatives at AIM Schools or were on the waitlist.

3. Ms. Bernadette Deville, President of the Family Advisory Committee (FAC), thanks the board for being present. She states that on behalf of the AIM Schools FAC she is very sad to learn that Mr. Jason Chu will no longer serve as the AIM Schools Acting Director. She states that in the past three (3) months some of the FAC Directors have been working with Jason and Karely on the response to the Notice of Violation (NOV). She notes that if it wouldn't have been for Jason and Karely, the schools would not be standing today. Last, she states that on behalf of herself and the FAC she thanks Mr. Jason Chu who has contributed a lot to the schools as a teacher and director. She ends by stating that she and the FAC are very sorry for his departure.

**IV. NON ACTION ITEMS: None**

**V. ACTION ITEMS: None**

At 3:56 P.M. President Martinez announces that the board will go to recess for the closed session.

**VI. CLOSED SESSION: §54957 Personnel:** "The appointment, employment, evaluation of performance, discipline, or dismissal of a public employee" (Brown Act)

**VII. REPORT FROM CLOSED SESSION:** At 5:00 P.M. President Martinez announces that the board has accepted Mr. Jason Chu's resignation letter and has appointed a new Interim Director, Mr. Sylvester Hodges, who has agreed to guide the board and schools into getting a new replacement for the position of Director. President Martinez also states that the board will get a committee to get more minorities at AIM Schools. Finally, President Martinez states that the board has reinstated Ms. Dianne Hatcher as the AIM Schools Financial Administrator.

**VIII. ADJOURNMENT TIME:** Ms. Cook makes the first motion to adjourn the meeting. Mr. Grant seconds the motion. Meeting adjourns at 5:00 P.M.

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix G<sub>1</sub>**

**Memo to AIMS Administrative  
Staff**

171 12<sup>th</sup> Street  
Oakland, CA 94607  
Tel. 510.893.8701  
Fax 510.893.8712

**American Indian  
Model Schools**

# MEMO

**TO:** Administrative Staff  
**FROM:** Mr. Sylvester Hodges, Interim Director  
**DATE:** February 4, 2013  
**RE:** Contact with the Founder

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Any communication with the founder will be limited to safety and facilities **ONLY**. Communication with the founder -outside of safety and facilities- must be first approved by me or Ms. Karely Ordaz, the administrative assistant to the AIMS Board and AIMS Director.

If you have any questions, feel free to contact me through Ms. Ordaz at (510) 893-8701 ext. 19 or [aimschoolsboard@gmail.com](mailto:aimschoolsboard@gmail.com).

CC: AIMS Board of Directors

**"A School At Work"**

3A



**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix H<sub>1</sub>**

**02/04/2013 AIMS Board  
Meeting Minutes**



# American Indian Model Schools

171 12<sup>th</sup> Street Oakland, CA 94607

## SPECIAL BOARD MEETING MINUTES

Monday, February 4, 2013 at 6:00 PM

3637 Magee Avenue

Oakland, CA 94619

### INSTRUCTIONS FOR PRESENTATIONS TO THE BOARD BY PARENTS AND CITIZENS

The American Indian Model Schools ("AIM Schools") Board of Directors welcomes your participation at the AIM Schools Board meetings. The purpose of a public meeting of the AIM Schools Board is to conduct the affairs of AIM Schools in public. Your participation assures us of continuing community interest in our schools. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided:

1. Agendas are available to all audience members at the meeting.
2. Speaker Cards are available to all audience members who wish to speak on any agenda items or under the general category of "Public Comments." "Public Comments" is set aside for members of the audience to raise issues that are not specifically on the agenda. The Board cannot respond or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes.
3. You may also complete a Speaker Card form to address the AIM Schools Board on Agenda items. Please specify the agenda item on your Speaker Card and you will be given an opportunity to speak for up to five (5) minutes when the AIM Schools Board discusses that item.
4. When addressing the AIM Schools Board, speakers are requested to state their name and address from the podium. Please adhere to the time limits set forth.
5. Any public records relating to an agenda item for an open session of the AIM Schools Board which are distributed to all or a majority of all of the AIM Schools Board members shall be available for public inspection at **171 12<sup>th</sup> Street Suite 300 Oakland, California 94607.**

*In compliance with the Americans with Disabilities Act (ADA) and upon request, American Indian Model Schools may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Individuals who require appropriate alternative modification of the agenda in order to participate in Board meetings are invited to contact the AIM Schools' office at (510) 893-8701.*



# American Indian Model Schools

171 12<sup>th</sup> Street Oakland, CA 94607

## SPECIAL BOARD MEETING MINUTES

Monday, February 4, 2013 at 6:00 PM

3637 Magee Avenue

Oakland, CA 94619

### I. CALL TO ORDER:

1 Meeting was called to order by the Board Chair at 6:08 P.M.

### II. ROLL CALL:

	Present	Absent
1 Ms. Jean Martinez, Chair	<u>  x  </u>	<u>      </u>
2 Mr. Ronald Grant, Vice President	<u>  x  </u>	<u>      </u>
3 Ms. Toni Cook, Vice President	<u>  x  </u>	<u>      </u>
4 Mr. Steven Leung, Treasurer	<u>  x  </u>	<u>      </u>
5 Mr. Jordan Locklear, Secretary	<u>  x  </u>	<u>      </u>
6 Mr. Nedir Bey	<u>  x  </u>	<u>      </u>
7 Dr. Laura Armstrong	<u>  x  </u>	<u>      </u>

Due to recent personal demands, President Martinez is stepping down from her position as president of the AIM Schools board. She thanks all board members for their past support. Mr. Hodges asks the AIM Schools board to make a motion to accept President Martinez's resignation as president. Mr. Grant makes the first motion and thanks Ms. Martinez for her past hard work. Mr. Bey seconds the motion and thanked Ms. Martinez for all her hard work. Through roll call vote, the motion carries unanimously. Mr. Grant moves to nominate Ms. Toni Cook as the new incoming chair to replace Ms. Martinez. Ms. Martinez seconds the motion. Through roll call vote, the motion carries unanimously. Mr. Hodges congratulates Ms. Cook as the new chair and president of the AIMS board. Mr. Grant asks if the board wants to have two vice presidents. Ms. Cook wants to keep the structure as it is and makes a motion to nomination Ms. Martinez to step into the role of the first vice president. Motion is seconded by Mr. Grant. Through roll call vote, the motion carries unanimously.

President Cook addresses the public and states: "Welcome AIM Schools' administrators, faculty, staff and families. I want to begin by expressing my gratitude to my colleagues here on the board, as it is an honor to step in and serve as President of the Board.

The next few months are going to be challenging times. As most of you know, the superintendent of Oakland's public schools asked the Oakland Board of Education to approve of his recommendation to revoke the AIMS charter. Even though the AIMS 'family' of administrators, faculty, staff and students who spoke in support of the school was forthright and professional, the Oakland board by a vote of 6-1 approved of the superintendent's request.

We were surprised to hear OUSD board member speak as if the matter of revocation was not taken seriously by this organization's administration and/or its board of directors. Jason Chu sent 13 binders of documents to district officials addressing each of the violations. In retrospect, we were all very naive in our belief that OUSD would contact us when they were ready to meet in response to our submission.





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One of the new OUSD members, Mr. Harris, indicated that he had visited the school and pleaded with an employee 'give me something.' Unfortunately, this was not the right official to ask, as personnel at all three of our school sites are busily doing what they are paid for; and the proof of how well they are doing is in the performance of the children we serve.

I want to make it clear that the January 23 action is not final as we have 60 days to respond to the recommendation; and there will be a public hearing on the matter on February 27, 2013.

Several of you have asked – why didn't you all get a lawyer – and how did the matter get this far. Unfortunately, I cannot provide you with a full detailed answer as my tenure on the board are less than the time that the issue of potential revocation of the charter has been before this body. What I can tell you is that failure to aggressively communicate with district administrators and charter school officials, and this board's lack of trust in the motives of some Oakland board members and administrators, will no longer paralyze this organization.

Tonight, I want to assure you that the board and the Interim Director are no longer hiding and/or afraid. Too much has been accomplished, the faculty and school site administrators have done their jobs over and above that which is called for; and the students – well the proof is in the evidence. In 2010-2011, AIMS high school students had the highest average SAT scores in the state for all students; each graduate was accepted at a 4 year college; and the faculty looked like, and acted like professionals.

Initiatives that are known to have a positive impact on student success in America's urban schools have been implemented. For example, it is no secret that a longer school day and year are key factors leading to student success. America's children go to school the shortest day and the shortest year. When students are uniform in their dress they spend less time on style and more on substance. When the instructional personnel looks like professionals they command the respect of the students they serve and the parents who depend on them to "do the right thing." For years, public school officials have known that "in school suspensions" are more productive and helpful to the child; and that children respond better when there is discipline and structure. Children of color, especially, are raised in discipline and structured environments.

All of these factors and accomplishments aside, the challenge requires the board, and the Interim Director to be smart and quick in our response to the January 23, 2013 board action. As such, I am asking for the AIM Schools board for support of the following actions:

(1) That we approve of the contract for Mr. Sylvester Hodges to serve as the Interim Director, beginning January 14, 2013 and ending June 30, 2013 for a total the sum of \$14, 249.83.

(2) That he be supportive by Karely Ordaz to continue to serve as the Board/Director's administrative assistant for a total sum of \$26,160 for a period beginning January 13, 2013 and ending June 30, 2013.

Most, if not all, of the controversy, that underscored the reasons why revocation was recommended seems to have centered on who owns the space in which the AIM Schools are located; and the amount that space costs.



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(3) Given these factors, I am asking for the board's support to authorize the Interim Director to begin immediately to enter into discussion and possible negotiation with the appropriate Oakland Unified School District administrator to assist the AIM Schools organization in finding alternative space for a cheaper price. Further, any space that is identified must be such that the existing grade configurations at each site remain as is; and that it be within one mile radius of the existing sites to insure student stability and continuity. Finally, that Board Director Leung serves as an advisor to Director Hodges on this matter as I understand that he is a realtor by profession.

(4) That Director Hodges schedules weekly meetings with the appropriate OUSD official(s) to determine when we will receive the Title I payment that is owed to the school; and that any, and all, reimbursements that are due the AIM Schools organization on, or before, March 24, 2013 will be forthcoming in a regular and orderly manner."

**III. PUBLIC COMMENTS:** The public may address the Board on any agenda item and any item not on the agenda. The board chair will only call on those who have filled out comment cards before the meeting, and each speaker will be allotted three (3) minutes. The Board will not respond or take action on any non-agenda. The item may be added at a later date (Ed. Code 35145.5). The comments shall be made from the podium. In accordance with Government Code 54954.2 - *No action or discussion* shall be undertaken on any item not appearing on the posted agenda.

- a. Mr. Joshua Urlich asks "what are the qualifications for Mr. Hodges and Ms. Ordaz to receive a new contract?" President Cook responds that Mr. Hodges is currently the Director of the Mandela Center in West Oakland. Previously, he was the director of a large recreational center in Palo Alto. He also served three and one half terms as a member of the Oakland Board of Education and served as chair of the finance committee, a resident of Oakland and a big supporter of the mission of AIM Schools. Ms. Ordaz has previously served in the position and has been very pleased with preparation of packet and communication with the board. She is also an alumnus of this AIM Schools.
- b. Ms. Lisa Rhebrock asks "what are some of the specifics that parents can do to make sure AIM Schools do not close?" President Cook leaves the direction to Mr. Hodges as to what he would like parents to do at the public hearing. She states that parents should speak from their heart, communicate with the members of the board and communicate with their City Council representatives. President Cook advises parents to look on the OUSD website, under governance, for each school board member's contact information. She adds that copies of emails should be sent to Ms. Cook, Mr. Hodges or Ms. Ordaz to keep track of how many people are sending emails. Mr. Hodges asks to pause for translators to have time to translate what has been discussed.
- c. Mr. David Cooper asks the AIM Schools board about the time frame to respond to OUSD. President Cook states that formal communication began after the board meeting on January 23, 2013. Negotiations of contacts will begin tomorrow morning (February 5, 2013). President Cook notes that it is too early to tell how long it will take, but believes that the schools are in good position. She adds that according to state law, the primary



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reason a charter school should close is based on student academic performance. The AIM Schools board will keep everyone informed on the progress being made. There is a pause for translation.

- d. Mrs. Bernadette Coleman asks if AIMS have considered joining the California Charter School Association for support. Mrs. Coleman then asks if AIM Schools have responded to OUSD's violations and if AIMS have complied with everything. President Cook assures Mrs. Coleman that the 13 binders responded to each of the alleged violations that were cited and adds that the major violations are the ones that they will be concentrating on. President Cook notes that there were some very petty violations. President Cook adds that she served eight years on the Oakland Unified School District Board of Education and has always fought for kids. AIM Schools are the highest performing schools in the state of California and the students are performing so far above the children in Oakland Public Schools. OUSD should be asking how this is being done. OUSD needs to come up with public statements that are not based on personality, or whether or not they like Ben Chavis. President Cook agrees with Board Member Christopher Dobbins who believes that if there is a legal problem with Ben Chavis then he needs to be dealt with and the children do not need to be punished along the way. She notes that AIM Schools will begin negotiations with OUSD for space but will not agree on reconfiguring the structure by placing grades in different locations. AIM Schools Board member Mr. Leung will be asked to assist in looking for space. President Cook emphasizes that looking for space will be the number one priority.
  
- e. Ms. Charlotte Green asks if there has been any thought in renegotiating the current leases since that seems to be OUSD's main concern. President Cook states that Mr. Hodges' first priority is to see if AIM Schools can renegotiate and at the same time look for other adequate facilities in the general area. Ms. Green is also concerned that there not be disruption with the children. Ms. Cook states that OUSD does want to work with AIM Schools and is not about disrupting children and notes that until OUSD make it clear that they have other motives, AIM Schools are going to take advantage of the new attitude. Ms. Greens notes that it clearly seems that OUSD will revoke the schools. Ms. Green asks if the schools are revoked, are there alternative plans to maintain the schools, carrying on the model as another charter school or going to another charter school, under their wing so that the school can continue to exist? Ms. Cook states that everyone must deal within the best interest of their children. Ms. Cook adds that while on the OUSD board, she had her children attend private school and currently her grandchild attend a private school because she does not trust the public schools. The AIM Schools Board will go all the way to the state. She adds that she cannot imagine that the number one performing schools in the state of California will be denied all the way up. She will give OUSD a chance and hopes that OUSD will give the schools a chance to be serious about this. She assures that all the allegations were responded to with documentation. She notes that waiting for OUSD to call was the wrong thing to do and AIMS should have contacted them the next day after the binders were submitted. President Cook states that AIM Schools will be asking parents for their expertise and asks that everyone keep the faith. Dr. Armstrong notes that she has two charter schools, and ten years of experience with OUSD and their process. The district will not close the AIM Schools this school year (2012-2013). Mr. Bey asks if there is anyone who is a real estate broker or rents



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office space. He notes that parents should not accepting everything they read and adds that before you say the rent is high or low, find out what is the going rate in the area.

- f. Mrs. Renee Willim and Dr. Ralph Peterson ask if there is there any law surrounding that people cannot receive rent money from any school that they're part of. If schools are paying below market rate and there is no law surrounding that, they ask "what is the problem?" President Cook states that this has been going on since 2006, and wonders what happened in 2012 that triggered all this. She assures parents that Mr. Hodges is on top of all this and when he gets answers he will share it with everyone. She adds that anyone that wants to help should share their interests with Mr. Hodges. Mr. Hodges knows the culture of OUSD and he knows the principals that can help him through the system, this is the reason why he was pulled in. Mr. Peterson asks if AIM Schools cannot find comparable space, then they must go back and renegotiate the lease agreements. President Cook states that both can be done at the same time and adds that Mr. Hodges will address most of the questions at the end in his director's report. Mrs. Willim states that she was invited to join the Family Advisory Committee Board by Bernadette Coleman. Since she has come in, she found that there were issues that needed to be addressed. She states that she has gone to board meetings, read the Notice of Violations report and worked with Ms. Green, an attorney who has been helped understand how the notice of violations work. At the last OUSD board meeting, OUSD was tearing AIM Schools apart. They did not care about the students, their education or the API score. Mrs. Willim notes that the only thing OUSD cared about was getting back at Ben Chavis. He seemed to be their focus. Moving forward, she adds, there needs to be a comprehensive plan. She wants to have an idea of what the plan is going to be for the meeting at OUSD this month. Mrs. Williman notes that she doesn't want to hear OUSD board members like Ms. Jumoke Hodge state "where's the cure, we haven't heard a plan." President Cook states that the AIM Schools board knew what OUSD was going to do. When OUSD Board Member Mr. Harris went to the school site, it was clear that he did not read the binders. It was clear that the Superintendent did not care, in her opinion, what was in those binders. It was clear that there was some personal agendas. She tells parents to read between the lines: when Board member Mr. Dobbins spoke, he said that if individuals are mad at Ben Chavis, then they should deal with Ben Chavis. Mr. Dobbins has not been convinced while the other board members have been convinced. She adds that there was one OUSD member that has a personal vendetta that even if Jesus, Mohammad and all the other prophets had spoken to him, he will not change his mind. Finally she adds that what happens in the middle of the month is a public hearing, not a vote. The timeline is dictated by law.
- g. Mrs. Gabriella Valois states that she has two sons in AIM Schools and another son that graduated ten years ago when Dr. Ben Chavis was the Director. Her children are frustrated that there is uncertainty in their future because their schools can be closed down. Mrs. Valois asks, "Where will I put my son who is going to his first year of high school, if the schools get closed? In Fremont High? So that he can become a *Norteno* or *Sureno* or drop out of school?" She is worried that in these schools he will be bullied because he does not do drugs and does his homework. She believes that he attends these public schools, her son can get beat up or even killed all because OUSD wants to destroy a dream based on what somebody did. She states that if OUSD has a problem with an



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individual, OUSD should deal with that person and not punish our children along the way. Mrs. Valois urges the Latino community to unite and communicate with other parents and friends to share the Latino voice.

- h. Ms. Robin Walker Knox, parent of an 8<sup>th</sup> grader at AIPCS, states that it is a good idea to find another facility or renegotiate the current lease agreements. She supports AIM Schools but thinks there are other things happening in the classrooms that the AIM School Board needs to address. These things include discipline, extra-curricular activities and lack of cultural respect. She believes there needs to be a better outreach for African American and Latino students. She states that she will write a detailed letter to AIM Schools Board.
- i. Ms. Imani Glove, parent of a 6<sup>th</sup> grader at AIPCS II, wants the AIM Schools Board to be better prepared to fight. If AIM Schools closes, she will not send her child to an OUSD public school. She understands that there are other issues that need to be addressed, but she knows that her son is safe and is getting a very good education.
- j. Mrs. Anguelle Floyd, parent of an 8<sup>th</sup> grade student at AIPCS II, states that she grew up in North Carolina. In the 3<sup>rd</sup> grade she attended a segregated school and by the 4<sup>th</sup> grade schools were integrated. When she entered 4<sup>th</sup> grade, the African Americans were a year ahead of the non-African American students. Mrs. Floyd states that when she sees AIM Schools, she sees what was going on in North Carolina prior to integration. She believes that what is happening to AIM Schools is 21<sup>st</sup> century racism. She notes that OUSD wants to stop AIM Schools and eradicate the American Indian Model of Education. If AIM Schools continue to grow, it means that education comes first and will show how the majority in power have not been doing their job. She states that this is why OUSD want to stop Dr. Ben Chavis. She urges parents to get ready for the county because there will be a bigger population in the county that will come together. Her daughter is not doing well academically. She states that her daughter is not a star math student. Yet she raised her hand three times in the Algebra class and got the answers right. This is what OUSD is afraid of.
- k. Mrs. Elia Chavez, mother of three children at AIPCS II., states that her daughters attended Garfield Elementary. At the Garfield parent meetings, parents were told that the Latinos and African American were the lowest performing group. When my children finished middle school, I moved them to AIM Schools. At AIM Schools she states that she noticed that her children were not dumb but were advanced. As a parent, she wants AIM Schools to remain open so that her children can attain their dream of going to college and not get lost in OUSD. Mrs. Chavez wants all the parents to come support the schools to keep them open.

## IV. NON ACTION ITEMS:



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- 1 Director's Report: Mr. Sylvester Hodges, Interim Director: Mr. Hodges begins by stating that he will attempt to answer all the questions that were raised at the meeting. As a former member OUSD, he is not a stranger to fighting for students' education and has done this for many years. He successfully fought against the people that wanted to take over OUSD, and prevailed because he and the other OUSD board members were fighting for the children. Some of the progress that has been made includes over 18 things have been done which were asked by OUSD. He tells parents to understand that OUSD is really not the enemy. He has already made progress in working internally with the OUSD staff, with the Charter Office and the general council which is the legal office. Mr. Hodges does not believe in fighting until it is necessary and believes in communication and transparency. He states that AIM Schools received an extension of the hearing and now the hearing will take place on February 27, 2013 instead of February 13, 2013. He is not going to share everything that he is working on because does not want any distractions and takes deliberate and methodical action in order to resolve the issues. He is not the type to run from opposition. He is also not the type to make a call and say that Dr. Ben Chavis is a demon or whether he has broken the law. He adds that Dr. Chavis has just as much right to say anything just as anyone else. He wants everyone to be patient and adds he has visited each one of the schools and observed the classrooms. Mr. Hodges notes that OUSD has so much going on, that they are not teaching at the level or standards that they could be teaching. He states that it is ridiculous to destroy a model like this or try to dilute it and adds that the model is standardized for everyone. He notes that AIM Schools are willing to listen to constructive criticism, but not destroy the model. It is the best model. He adds that AIM Schools need to get more facility space and will be asking OUSD about available spaces. Mr. Hodges adds that the board has been consulting with attorneys but need to keep this in our hands as much as possible. Mr. Hodges has made contact with the OUSD Board President was cooperative because we did not bash them. He points out that at this point, it is not the time to deal with complaints.

Mr. Hodges adds that there is no law that states that schools cannot lease from a person involved with a school, but OUSD is making allegations that the person has been involved in the voting on the lease agreements. He adds that this is one of the allegations that have been eliminated and wants to show OUSD that there are serious changes being made. Mr. Hodges states that he serves on the Oakland Public School committee for property tax to be used for facility improvement and the Budget Advisory Committee. For the school facility, contract will be negotiated and find additional space for this school.

He notes that there is a future press strategy. He states that AIMS have looked into buying the facilities from Dr. Ben Chavis. Finally, he states that he has always had a legacy of success and commitment to children.

## V. ITEMS FOR INFORMATION:

- 1 Notice of Intent to Revoke AIM Schools

## VI. ACTION ITEMS:



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- 1 Approval of AIM Schools Board Committees: Mr. Bey makes the first motion to approve the AIM Schools Board Committees. Vice President Grant seconds the motion. Item is approved 7-0.
  
- 2 Approval of 5 Employee Contracts: President Cook states that the contracts being approved are of Mr. Sylvester Hodges for \$14,249.83, Ms. Karely Ordaz for \$26,160, Ms. Carolyn Hatcher for \$45,000, Mr. Kevin Sparks for \$30,989.46 and Mr. Patrick Martin for amount to be determined at a later time. Vice President Martinez makes the first motion. Mr. Bey seconds the motion. Item is approved 7-0.

At 8:16 P.M. President Cook announces a recess for closed session.

**VII. CLOSED SESSION:** Possible Litigation and New Policies and Procedures

**VIII. REPORT FROM CLOSED SESSION:** NONE

**IX. ADJOURNMENT TIME:** Dr. Armstrong makes the first motion to adjourn the meeting. Mr. Bey seconds the motion. Meeting adjourns at 8:56 P.M.

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# **Appendix I<sub>1</sub>**

**Mr. Patrick Martin's Resume**

## Patrick Martin

I have over 10 years of experience in the areas of financial reporting, budgeting, forecasting and financial analysis, and proven strengths in cost containment, process improvement, business and strategy, research analysis, and decision support while working for businesses ranging from small startups to Fortune 500 companies.

### Skill Summary

Advanced Financial Reporting, Forecast, Budgeting, Process Improvement, and Analysis

Finance Management Consultant 03/2011- Current

#### Alameda Alliance, Ca

Full charge management of Finance and Business Planning for \$43M operations budget.

#### Bobadilla & Associates, Ca

*Small Law Firm*

- Developed capacity model for the firm's owner to help her analyze her legal team's utilization rate, legal service capacity, required legal service capacity and average cost per case
- Developed Forecast and budget model as well as prepared monthly management reports including KPI and variance analysis.
- Developed profitability model based on the firm's average annual case load and legal billing structure and helped them streamline operations cost by identifying 20% of operations cost that could be cut while maintaining their average case load of 350 per year.
- Analyzed the net profit margins for alternative billing agreements for clients who made monthly payments for legal services which accounted for 40% of their revenue. This involved calculating direct and indirect cost attributable to these cases.
- Developed a forecast model to help the firm determine the number of cases they would need to close in order to reach their required net profit margin for 2012.

#### The Gap, San Francisco, Ca

*Global Retail*

- Senior Financial Analyst (Contractor)** Performed operating expense forecasting, monthly reporting and variance analysis for the Global Customer Contact Center which includes 3 US service centers supporting the US, UK and Canadian markets with an annual expense budget of \$21M.
- Performed operating expense forecasting, monthly reporting and variance analysis for the Global credit card operations which included operating fees from all major credit card companies such as Visa, MasterCard and American Express with a \$25M annual spend.
  - Performed monthly close for the global customer contact and credit card operations divisions and reported monthly close and forecast variances as well as budget/forecast risk and opportunities to the Senior Director of Finance and Director of Finance.
  - Served as a finance advisor to business partners and key stakeholders with respect to finance implications of operational decisions.
  - Used Essbase and Oracle tools to develop and design ad hoc reports and analysis to analyze financial trends and operating expense run rates. Uploaded journal entries and P&L adjustments into Essbase and Oracle for month end close and reporting.

#### Kaiser Permanente, Oakland Ca

*Healthcare Organization*

##### **Senior Financial Analyst (Contractor)**

- Performed operating expense forecasting, monthly reporting and variance analysis for the Human Resource Service Center which includes 11 department cost centers with an annual expense budget of \$34M and 306 FTE's.
- Submit and present monthly reports to the Senior Finance Manager and the VP of Human Resources Finance which includes material variance explanations as well as project cost opportunities and risk factors that would impact the annual budget.
- Conduct weekly meetings with department Directors to help true-up their forecast to maintain an accurate account of planned operating and capital expenditures while providing overall business support.
- Record monthly accruals across departments as needed to capture invoices that have not been recorded in the Onelink A/P system.
- Performed ad-hoc report and project reporting as needed as well as expense reclasses and other cost transfers.

#### Aspire Public Schools, Oakland Ca

*Owner and operator of 30 California Charter School with plans to grow to 60*

##### **Financial Analyst 01/09 – 03/11**

- Full charge Finance Management including budget, opex analysis, forecast, cost containment, operations support and internal/external reporting for 9 high volume transaction Charter Schools - \$28M (annual) complex revenue stream
- Perform monthly and year end revenue analysis including grant contract review and Interim enrollment and ADA per pupil analysis to ensure accurate revenue accruals across Bay Area portfolio
- Developed process improvement strategies and reporting tools in excel to streamline personnel expense allocation procedures to provide for more granularities for resource allocation data to enhance decision making and planning strategies
- Heavy quarterly and monthly reporting to local District and State Government agencies as well as charter school leaders including quarter and year end close journal entries and G/L cleanup.
- Monthly and Annual close for over 90 restricted and unrestricted grant funds including all revenue and expense categories

BA

CSU Hayward, Hayward, CA  
Bachelor's Degree in Business Administration – Accounting 08/1997

**SOFTWARE SKILLS**

MS Office, EDI, Invoice Catalog, Hyperion Essbase, Oracle, MIP Accounting, Tableau and JD Edwards

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# **Appendix J<sub>1</sub>**

**Director's Memo to AIMS  
Administrators Regarding Form  
700s**

171 12<sup>th</sup> Street  
Oakland, CA 94607  
Tel. 510.893.8701  
Fax 510.893.8712

**American Indian  
Model Schools**

# MEMO

**TO:** Site Administrators, Assistant Site Administrators & Financial Administrator

**FR:** Mr. Sylvester Hodges, Interim Director

**DA:** February 11, 2013

**RE:** Filing a Form 700

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We are required to complete a Statement of Economic Interests form (Form 700) for 2012-2013. I am attaching a Form 700 with instructions that explain in summary detail the information that must be declared.

Please read the directions and complete a Form 700 by **Friday, February 15, 2013**. Return you Form 700 to Ms. Ordaz **in person**. Note that your Form 700 will be a public document and **will be made available upon written request** as required by law.

If you have any questions, contact me through Ms. Ordaz at (510) 893-8701 ext. 19.

**CC:** AIM Schools Board

## California Fair Political Practices Commission

### Frequently Asked Questions: Form 700 Disclosure

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The FAQs listed below are selected from questions often asked of the FPPC. Please use the FPPC toll free advice line or email advice service for specific guidance. Keep in mind that the Form 700 is a public document and many agencies now post the forms on agency websites.

#### General Questions

1. Q. Do all officials have the same disclosure requirements for Form 700 reporting?
  - A. No. The majority of individuals that file Form 700 must do so by following the rules set forth in the agency's conflict-of-interest code. Before completing the Form 700, be sure you know the disclosure category for your position. For example, since job duties differ from agency to agency, an analyst for one agency may not have the same reporting requirements as an analyst working for another agency.
 

Officials listed in Gov. Code Sec. 87200 (e.g. boards of supervisors, city council members, planning commissioners, elected state officials, etc.), must report all investments and income as well as real property interests in their agency's jurisdiction.
2. Q. Do I have to read all of the information before completing the Form 700?
  - A. Each individual must verify the Form 700's content under penalty of perjury. Therefore, all effort must be made to understand the instructions. When necessary, contact the FPPC for specific, personal guidance. Immunity from an enforcement action can only be provided to you when you write to request formal written advice.
3. Q. Where do I file my Form 700?
  - A. Local and state officials file with their agency. Only retired judges serving on assignment and legislative staff file the Form 700 directly with the FPPC. Certain statements then are forwarded to the FPPC by the state or local agency.
4. Q. If I postmark my Form 700 by the due date, is it considered filed on time?
  - A. Yes.
5. Q. I hold various positions for which I need to file a Form 700. Am I required to file a statement for each position?
  - A. Yes, however you may complete an expanded statement covering the disclosure requirements for all positions. Be sure to file an originally signed statement with each filing officer.
6. Q. Do filers need to complete the entire Form 700 when they leave office?
  - A. Yes. All of the same schedules are required for the assuming office, the annual, and the leaving office filings.

California Fair Political Practices Commission  
Frequently Asked Questions:  
Form 700 Disclosure

7. Q. I was recently hired into a newly created management position in my agency's Information Technology Department. How do I complete the Form 700?
- A. Because this is a newly created position, the law requires that you report economic interests under the broadest disclosure category in the agency's conflict-of-interest code unless you are provided a written document stating otherwise. Generally, you will file the Form 700 with the agency within 30 days of the date of hire.
8. Q. Are board members of a nonprofit public benefit corporation that operates two California charter schools officials who must file Form 700s?
- A. Yes. Members of charter schools are officials and must file Form 700s.

### Income Questions

9. Q. Do I have to report my spouse's or registered domestic partner's income?
- A. Generally, you must report 50% of your spouse's salary disclosing the employer's name as the source of income on Schedule C. If your spouse or registered domestic partner is self-employed, report the business entity on Schedule A-2. Remember: governmental salary is never reported. You must check your disclosure category, if applicable.
10. Q. I own a business in which I have received income from clients of \$10,000 or more, but their names are confidential. Must I disclose their names on Schedule A-2, Part 3?
- A. Yes. However, Regulation 18740 (available at [www.fppc.ca.gov](http://www.fppc.ca.gov)) provides a procedure in which a client's name may not be disclosed if disclosure of the name would violate a legally recognized privilege under California law. Requests for exemptions must be submitted to the FPPC Executive Director.

### Investment Questions

11. Q. All my investment decisions are made by my account manager and I have no input into where my funds are invested. Am I required to disclose the investments contained in this account?
- A. Yes, you must disclose on Schedules A-1 or A-2 any investments worth \$2,000 or more in a business entity located or doing business in your jurisdiction. Also check your conflict-of-interest code, if applicable, to determine if the investment is reportable.
12. Q. I have funds invested in a retirement account. Must I report the investments held in the retirement account?
- A. Investments held in a government defined-benefit pension program plan (i.e. CalPERS) are not reportable. However, assets held in some retirement accounts such as a defined contribution plan 401(k) must be disclosed if the account holds such items as common stock. You may have to contact your account manager for assistance in determining what assets are held in your account.



13. Q. My spouse and I have a living trust that holds rental property in my jurisdiction, our primary residence, and investments in diversified mutual funds. How do I disclose this trust?
- A. Disclose the name of the trust, the rental property and its income on Schedule A-2. Your primary residence, if used exclusively as your personal residence, and investments in diversified mutual funds registered with the SEC are not reportable.

#### **Real Property Questions**

14. Q. Is my personal residence reportable?
- A. If you are required to disclose real property, pursuant to your agency's conflict-of-interest code, any personal residence occupied by you or your family (including a vacation home) is not reportable if used exclusively as a personal residence. However, a residence for which you claim a business deduction is reportable if the portion claimed as a tax deduction is valued at \$2,000 or more. The amount of the tax deduction is not relevant. In addition, any residence for which you receive rental income is reportable if it is located in your jurisdiction.
15. Q. I have to report my personal residence and I am not comfortable listing the street address. Do I have any other options?
- A. Yes. Instead of listing the street address, you may list the assessor's parcel number.

#### **Enforcement Question**

16. Q. What is the penalty for not filing my Form 700 on time?
- A. A fine of \$100 may be assessed. In addition, if your failure to file is referred to the FPPC Enforcement Division, the fine will increase up to a maximum of \$5,000 per violation. In 2010, the FPPC collected more than \$25,000 in fees for late statements.

2012/2013  
Statement of  
Economic Interests



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# Form 700

A Public Document

*Also available on the FPPC website:*

- ***Form 700 in Excel format***
- ***Reference Pamphlet for Form 700***

**California Fair Political Practices Commission**

428 J Street, Suite 620 • Sacramento, CA 95814

Email Advice: [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov)

Toll-free advice line: 1 (866) ASK-FPPC • 1 (866) 275-3772

Telephone: (916) 322-5660 • Website: [www.fppc.ca.gov](http://www.fppc.ca.gov)

December 2012

## What's New

During 2011 and 2012, the gift limit was \$420 from a single source per calendar year. For calendar years 2013-2014, the limit increased to \$440 from a single source during a calendar year. This gift limit is effective until December 31, 2014.

### Filing Deadlines for Filers Under Active Military Duty –

If a person is under active military duty as defined in the Servicemember's Civil Relief Act, the deadline for the annual Form 700 is 30 days following his or her return to office, provided the person or a representative notifies the filing officer in writing prior to the filing deadline that he or she is subject to that federal statute and is unable to meet the applicable deadline, and provides the filing officer verification of his or her military status.

## Who must file:

- Elected and appointed officials and candidates listed in Government Code Section 87200
- Employees and appointed officials filing pursuant to a conflict-of-interest code ("code filers"). **Obtain your disclosure categories, which describe the interests you must report, from your agency; they are not part of the Form 700**
- Candidates running for local elective offices that are designated in a conflict-of-interest code (e.g., county sheriffs, city clerks, school board trustees, and water board members)
- Members of newly created boards and commissions not yet covered under a conflict-of-interest code
- Employees in newly created positions of existing agencies

See Reference Pamphlet, page 3, at [www.fppc.ca.gov](http://www.fppc.ca.gov) or obtain from your filing officer.

## Where to file:

### 87200 Filers

State offices	⇒ Your agency
Judicial offices	⇒ The clerk of your court
Retired Judges	⇒ Directly with FPPC
County offices	⇒ Your county filing official
City offices	⇒ Your city clerk
Multi-County offices	⇒ Your agency

### Code Filers — State and Local Officials and Employees Designated In a Conflict-of-Interest Code:

File with your agency, board, or commission unless otherwise specified in your agency's conflict-of-interest code (e.g., Legislative staff files directly with FPPC). In most cases, the agency, board, or commission will retain the statements.

**Members of Boards and Commissions of Newly Created Agencies:** File with your newly created agency or with your agency's code reviewing body.

**Employees in Newly Created Positions of Existing Agencies:** File with your agency or with your agency's code reviewing body. See Reference Pamphlet, page 3.

**Candidates:** File with your local elections office.

## How to file:

The Form 700 is available at [www.fppc.ca.gov](http://www.fppc.ca.gov). Form 700 schedules are also available in Excel format. All statements must have an original "wet" signature or be duly authorized by your filing officer to file electronically under Government Code Section 87500.2. Instructions, examples, FAQs, and a reference pamphlet are available to help answer your questions.

## When to file:

### Annual Statements

#### ⇒ March 1, 2013

- Elected State Officers
- Judges and Court Commissioners
- State Board and Commission Members listed in Government Code Section 87200

#### ⇒ April 2, 2013

- Most other filers

Individuals filing under conflict-of-interest codes in city and county jurisdictions should verify the annual filing date with their local filing officers.

Statements postmarked by the filing deadline are considered filed on time.

### Assuming Office and Leaving Office Statements

Most filers file within 30 days of assuming or leaving office or within 30 days of the effective date of a newly adopted or amended conflict-of-interest code.

### Exception:

If you assumed office between October 1, 2012, and December 31, 2012, and filed an assuming office statement, you are not required to file an annual statement until March 3, 2014, or April 1, 2014, whichever is applicable. The annual statement will cover the day after you assumed office through December 31, 2013. See Reference Pamphlet, pages 6 and 7, for additional exceptions.

### Candidate Statements

File no later than the final filing date for the declaration of candidacy or nomination documents.

### Amendments

Statements may be amended at any time. You are only required to amend the schedule that needs to be revised. It is not necessary to amend the entire filed form. Obtain amendment schedules at [www.fppc.ca.gov](http://www.fppc.ca.gov).

**There is no provision for filing deadline extensions unless the filer is under active military duty. (Regulation 18723)** Statements of 30 pages or less may be faxed by the deadline as long as the originally signed paper version is sent by first class mail to the filing official within 24 hours.

## Introduction

The Political Reform Act (Gov. Code Sections 81000-91014) requires most state and local government officials and employees to publicly disclose their personal assets and income. They also must disqualify themselves from participating in decisions that may affect their personal economic interests. The Fair Political Practices Commission (FPPC) is the state agency responsible for issuing the attached Statement of Economic Interests, Form 700, and for interpreting the law's provisions.

### Gift Prohibition

Gifts received by most state and local officials, employees, and candidates are subject to a limit. During 2011 and 2012, the gift limit was \$420 from a single source per calendar year. For calendar years 2013-2014, the limit increased to \$440 from a single source during a calendar year. This gift limit is effective until December 31, 2014.

In addition, state officials, state candidates, and certain state employees are subject to a \$10 limit per calendar month on gifts from lobbyists and lobbying firms registered with the Secretary of State. See Reference Pamphlet, page 10.

State and local officials and employees should check with their agency to determine if other restrictions apply.

### Disqualification

Public officials are, under certain circumstances, required to disqualify themselves from making, participating in, or attempting to influence governmental decisions that will affect their economic interests. This may include interests they are not required to disclose (i.e., a personal residence is often not reportable, but may be disqualifying). Specific disqualification requirements apply to 87200 filers (e.g., city councilmembers, members of boards of supervisors, planning commissioners, etc.). These officials must identify orally the economic interest that creates a conflict of interest and leave the room before a discussion or vote takes place at a public meeting. For more information, consult Government Code Section 87105, Regulation 18702.5, and the Overview of the Conflict of Interest Laws at [www.fppc.ca.gov](http://www.fppc.ca.gov).

### Honorarium Ban

Most state and local officials, employees, and candidates are prohibited from accepting an honorarium for any speech given, article published, or attendance at a conference, convention, meeting, or like gathering. See Reference Pamphlet, page 10.

### Loan Restrictions

Certain state and local officials are subject to restrictions on loans. See Reference Pamphlet, page 14.

### Post-Governmental Employment

There are restrictions on representing clients or employers before former agencies. The provisions apply to elected state officials, most state employees, local elected officials, county chief administrative officers, city managers, including the chief administrator of a city, and general managers or chief administrators of local special districts and JPAs. The FPPC website has fact sheets explaining the provisions.

### Late Filing

The filing officer who retains originally-signed statements of economic interests may impose on an individual a fine for any statement that is filed late. The fine is \$10 per day up to a maximum of \$100. Late filing penalties may be reduced or waived under certain circumstances.

Persons who fail to timely file their Form 700 may be referred to the FPPC's Enforcement Division (and, in some cases, to the Attorney General or district attorney) for investigation and possible prosecution. In addition to the late filing penalties, a fine of up to \$5,000 per violation may be imposed.

For assistance concerning reporting, prohibitions, and restrictions under the Act:

- Email questions to [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov).
- Call the FPPC toll-free at (866) 275-3772.

### Form 700 Public Access

Statements of Economic Interests are public documents. The filing officer must permit any member of the public to inspect and receive a copy of any statement.

- Statements must be available as soon as possible during the agency's regular business hours, but in any event not later than the second business day after the statement is received. Access to the Form 700 is not subject to the Public Records Act procedures.
- No conditions may be placed on persons seeking access to the forms.
- No information or identification may be required from persons seeking access.
- Reproduction fees of no more than 10 cents per page may be charged.

FPPC Form 700 (2012/2013)

FPPC Advice Email: [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov)

FPPC Toll-Free Helpline: 866/275-3772 [www.fppc.ca.gov](http://www.fppc.ca.gov)

Introduction

## Types of Statements

### Assuming Office Statement:

If you are a newly appointed official or are newly employed in a position designated, or that will be designated, in a state or local agency's conflict-of-interest code, your assuming office date is the date you were sworn in or otherwise authorized to serve in the position. If you are a newly elected official, your assuming office date is the date you were sworn in.

- Investments, interests in real property, and business positions held on the date you assumed the office or position must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date you assumed the office or position is reportable.

For positions subject to confirmation by the State Senate or the Commission on Judicial Performance, your assuming office date is the date you were appointed or nominated to the position.

### Example:

Maria Lopez was nominated by the Governor to serve on a state agency board that is subject to state Senate confirmation. The assuming office date is the date Maria's nomination is submitted to the Senate. Maria must report investments, interests in real property, and business positions she holds on that date, and income (including loans, gifts, and travel payments) received during the 12 months prior to that date.

If your office or position has been added to a newly adopted or newly amended conflict-of-interest code, use the effective date of the code or amendment, whichever is applicable.

- Investments, interests in real property, and business positions held on the effective date of the code or amendment must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the effective date of the code or amendment is reportable.

### Annual Statement:

Generally, the period covered is January 1, 2012, through December 31, 2012. If the period covered by the statement is different than January 1, 2012, through December 31, 2012, (for example, you assumed office between October 1, 2011, and December 31, 2011, or you are combining statements), you must specify the period covered.

- Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered

by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2012.

- If your disclosure category changes during a reporting period, disclose under the old category until the effective date of the conflict-of-interest code amendment and disclose under the new disclosure category through the end of the reporting period.

### Leaving Office Statement:

Generally, the period covered is January 1, 2012, through the date you stopped performing the duties of your position. If the period covered differs from January 1, 2012, through the date you stopped performing the duties of your position (for example, you assumed office between October 1, 2011, and December 31, 2011, or you are combining statements), the period covered must be specified.

- Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2012.

### Candidate Statement:

If you are filing a statement in connection with your candidacy for state or local office, investments, interests in real property, and business positions held on the date of filing your declaration of candidacy must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date of filing your declaration of candidacy is reportable. Do not change the preprinted dates on Schedules A-1, A-2, and B.

Candidates running for local elective offices (e.g., county sheriffs, city clerks, school board trustees, and water district board members) must file candidate statements as required by the conflict-of-interest code for the elected position. The code may be obtained from the agency of the elected position.

### Amendments:

If you discover errors or omissions on any statement, file an amendment as soon as possible. You are only required to amend the schedule that needs to be revised; it is not necessary to refile the entire form. To obtain amendment schedules, contact the FPPC, your filing official, or go to the FPPC website at [www.fppc.ca.gov](http://www.fppc.ca.gov).

## Instructions — Cover Page

Enter your name, mailing address, and daytime telephone number in the spaces provided. **Because the Form 700 is a public document**, you may list your business/office address instead of your home address.

### Part 1. Office, Agency, or Court

- Enter the name of the office sought or held, or the agency or court. Consultants must enter the public agency name rather than their private firm's name. (Examples: State Assembly; Board of Supervisors; Office of the Mayor; Department of Finance; Hope County Superior Court)
- Indicate the name of your division, board, or district, if applicable. (Examples: Division of Waste Management; Board of Accountancy; District 45)
- Enter your position title. (Examples: Director; Chief Counsel; City Council Member; Staff Services Analyst)
- If you hold multiple positions (i.e., a city council member who also is a member of a county board or commission), you may be required to file statements with each agency. To simplify your filing obligations, you may complete an expanded statement.

To do this, enter the name of the other agency(ies) with which you are required to file and your position title(s) in the space provided. Attach an additional sheet if necessary. Complete one statement covering the disclosure requirements for all positions. Each copy must contain an original signature. Therefore, before signing the statement, make a copy for each agency. Sign each copy with an original signature and file with each agency.

#### Example:

Scott Baker is a city council member for the City of Lincoln and a board member for the Camp Far West Irrigation District – a multi-county agency that covers Placer and Yuba counties. Scott will complete one Form 700 using full disclosure (as required for the city position) and covering interests in both Placer and Yuba counties (as required for the multi-county position) and list both positions on the Cover Page. Before signing the statement, Scott will make a copy and sign both statements. One statement will be filed with City of Lincoln and the other will be filed with Camp Far West Irrigation District. Both will contain an original signature.

Remember that if you assume or leave a position after a filing deadline, you must complete a separate statement. For example, a city council member who assumes a position with a county special district after the April 2 annual filing deadline must file a separate assuming office statement. In subsequent years, the city council member may expand his or her annual filing to include both positions.

### Part 2. Jurisdiction of Office

- Check the box indicating the jurisdiction of your agency and, if applicable, identify the jurisdiction. Judges, judicial candidates, and court commissioners have statewide jurisdiction. All other filers should review the Reference Pamphlet, page 13, to determine their jurisdiction.
- If your agency is a multi-county office, list each county in which your agency has jurisdiction.

- If your agency is not a state office, court, county office, city office, or multi-county office (e.g., school districts, special districts and JPAs), check the "other" box and enter the county or city in which the agency has jurisdiction.

#### Example:

This filer is a member of a water district board with jurisdiction in portions of Yuba and Sutter Counties.

<b>1. Office, Agency, or Court</b>	
Agency Name South Sutter Water District	Your Position Board Member
<small>Check one box: <input type="checkbox"/> State, <input type="checkbox"/> County, <input type="checkbox"/> City, <input type="checkbox"/> Other</small>	
<small>or if filing for multiple positions, list nature or set of statements.</small>	
Agency	Position
<b>2. Jurisdiction of Office (check all that are used)</b>	
State	Judge of Court Commissioner (Statewide Jurisdiction)
Multi-County	County of
City of	<input checked="" type="checkbox"/> Other: Portions of Yuba & Sutter Counties

### Part 3. Type of Statement

Check at least one box. The period covered by a statement is determined by the type of statement you are filing. If you are completing a 2012 annual statement, do not change the pre-printed dates to reflect 2013. Your annual statement is used for reporting the previous year's economic interests. Economic interests for your annual filing covering January 1, 2013, through December 31, 2013, will be disclosed on your statement filed in 2014. See Reference Pamphlet, page 4.

**Combining Statements:** Certain types of statements may be combined. For example, if you leave office after January 1, but before the deadline for filing your annual statement, you may combine your annual and leaving office statements. File by the earliest deadline. Consult your filing officer or the FPPC.

### Part 4. Schedule Summary

- Enter the total number of completed pages including the cover page and either:

Check the box for each schedule you use to disclose interests;

- or -

if you have nothing to disclose on any schedule, check the "No reportable interests" box. Please do not attach any blank schedules.

### Part 5. Verification

Complete the verification by signing the statement and entering the date signed. All statements must have an original "wet" signature or be duly authorized by your filing officer to file electronically under Government Code Section 87500.2. Instructions, examples, FAQs, and a reference pamphlet are available to help answer your questions. **When you sign your statement, you are stating, under penalty of perjury, that it is true and correct.** Only the filer has authority to sign the statement. An unsigned statement is not considered filed and you may be subject to late filing penalties.

FPPC Form 700 (2012/2013)  
FPPC Advice Email: [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov)  
FPPC Toll-Free Helpline: 866/275-3772 [www.fppc.ca.gov](http://www.fppc.ca.gov)  
Instructions – 1

STATEMENT OF ECONOMIC INTERESTS  
 COVER PAGE

Date Received \_\_\_\_\_

Please type or print in ink.

NAME OF FILER (LAST) (FIRST) (MIDDLE)

**1. Office, Agency, or Court**

Agency Name \_\_\_\_\_

Division, Board, Department, District, if applicable \_\_\_\_\_

Your Position \_\_\_\_\_

► If filing for multiple positions, list below or on an attachment.

Agency: \_\_\_\_\_

Position: \_\_\_\_\_

**2. Jurisdiction of Office (Check at least one box)**

- |   |   |
|---|---|
| <input type="checkbox"/> State              | <input type="checkbox"/> Judge or Court Commissioner (Statewide Jurisdiction) |
| <input type="checkbox"/> Multi-County _____ | <input type="checkbox"/> County of _____                                      |
| <input type="checkbox"/> City of _____      | <input type="checkbox"/> Other _____  |

**3. Type of Statement (Check at least one box)**

- |   |  |
|---|--|
| <input type="checkbox"/> <b>Annual:</b> The period covered is January 1, 2012, through December 31, 2012.         | <input type="checkbox"/> <b>Leaving Office:</b> Date Left ____/____/____<br>(Check one)          |
| <b>-or-</b><br>The period covered is ____/____/____, through December 31, 2012.                                   | <input type="radio"/> The period covered is January 1, 2012, through the date of leaving office. |
| <input type="checkbox"/> <b>Assuming Office:</b> Date assumed ____/____/____                                      | <input type="radio"/> The period covered is ____/____/____, through the date of leaving office.  |
| <input type="checkbox"/> <b>Candidate:</b> Election year _____ and office sought, if different than Part 1: _____ |  |

**4. Schedule Summary**

Check applicable schedules or "None."

► Total number of pages including this cover page: \_\_\_\_\_

- |  |  |
|--|--|
| <input type="checkbox"/> <b>Schedule A-1 - Investments</b> - schedule attached | <input type="checkbox"/> <b>Schedule C - Income, Loans, &amp; Business Positions</b> - schedule attached |
| <input type="checkbox"/> <b>Schedule A-2 - Investments</b> - schedule attached | <input type="checkbox"/> <b>Schedule D - Income - Gifts</b> - schedule attached                          |
| <input type="checkbox"/> <b>Schedule B - Real Property</b> - schedule attached | <input type="checkbox"/> <b>Schedule E - Income - Gifts - Travel Payments</b> - schedule attached        |

**-or-**

**None - No reportable interests on any schedule**

**5. Verification**

MAILING ADDRESS STREET CITY STATE ZIP CODE  
(Business or Agency Address Recommended - Public Document)

DAYTIME TELEPHONE NUMBER ( ) E-MAIL ADDRESS (OPTIONAL)

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information contained herein and in any attached schedules is true and complete. I acknowledge this is a public document.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date Signed \_\_\_\_\_  
(month, day, year)

Signature \_\_\_\_\_  
(File the originally signed statement with your filing official)

## Which Schedule Do I Use?

---

### Common Reportable Interests

- Schedule A-1: Stocks, including those held in an IRA or a 401K
- Schedule A-2: Business entities (including certain independent contracting), sole proprietorships, partnerships, LLCs, corporations, and trusts
- Schedule B: Rental property in the jurisdiction
- Schedule C: Non-governmental salaries of public official and spouse/registered domestic partner
- Schedule D: Gifts from non-family members (such as tickets to sporting or entertainment events)
- Schedule E: Travel payments from third parties (not your employer)

### Common Non-Reportable Interests

- Schedule A-1/A-2: Insurance policies, government bonds, diversified mutual funds, certain funds similar to diversified mutual funds (such as exchange traded funds) and investments held in certain retirement accounts. See Reference Pamphlet, page 12, for detailed information. (Regulation 18237)
- Schedule A-1/A-2: Savings and checking accounts and annuities
- Schedule B: A residence used exclusively as a personal residence (such as a home or vacation cabin)
- Schedule C: Governmental salary (such as a school district)
- Schedule D: Gifts from family members
- Schedule E: Travel paid by your government agency

### Remember:

- ✓ Mark the "No reportable interests" box on Part 4 of the Schedule Summary on the Cover Page if you determine you have nothing to disclose and file the Cover Page only. **Make sure you carefully read all instructions to ensure proper reporting.**
- ✓ The Form 700 is a public document.
- ✓ **Most individuals must consult their agency's conflict-of-interest code for reportable interests.**
- ✓ Most individuals file the Form 700 with their agencies.



## Questions and Answers

### General

- Q. What is the reporting period for disclosing interests on an assuming office statement or a candidate statement?
- A. On an assuming office statement, disclose all reportable investments, interests in real property, and business positions held on the date you assumed office. In addition, you must disclose income (including loans, gifts and travel payments) received during the 12 months prior to the date you assumed office.

On a candidate statement, disclose all reportable investments, interests in real property, and business positions held on the date you file your declaration of candidacy. You must also disclose income (including loans, gifts and travel payments) received during the 12 months prior to the date you file your declaration of candidacy.

- Q. I hold two other board positions in addition to my position with the county. Must I file three statements of economic interests?
- A. Yes, three are required. However, you may complete one statement listing the county and the two boards on the Cover Page or an attachment as the agencies for which you will be filing. Report your economic interests using the largest jurisdiction and highest disclosure requirements assigned to you by the three agencies. Make two copies of the entire statement **before signing it**, sign each copy with an original signature, and distribute one original to the county and to each of the two boards. **Remember to complete separate statements for positions that you leave or assume during the year.**
- Q. I am a department head who recently began acting as city manager. Should I file as the city manager?
- A. Yes. File an assuming office statement as city manager. Persons serving as "acting," "interim," or "alternate" must file as if they hold the position because they are or may be performing the duties of the position.
- Q. As a designated employee, I left one state agency to work for another state agency. Must I file a leaving office statement?
- A. Yes. You may also need to file an assuming office statement for the new agency.

### Investment Disclosure

- Q. I have an investment interest in shares of stock in a company that does not have an office in my jurisdiction. Must I still disclose my investment interest in this company?
- A. Probably. The definition of "doing business in the jurisdiction" is not limited to whether the business has an office or physical location in your jurisdiction. See Reference Pamphlet, page 13.
- Q. My spouse and I have a living trust. The trust holds rental property in my jurisdiction, our primary residence, and investments in diversified mutual funds. I have full disclosure. How is this trust disclosed?
- A. Disclose the name of the trust, the rental property and its income on Schedule A-2. Your primary residence and investments in diversified mutual funds registered with the SEC are not reportable.
- Q. I am required to report all investments. I have an IRA that contains stocks through an account managed by a brokerage firm. Must I disclose these stocks even though they are held in an IRA and I did not decide which stocks to purchase?
- A. Yes. Disclose on Schedule A-1 or A-2 any stock worth \$2,000 or more in a business entity located in or doing business in your jurisdiction.
- Q. I own stock in IBM and must report this investment on Schedule A-1. I initially purchased this stock in the early 1990s; however, I am constantly buying and selling shares. Must I note these dates in the "Acquired" and "Disposed" fields?
- A. No. You must only report dates in the "Acquired" or "Disposed" fields when, during the reporting period, you initially purchase a reportable investment worth \$2,000 or more or when you dispose of the entire investment. You are not required to track the partial trading of an investment.
- Q. On last year's filing I reported stock in Encoe valued at \$2,000 - \$10,000. Late last year the value of this stock fell below and remains at less than \$2,000. How should this be reported on this year's statement?
- A. You are not required to report an investment if the value was less than \$2,000 during the **entire** reporting

## Questions and Answers Continued

period. However, because a disposed date is not required for stocks that fall below \$2,000, you may want to report the stock and note in the "comments" section that the value fell below \$2,000. This would be for informational purposes only; it is not a requirement.

### Income Disclosure

- Q. I reported a business entity on Schedule A-2. Clients of my business are located in several states. Must I report all clients from whom my pro rata share of income is \$10,000 or more on Schedule A-2, Part 3?
- A. No, only the clients doing business on a regular basis in your jurisdiction must be disclosed.
- Q. I believe I am not required to disclose the names of clients from whom my pro rata share of income is \$10,000 or more on Schedule A-2 because of their right to privacy. Is there an exception for reporting clients' names?
- A. Regulation 18740 provides a procedure for requesting an exemption to allow a client's name not to be disclosed if disclosure of the name would violate a legally recognized privilege under California law. This regulation may be obtained from our website at [www.fppc.ca.gov](http://www.fppc.ca.gov). See Reference Pamphlet, page 14.
- Q. I am sole owner of a private law practice that is not reportable based on my limited disclosure category. However, some of the sources of income to my law practice are from reportable sources. Do I have to disclose this income?
- A. Yes, even though the law practice is not reportable, reportable sources of income to the law practice of \$10,000 or more must be disclosed. This information would be disclosed on Schedule C with a note in the "comments" section indicating that the business entity is not a reportable investment. The note would be for informational purposes only; it is not a requirement.
- Q. I am the sole owner of my business. Where do I disclose my income - on Schedule A-2 or Schedule C?
- A. Sources of income to a business in which you have an ownership interest of 10% or greater are disclosed on Schedule A-2. See Reference Pamphlet, page 8, for the definition of "business entity."

- Q. How do I disclose my spouse's or registered domestic partner's salary?
- A. Report the name of the employer as a source of income on Schedule C.
- Q. I am a doctor. For purposes of reporting \$10,000 sources of income on Schedule A-2, Part 3, are the patients or their insurance carriers considered sources of income?
- A. If your patients exercise sufficient control by selecting you instead of other doctors, then your patients, rather than their insurance carriers, are sources of income to you. See Reference Pamphlet, page 14, for additional information.
- Q. I received a loan from my grandfather to purchase my home. Is this loan reportable?
- A. No. Loans received from family members are not reportable.
- Q. I am running for re-election to city council and made a personal loan to my campaign committee. Is this reportable on my Form 700?
- A. No, the loan is not reportable on Form 700; however, repayments are. Loan repayments from a campaign committee are reported on Schedule C as income.

### Real Property Disclosure

- Q. During this reporting period we switched our principal place of residence into a rental. I have full disclosure and the property is located in my agency's jurisdiction, so it is now reportable. Because I have not reported this property before, do I need to show an "acquired" date?
- A. No, you are not required to show an "acquired" date because you previously owned the property. However, you may want to note in the "comments" section that the property was not previously reported because it was used exclusively as your residence. This would be for informational purposes only; it is not a requirement.
- Q. My daughter is buying her first home and I am the co-signer on the loan. I won't occupy the home, but my daughter will. The home is located in my agency's jurisdiction. Must I report this property?

## Questions and Answers Continued

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A. No. Property occupied by a family member is not reportable as long as you are not receiving rental income or using the property for business purposes.

### Gift Disclosure

Q. If I received a gift of two tickets to a concert valued at \$100 each, but gave the tickets to a friend because I could not attend the concert, do I have any reporting obligations?

A. Yes. Since you accepted the gift and exercised discretion and control of the use of the tickets, you must disclose the gift on Schedule D.

Q. Mary and Joe Benson, a married couple, want to give a piece of artwork to a close friend who is a county supervisor. Is each spouse considered a separate source for purposes of the gift limit and disclosure?

A. Yes, each spouse may make a gift valued at the gift limit during a calendar year. For example, during 2012 when the gift limit was \$420, the Bensons may have given the supervisor artwork valued at no more than \$840. The supervisor must identify Joe and Mary Benson as the sources of the gift.

Q. I am a Form 700 filer with full disclosure. Our agency holds a holiday raffle to raise funds for a local charity. I bought \$10 worth of raffle tickets and won a gift basket valued at \$120. The gift basket was donated by Doug Brewer, a citizen in our city. At the same event, I bought raffle tickets for, and won a quilt valued at \$70. The quilt was donated by a coworker. Are these reportable gifts?

A. Because the gift basket was donated by an outside source (not an agency employee), you have received a reportable gift valued at \$110 (the value of the basket less the consideration paid). The source of the gift is Doug Brewer and the agency is disclosed as the intermediary. Because the quilt was donated by an employee of your agency, it is not a reportable gift.

Q. My agency is responsible for disbursing grants. An applicant (501(c)(3) organization) met with agency employees to present its application. At this meeting, the applicant provided food and beverages. Would the food and beverages be considered gifts to the employees? These employees are designated in our agency's conflict-of-interest code and the applicant is a reportable source of income under the code.

A. Yes. If the value of the food and beverages consumed by any one filer, plus any other gifts received from the same source during the reporting period total \$50 or more, the food and beverages would be reported using the fair market value and would be subject to the gift limit.

## Instructions – Schedules A-1 and A-2 Investments

"Investment" means a financial interest in any business entity that is located in, doing business in, planning to do business in, or that has done business during the previous two years in your agency's jurisdiction in which you, your spouse or registered domestic partner, or your dependent children had a direct, indirect, or beneficial interest totaling \$2,000 or more at any time during the reporting period. See Reference Pamphlet, page 13.

### Reportable Investments Include:

- Stocks, bonds, warrants, and options, including those held in margin or brokerage accounts and managed investment funds (See Reference Pamphlet, page 13.)
- Sole proprietorships
- Your own business or your spouse's or registered domestic partner's business (See Reference Pamphlet, page 8, for the definition of "business entity.")
- Your spouse's or registered domestic partner's investments that are legally separate property
- Partnerships (e.g., a law firm or family farm)
- Investments in reportable business entities held in a retirement account (See Reference Pamphlet, page 15.)
- If you, your spouse or registered domestic partner, and dependent children together had a 10% or greater ownership interest in a business entity or trust (including a living trust), you must disclose investments held by the business entity or trust. See Reference Pamphlet, page 15, for more information on disclosing trusts.
- Business trusts

### You are not required to disclose:

- Insurance policies, government bonds, diversified mutual funds, certain funds similar to diversified mutual funds (such as exchange traded funds) and investments held in certain retirement accounts. See Reference Pamphlet, page 12, for detailed information. (Regulation 18237)
- Bank accounts, savings accounts, money market accounts and certificates of deposits
- Insurance policies
- Annuities
- Commodities
- Shares in a credit union
- Government bonds (including municipal bonds)

### Reminders

- Do you know your agency's jurisdiction?
- Did you hold investments at any time during the period covered by this statement?
- Code filers – your disclosure categories may only require disclosure of specific investments.

- Retirement accounts invested in non-reportable interests (e.g., insurance policies, diversified mutual funds, or government bonds) (See Reference Pamphlet, page 15.)
- Government defined-benefit pension plans (such as CalPERS and CalSTRS plans)
- Interests held in a blind trust (See Reference Pamphlet, page 16.)

**Use Schedule A-1** to report ownership of less than 10% (e.g., stock). Schedule C (Income) may also be required if the investment is not a stock or corporate bond. See second example below.

**Use Schedule A-2** to report ownership of 10% or greater (e.g., a sole proprietorship).

### To Complete Schedule A-1:

*Do not attach brokerage or financial statements.*

- Disclose the name of the business entity.
- Provide a general description of the business activity of the entity (e.g., pharmaceuticals, computers, automobile manufacturing, or communications).
- Check the box indicating the highest fair market value of your investment during the reporting period. If you are filing a candidate or an assuming office statement, indicate the fair market value on the filing date or the date you took office, respectively.
- Identify the nature of your investment (e.g., stocks, warrants, options, or bonds).
- An acquired or disposed of date is only required if you initially acquired or entirely disposed of the investment interest during the reporting period. The date of a stock dividend reinvestment or partial disposal is not required. Generally, these dates will not apply if you are filing a candidate or an assuming office statement.

### Examples:

John Smith holds a state agency position. His conflict-of-interest code requires full disclosure of investments. John must disclose his stock holdings of \$2,000 or more in any company that does business in California, as well as those stocks held by his spouse or registered domestic partner and dependent children.

Susan Jones is a city council member. She has a 4% interest, worth \$5,000, in a limited partnership located in the city. Susan must disclose the partnership on Schedule A-1 and income of \$500 or more received from the partnership on Schedule C.

# SCHEDULE A-1

## Investments

### Stocks, Bonds, and Other Interests

(Ownership Interest is Less Than 10%)

Do not attach brokerage or financial statements.

**CALIFORNIA FORM 700**  
FAIR POLITICAL PRACTICES COMMISSION

Name \_\_\_\_\_

▶ NAME OF BUSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF BUSINESS ACTIVITY \_\_\_\_\_

---

FAIR MARKET VALUE  
 \$2,000 - \$10,000       \$10,001 - \$100,000  
 \$100,001 - \$1,000,000       Over \$1,000,000

NATURE OF INVESTMENT  
 Stock       Other \_\_\_\_\_ (Describe)  
 Partnership       Income Received of \$0 - \$499  
     Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:  
 \_\_\_\_\_ / \_\_\_\_\_ / 12      \_\_\_\_\_ / \_\_\_\_\_ / 12  
 ACQUIRED                                  DISPOSED

▶ NAME OF BUSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF BUSINESS ACTIVITY \_\_\_\_\_

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FAIR MARKET VALUE  
 \$2,000 - \$10,000       \$10,001 - \$100,000  
 \$100,001 - \$1,000,000       Over \$1,000,000

NATURE OF INVESTMENT  
 Stock       Other \_\_\_\_\_ (Describe)  
 Partnership       Income Received of \$0 - \$499  
     Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:  
 \_\_\_\_\_ / \_\_\_\_\_ / 12      \_\_\_\_\_ / \_\_\_\_\_ / 12  
 ACQUIRED                                  DISPOSED

▶ NAME OF BUSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF BUSINESS ACTIVITY \_\_\_\_\_

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FAIR MARKET VALUE  
 \$2,000 - \$10,000       \$10,001 - \$100,000  
 \$100,001 - \$1,000,000       Over \$1,000,000

NATURE OF INVESTMENT  
 Stock       Other \_\_\_\_\_ (Describe)  
 Partnership       Income Received of \$0 - \$499  
     Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:  
 \_\_\_\_\_ / \_\_\_\_\_ / 12      \_\_\_\_\_ / \_\_\_\_\_ / 12  
 ACQUIRED                                  DISPOSED

▶ NAME OF BUSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF BUSINESS ACTIVITY \_\_\_\_\_

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FAIR MARKET VALUE  
 \$2,000 - \$10,000       \$10,001 - \$100,000  
 \$100,001 - \$1,000,000       Over \$1,000,000

NATURE OF INVESTMENT  
 Stock       Other \_\_\_\_\_ (Describe)  
 Partnership       Income Received of \$0 - \$499  
     Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:  
 \_\_\_\_\_ / \_\_\_\_\_ / 12      \_\_\_\_\_ / \_\_\_\_\_ / 12  
 ACQUIRED                                  DISPOSED

▶ NAME OF BUSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF BUSINESS ACTIVITY \_\_\_\_\_

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FAIR MARKET VALUE  
 \$2,000 - \$10,000       \$10,001 - \$100,000  
 \$100,001 - \$1,000,000       Over \$1,000,000

NATURE OF INVESTMENT  
 Stock       Other \_\_\_\_\_ (Describe)  
 Partnership       Income Received of \$0 - \$499  
     Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:  
 \_\_\_\_\_ / \_\_\_\_\_ / 12      \_\_\_\_\_ / \_\_\_\_\_ / 12  
 ACQUIRED                                  DISPOSED

▶ NAME OF BUSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF BUSINESS ACTIVITY \_\_\_\_\_

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FAIR MARKET VALUE  
 \$2,000 - \$10,000       \$10,001 - \$100,000  
 \$100,001 - \$1,000,000       Over \$1,000,000

NATURE OF INVESTMENT  
 Stock       Other \_\_\_\_\_ (Describe)  
 Partnership       Income Received of \$0 - \$499  
     Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:  
 \_\_\_\_\_ / \_\_\_\_\_ / 12      \_\_\_\_\_ / \_\_\_\_\_ / 12  
 ACQUIRED                                  DISPOSED

Comments: \_\_\_\_\_

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## Instructions – Schedule A-2 Investments, Income, and Assets of Business Entities/Trusts

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Use Schedule A-2 to report investments in a business entity or trust (including a living trust) in which you, your spouse or registered domestic partner, and your dependent children together had a 10% or greater interest, totaling \$2,000 or more, during the reporting period and which is located in, doing business in, planning to do business in, or which has done business during the previous two years in your agency's jurisdiction. See Reference Pamphlet, page 13. A trust located outside your agency's jurisdiction is reportable if it holds assets that are located in or doing business in the jurisdiction. Do not report a trust that contains non-reportable interests. For example, a trust containing only your personal residence not used in whole or in part as a business, your savings account, and some municipal bonds, is not reportable.

Also report on Schedule A-2 investments and real property held by that entity or trust if your pro rata share of the investment or real property interest was \$2,000 or more during the reporting period.

### To Complete Schedule A-2:

**Part 1.** Disclose the name and address of the business entity or trust. If you are reporting an interest in a business entity, check "Business Entity" and complete the box as follows:

- Provide a general description of the business activity of the entity.
- Check the box indicating the highest fair market value of your investment during the reporting period.
- If you initially acquired or entirely disposed of this interest during the reporting period, enter the date acquired or disposed.
- Identify the nature of your investment.
- Disclose the job title or business position you held with the entity, if any (i.e., if you were a director, officer, partner, trustee, employee, or held any position of management). A business position held by your spouse is not reportable.

**Part 2.** Check the box indicating your pro rata share of the gross income received by the business entity or trust. This amount includes your pro rata share of the gross income from the business entity or trust, as well as your community property interest in your spouse's or registered domestic partner's share. Gross income is the total amount of income before deducting expenses, losses, or taxes.

**Part 3.** Disclose the name of each source of income that is located in, doing business in, planning to do business in, or that has done business during the previous two years in your agency's jurisdiction, as follows:

- Disclose each source of income and outstanding loan to the business entity or trust identified in Part 1 if your pro rata share of the gross income (including your community property interest in your spouse's or registered

domestic partner's share) to the business entity or trust from that source was \$10,000 or more during the reporting period. See Reference Pamphlet, page 11, for examples. Income from governmental sources may be reportable if not considered salary. See Regulation 18232. Loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without regard to your official status are not reportable.

- Disclose each individual or entity that was a source of commission income of \$10,000 or more during the reporting period through the business entity identified in Part 1. See Reference Pamphlet, page 8, for an explanation of commission income.

You may be required to disclose sources of income located outside your jurisdiction. For example, you may have a client who resides outside your jurisdiction who does business on a regular basis with you. Such a client, if a reportable source of \$10,000 or more, must be disclosed.

Mark "None" if you do not have any reportable \$10,000 sources of income to disclose. Adding phrases such as "various clients" or "not disclosing sources pursuant to attorney-client privilege" may trigger a request for an amendment to your statement. See Reference Pamphlet, page 14, for details about requesting an exemption from disclosing privileged information.

**Part 4.** Report any investments or interests in real property held or leased by the entity or trust identified in Part 1 if your pro rata share of the interest held was \$2,000 or more during the reporting period. Attach additional schedules or use FPPC's Form 700 Excel spreadsheet if needed.

- Check the applicable box identifying the interest held as real property or an investment.
- If investment, provide the name and description of the business entity.
- If real property, report the precise location (e.g., an assessor's parcel number or address).
- Check the box indicating the highest fair market value of your interest in the real property or investment during the reporting period. (Report the fair market value of the portion of your residence claimed as a tax deduction if you are utilizing your residence for business purposes.)
- Identify the nature of your interest.
- Enter the date acquired or disposed only if you initially acquired or entirely disposed of your interest in the property or investment during the reporting period.

# SCHEDULE A-2

## Investments, Income, and Assets of Business Entities/Trusts

(Ownership Interest is 10% or Greater)

<b>CALIFORNIA FORM 700</b>
<small>FAIR POLITICAL PRACTICE COMMISSION</small>
Name _____

**1 BUSINESS ENTITY OR TRUST**

Name \_\_\_\_\_

Address (Business Address Acceptable) \_\_\_\_\_

Check one  
 Trust, go to 2     Business Entity, complete the box, then go to 2

**GENERAL DESCRIPTION OF BUSINESS ACTIVITY**

FAIR MARKET VALUE                      IF APPLICABLE, LIST DATE:

<input type="checkbox"/> \$0 - \$1,999	____/____/12	____/____/12
<input type="checkbox"/> \$2,000 - \$10,000	ACQUIRED	DISPOSED
<input type="checkbox"/> \$10,001 - \$100,000		
<input type="checkbox"/> \$100,001 - \$1,000,000		
<input type="checkbox"/> Over \$1,000,000		

NATURE OF INVESTMENT  
 Partnership     Sole Proprietorship     \_\_\_\_\_ Other

YOUR BUSINESS POSITION \_\_\_\_\_

**2 IDENTIFY THE GROSS INCOME RECEIVED (INCLUDE YOUR PRO RATA SHARE OF THE GROSS INCOME TO THE ENTITY/TRUST)**

<input type="checkbox"/> \$0 - \$499	<input type="checkbox"/> \$10,001 - \$100,000
<input type="checkbox"/> \$500 - \$1,000	<input type="checkbox"/> OVER \$100,000
<input type="checkbox"/> \$1,001 - \$10,000	

**3 LIST THE NAME OF EACH REPORTABLE SINGLE SOURCE OF INCOME OF \$10,000 OR MORE (Attach a separate sheet if necessary)**

None

\_\_\_\_\_

\_\_\_\_\_

**4 INVESTMENTS AND INTERESTS IN REAL PROPERTY HELD OR LEASED BY THE BUSINESS ENTITY OR TRUST**

Check one box:  
 INVESTMENT     REAL PROPERTY

Name of Business Entity, if Investment, or Assessor's Parcel Number or Street Address of Real Property \_\_\_\_\_

Description of Business Activity or City or Other Precise Location of Real Property \_\_\_\_\_

FAIR MARKET VALUE                      IF APPLICABLE, LIST DATE:

<input type="checkbox"/> \$2,000 - \$10,000	____/____/12	____/____/12
<input type="checkbox"/> \$10,001 - \$100,000	ACQUIRED	DISPOSED
<input type="checkbox"/> \$100,001 - \$1,000,000		
<input type="checkbox"/> Over \$1,000,000		

NATURE OF INTEREST  
 Property Ownership/Deed of Trust     Stock     Partnership

Leasehold \_\_\_\_\_ Yrs remaining     Other \_\_\_\_\_

Check box if additional schedules reporting investments or real property are attached

**1 BUSINESS ENTITY OR TRUST**

Name \_\_\_\_\_

Address (Business Address Acceptable) \_\_\_\_\_

Check one  
 Trust, go to 2     Business Entity, complete the box, then go to 2

**GENERAL DESCRIPTION OF BUSINESS ACTIVITY**

FAIR MARKET VALUE                      IF APPLICABLE, LIST DATE:

<input type="checkbox"/> \$0 - \$1,999	____/____/12	____/____/12
<input type="checkbox"/> \$2,000 - \$10,000	ACQUIRED	DISPOSED
<input type="checkbox"/> \$10,001 - \$100,000		
<input type="checkbox"/> \$100,001 - \$1,000,000		
<input type="checkbox"/> Over \$1,000,000		

NATURE OF INVESTMENT  
 Partnership     Sole Proprietorship     \_\_\_\_\_ Other

YOUR BUSINESS POSITION \_\_\_\_\_

**2 IDENTIFY THE GROSS INCOME RECEIVED (INCLUDE YOUR PRO RATA SHARE OF THE GROSS INCOME TO THE ENTITY/TRUST)**

<input type="checkbox"/> \$0 - \$499	<input type="checkbox"/> \$10,001 - \$100,000
<input type="checkbox"/> \$500 - \$1,000	<input type="checkbox"/> OVER \$100,000
<input type="checkbox"/> \$1,001 - \$10,000	

**3 LIST THE NAME OF EACH REPORTABLE SINGLE SOURCE OF INCOME OF \$10,000 OR MORE (Attach a separate sheet if necessary)**

None

\_\_\_\_\_

\_\_\_\_\_

**4 INVESTMENTS AND INTERESTS IN REAL PROPERTY HELD OR LEASED BY THE BUSINESS ENTITY OR TRUST**

Check one box:  
 INVESTMENT     REAL PROPERTY

Name of Business Entity, if Investment, or Assessor's Parcel Number or Street Address of Real Property \_\_\_\_\_

Description of Business Activity or City or Other Precise Location of Real Property \_\_\_\_\_

FAIR MARKET VALUE                      IF APPLICABLE, LIST DATE:

<input type="checkbox"/> \$2,000 - \$10,000	____/____/12	____/____/12
<input type="checkbox"/> \$10,001 - \$100,000	ACQUIRED	DISPOSED
<input type="checkbox"/> \$100,001 - \$1,000,000		
<input type="checkbox"/> Over \$1,000,000		

NATURE OF INTEREST  
 Property Ownership/Deed of Trust     Stock     Partnership

Leasehold \_\_\_\_\_ Yrs remaining     Other \_\_\_\_\_

Check box if additional schedules reporting investments or real property are attached

Comments: \_\_\_\_\_

## Instructions – Schedule B Interests in Real Property

Report interests in real property located in your agency's jurisdiction in which you, your spouse or registered domestic partner, or your dependent children had a direct, indirect, or beneficial interest totaling \$2,000 or more any time during the reporting period. See Reference Pamphlet, page 13.

### Interests in real property include:

- An ownership interest (including a beneficial ownership interest)
- A deed of trust, easement, or option to acquire property
- A leasehold interest (See Reference Pamphlet, page 14.)
- A mining lease
- An interest in real property held in a retirement account (See Reference Pamphlet, page 15.)
- An interest in real property held by a business entity or trust in which you, your spouse or registered domestic partner, and your dependent children together had a 10% or greater ownership interest (Report on Schedule A-2.)
- Your spouse's or registered domestic partner's interests in real property that are legally held separately by him or her

### You are not required to report:

- A residence, such as a home or vacation cabin, used exclusively as a personal residence (However, a residence in which you rent out a room or for which you claim a business deduction may be reportable. If reportable, report the fair market value of the portion claimed as a tax deduction.)  
**Please note:** A non-reportable residence can still be grounds for a conflict of interest and may be disqualifying.
- Interests in real property held through a blind trust (See Reference Pamphlet, page 16, for exceptions.)

### To Complete Schedule B:

- Report the precise location (e.g., an assessor's parcel number or address) of the real property.
- Check the box indicating the fair market value of your interest in the property (regardless of what you owe on the property).
- Enter the date acquired or disposed only if you initially acquired or entirely disposed of your interest in the property during the reporting period.

#### Reminders

- Income and loans already reported on Schedule B are not also required to be reported on Schedule C.
- Real property already reported on Schedule A-2, Part 4 are not also required to be reported on Schedule B.
- Code filers – do your disclosure categories require disclosure of real property?

- Identify the nature of your interest. If it is a leasehold, disclose the number of years remaining on the lease.
- If you received rental income, check the box indicating the gross amount you received.
- If you had a 10% or greater interest in real property and received rental income, list the name of the source(s) if your pro rata share of the gross income from any single tenant was \$10,000 or more during the reporting period. If you received a total of \$10,000 or more from two or more tenants acting in concert (in most cases, this will apply to married couples), disclose the name of each tenant. Otherwise, mark "None."
- Loans from a private lender that total \$500 or more and are secured by real property may be reportable. **Loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without regard to your official status are not reportable.**

#### When reporting a loan:

- Provide the name and address of the lender.
- Describe the lender's business activity.
- Disclose the interest rate and term of the loan. For variable interest rate loans, disclose the conditions of the loan (e.g., Prime + 2) or the average interest rate paid during the reporting period. The term of a loan is the total number of months or years given for repayment of the loan at the time the loan was established.
- Check the box indicating the highest balance of the loan during the reporting period.
- Identify a guarantor, if applicable.

If you have more than one reportable loan on a single piece of real property, report the additional loan(s) on Schedule C.

#### Example:

Joe Nelson is a city planning commissioner. Joe received rental income of \$12,000 during the reporting period from a single tenant who rented property Joe owned in the city's jurisdiction. If Joe had received the \$12,000 from two or more tenants, the tenants' names would not be required as long as no single tenant paid \$10,000 or more. A married couple would be considered a single tenant.

ASSESSOR'S PARCEL NUMBER OR STREET ADDRESS	
4600 24th Street	
CITY	
Sacramento, CA 95814	
FAIR MARKET VALUE	IF APPLICABLE, LIST DATE
\$1,000 - \$10,000	Y / 12
\$10,001 - \$25,000	HOUSING
X \$25,001 - \$100,000	COMMERCIAL
Over \$100,000	
NATURE OF INTEREST	
X Ownership/Share of Title	Leasehold
Leasehold	Other
IF REALTY PROPERTY OWNER INCOME RECEIVED	
NO - \$499	DATE - \$1,000
X \$500 - \$10,000	DATE - \$10,000
RENTAL INCOME RECEIVED: If you own a 10% or greater interest, list the name of each tenant who is a single source of income of \$10,000 or more.	
Henry Wells	
NAME OF LENDER	
Sophia Petrolio	
ADDRESS (Assessor's Parcel Number)	
2121 Blue Sky Parkway, Sacramento	
BUSINESS ACTIVITY OF ANY OF LENDER	
Restaurant Owner	
APPROXIMATE DATE	TERM (Years/Months)
B	15 years
HIGHEST BALANCE DURING REPORTING PERIOD	
Over \$1,000	11,000 - \$10,000
X \$1,000 - \$10,000	Over \$10,000
DATE OF DISCLOSURE	

FPPC Form 700 (2012/2013)

FPPC Advice Email: [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov)

FPPC Toll-Free Helpline: 866/275-3772 [www.fppc.ca.gov](http://www.fppc.ca.gov)

Instructions – 11





## Instructions – Schedule C Income, Loans, & Business Positions (Income Other Than Gifts and Travel Payments)

Report the source and amount of gross income of \$500 or more you received during the reporting period. Gross income is the total amount of income before deducting expenses, losses, or taxes and includes loans other than loans from a commercial lending institution. See Reference Pamphlet, page 11. Also report your job title with each reportable business entity, even if you received no income during the reporting period. You must also report the source of income to your spouse or registered domestic partner if your community property share was \$500 or more during the reporting period.

A source of income must be reported only if the source is located in, doing business in, planning to do business in, or has done business during the previous two years in your agency's jurisdiction. See Reference Pamphlet, page 13, for more information about doing business in the jurisdiction. Reportable sources of income may be further limited by your disclosure category located in your agency's conflict-of-interest code.

### Commonly reportable income and loans include:

- Salary/wages, per diem, and reimbursement for expenses including travel payments provided by your employer
- Community property interest (50%) in your spouse's or registered domestic partner's income - **report the employer's name and all other required information**
- Income from investment interests, such as partnerships, reported on Schedule A-1
- Commission income not required to be reported on Schedule A-2 (See Reference Pamphlet, page 8.)
- Gross income from any sale, including the sale of a house or car (Report your pro rata share of the total sale price.)
- Rental income not required to be reported on Schedule B
- Prizes or awards not disclosed as gifts
- Payments received on loans you made to others, including loan repayments from a campaign committee (including a candidate's own campaign committee)
- An honorarium received prior to becoming a public official (See Reference Pamphlet, page 10, concerning your ability to receive future honoraria.)
- Incentive compensation (See Reference Pamphlet, page 12.)

### Reminders

- Code filers – your disclosure categories may not require disclosure of all sources of income.
- If you or your spouse or registered domestic partner are self-employed, report the business entity on Schedule A-2.
- Do not disclose on Schedule C income, loans, or business positions already reported on Schedules A-2 or B.

### You are not required to report:

- Salary, reimbursement for expenses or per diem, or social security, disability, or other similar benefit payments received by you or your spouse or registered domestic partner from a federal, state, or local government agency.

See Reference Pamphlet, page 11, for more exceptions to income reporting.

### To Complete Schedule C:

#### Part 1. Income Received/Business Position Disclosure

- Disclose the name and address of each source of income or each business entity with which you held a business position.
- Provide a general description of the business activity if the source is a business entity.
- Check the box indicating the amount of gross income received.
- Identify the consideration for which the income was received.
- For income from commission sales, check the box indicating the gross income received and list the name of each source of commission income of \$10,000 or more. See Reference Pamphlet, page 8. **Note: If you receive commission income on a regular basis or have an ownership interest of 10% or more, you must disclose the business entity and the income on Schedule A-2.**
- Disclose the job title or business position, if any, that you held with the business entity, even if you did not receive income during the reporting period.

#### Part 2. Loans Received or Outstanding During the Reporting Period

- Provide the name and address of the lender.
- Provide a general description of the business activity if the lender is a business entity.
- Check the box indicating the highest balance of the loan during the reporting period.
- Disclose the interest rate and the term of the loan.
  - For variable interest rate loans, disclose the conditions of the loan (e.g., Prime + 2) or the average interest rate paid during the reporting period.
  - The term of the loan is the total number of months or years given for repayment of the loan at the time the loan was entered into.
- Identify the security, if any, for the loan.

# SCHEDULE C

## Income, Loans, & Business Positions

(Other than Gifts and Travel Payments)

<b>CALIFORNIA FORM 700</b>
<small>FAIR POLITICAL PRACTICES COMMISSION</small>
Name _____

▶ 1. INCOME RECEIVED	▶ 1. INCOME RECEIVED
NAME OF SOURCE OF INCOME _____	NAME OF SOURCE OF INCOME _____
ADDRESS (Business Address Acceptable) _____	ADDRESS (Business Address Acceptable) _____
BUSINESS ACTIVITY, IF ANY, OF SOURCE _____	BUSINESS ACTIVITY, IF ANY, OF SOURCE _____
YOUR BUSINESS POSITION _____	YOUR BUSINESS POSITION _____
GROSS INCOME RECEIVED <input type="checkbox"/> \$500 - \$1,000 <input type="checkbox"/> \$1,001 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> OVER \$100,000	GROSS INCOME RECEIVED <input type="checkbox"/> \$500 - \$1,000 <input type="checkbox"/> \$1,001 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> OVER \$100,000
CONSIDERATION FOR WHICH INCOME WAS RECEIVED <input type="checkbox"/> Salary <input type="checkbox"/> Spouse's or registered domestic partner's income <input type="checkbox"/> Loan repayment <input type="checkbox"/> Partnership <input type="checkbox"/> Sale of _____ <small>(Real property, car, boat, etc.)</small> <input type="checkbox"/> Commission or <input type="checkbox"/> Rental Income, list each source of \$10,000 or more _____ <input type="checkbox"/> Other _____ <small>(Describe)</small>	CONSIDERATION FOR WHICH INCOME WAS RECEIVED <input type="checkbox"/> Salary <input type="checkbox"/> Spouse's or registered domestic partner's income <input type="checkbox"/> Loan repayment <input type="checkbox"/> Partnership <input type="checkbox"/> Sale of _____ <small>(Real property, car, boat, etc.)</small> <input type="checkbox"/> Commission or <input type="checkbox"/> Rental Income, list each source of \$10,000 or more _____ <input type="checkbox"/> Other _____ <small>(Describe)</small>

**▶ 2. LOANS RECEIVED OR OUTSTANDING DURING THE REPORTING PERIOD**

\* You are not required to report loans from commercial lending institutions, or any indebtedness created as part of a retail installment or credit card transaction, made in the lender's regular course of business on terms available to members of the public without regard to your official status. Personal loans and loans received not in a lender's regular course of business must be disclosed as follows:

NAME OF LENDER* _____ ADDRESS (Business Address Acceptable) _____ BUSINESS ACTIVITY, IF ANY, OF LENDER _____ HIGHEST BALANCE DURING REPORTING PERIOD <input type="checkbox"/> \$500 - \$1,000 <input type="checkbox"/> \$1,001 - \$10,000 <input type="checkbox"/> \$10,001 - \$100,000 <input type="checkbox"/> OVER \$100,000	<table style="width: 100%;"> <tr> <td style="width: 33%;">INTEREST RATE</td> <td style="width: 33%;">TERM (Months/Years)</td> <td style="width: 34%;"></td> </tr> <tr> <td>_____ %    <input type="checkbox"/> None</td> <td>_____</td> <td>_____</td> </tr> </table> SECURITY FOR LOAN <input type="checkbox"/> None <input type="checkbox"/> Personal residence <input type="checkbox"/> Real Property _____ <small style="margin-left: 600px;">Street address</small> _____ <small style="margin-left: 600px;">City</small> <input type="checkbox"/> Guarantor _____ <input type="checkbox"/> Other _____ <small style="margin-left: 600px;">(Describe)</small>	INTEREST RATE	TERM (Months/Years)		_____ % <input type="checkbox"/> None	_____	_____
INTEREST RATE	TERM (Months/Years)						
_____ % <input type="checkbox"/> None	_____	_____					

Comments: \_\_\_\_\_

## Instructions – Schedule D Income – Gifts

A gift is anything of value for which you have not provided equal or greater consideration to the donor. A gift is reportable if its fair market value is \$50 or more. In addition, multiple gifts totaling \$50 or more received during the reporting period from a single source must be reported.

It is the acceptance of a gift, not the ultimate use to which it is put, that imposes your reporting obligation. Except as noted below, you must report a gift even if you never used it or if you gave it away to another person.

If the exact amount of a gift is unknown, you must make a good faith estimate of the item's fair market value. Listing the value of a gift as "over \$50" or "value unknown" is not adequate disclosure. In addition, if you received a gift through an intermediary, you must disclose the name, address, and business activity of both the donor and the intermediary.

### Commonly reportable gifts include:

- Tickets/passes to sporting or entertainment events
- Tickets/passes to amusement parks
- Parking passes
- Food, beverages, and accommodations, including those provided in direct connection with your attendance at a convention, conference, meeting, social event, meal, or like gathering
- Rebates/discounts not made in the regular course of business to members of the public without regard to official status
- Wedding gifts (See Reference Pamphlet, page 16)
- An honorarium received prior to assuming office (You may report an honorarium as income on Schedule C, rather than as a gift on Schedule D, if you provided services of equal or greater value than the payment received. See Reference Pamphlet, page 10, regarding your ability to receive future honoraria.)
- Transportation and lodging (See Schedule E.)
- Forgiveness of a loan received by you

### You are **not** required to disclose:

- Gifts that were not used and that, within 30 days after receipt, were returned to the donor or delivered to a

#### Reminders

- Gifts from a single source are subject to a \$420 limit during 2012. See Reference Pamphlet, page 10.
- Code filers – you only need to report gifts from reportable sources.

charitable organization without being claimed by you as a charitable contribution for tax purposes

- Gifts from your spouse or registered domestic partner, child, parent, grandparent, grandchild, brother, sister, and certain other family members (See Regulation 18942 for a complete list.). The exception does not apply if the donor was acting as an agent or intermediary for a reportable source who was the true donor.
- Gifts of similar value exchanged between you and an individual, other than a lobbyist, on holidays, birthdays, or similar occasions
- Gifts of informational material provided to assist you in the performance of your official duties (e.g., books, pamphlets, reports, calendars, periodicals, or educational seminars)
- A monetary bequest or inheritance (However, inherited investments or real property may be reportable on other schedules.)
- Personalized plaques or trophies with an individual value of less than \$250
- Campaign contributions
- Gifts given to members of your immediate family if the source has an established relationship with the family member and there is no evidence to suggest the donor had a purpose to influence you. (See Regulation 18943.)
- The cost of food, beverages, and necessary accommodations provided directly in connection with an event at which you gave a speech, participated in a panel or seminar, or provided a similar service but only if the cost is paid for by a federal, state, or local government agency. **This exception does not apply to a state or local elected officer, as defined in Section 82020, or an official specified in Section 87200.**
- Any other payment not identified above, that would otherwise meet the definition of gift, where the payment is made by an individual who is not a lobbyist registered to lobby the official's agency, where it is clear that the gift was made because of an existing personal or business relationship unrelated to the official's position and there is no evidence whatsoever at the time the gift is made to suggest the donor had a purpose to influence you.

### To Complete Schedule D:

- Disclose the full name (not an acronym), address, and, if a business entity, the business activity of the source.
- Provide the date (month, day, and year) of receipt, and disclose the fair market value and description of the gift.

FPPC Form 700 (2012/2013)

FPPC Advice Email: [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov)

FPPC Toll-Free Helpline: 866/275-3772 [www.fppc.ca.gov](http://www.fppc.ca.gov)

Instructions – 15

**SCHEDULE D  
 Income - Gifts**

▶ NAME OF SOURCE (Not an Acronym)  
 \_\_\_\_\_  
 ADDRESS (Business Address Acceptable)  
 \_\_\_\_\_  
 BUSINESS ACTIVITY, IF ANY, OF SOURCE  
 \_\_\_\_\_

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE (Not an Acronym)  
 \_\_\_\_\_  
 ADDRESS (Business Address Acceptable)  
 \_\_\_\_\_  
 BUSINESS ACTIVITY, IF ANY, OF SOURCE  
 \_\_\_\_\_

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE (Not an Acronym)  
 \_\_\_\_\_  
 ADDRESS (Business Address Acceptable)  
 \_\_\_\_\_  
 BUSINESS ACTIVITY, IF ANY, OF SOURCE  
 \_\_\_\_\_

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE (Not an Acronym)  
 \_\_\_\_\_  
 ADDRESS (Business Address Acceptable)  
 \_\_\_\_\_  
 BUSINESS ACTIVITY, IF ANY, OF SOURCE  
 \_\_\_\_\_

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE (Not an Acronym)  
 \_\_\_\_\_  
 ADDRESS (Business Address Acceptable)  
 \_\_\_\_\_  
 BUSINESS ACTIVITY, IF ANY, OF SOURCE  
 \_\_\_\_\_

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE (Not an Acronym)  
 \_\_\_\_\_  
 ADDRESS (Business Address Acceptable)  
 \_\_\_\_\_  
 BUSINESS ACTIVITY, IF ANY, OF SOURCE  
 \_\_\_\_\_

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

Comments: \_\_\_\_\_  
 \_\_\_\_\_

## Instructions – Schedule E Travel Payments, Advances, and Reimbursements

Travel payments reportable on Schedule E include advances and reimbursements for travel and related expenses, including lodging and meals.

Gifts of travel may be subject to the gift limit. In addition, certain travel payments are reportable gifts, but are not subject to the gift limit. To avoid possible misinterpretation or the perception that you have received a gift in excess of the gift limit, you may wish to provide a specific description of the purpose of your travel. See the FPPC fact sheet entitled "Limitations and Restrictions on Gifts, Honoraria, Travel, and Loans" at [www.fppc.ca.gov](http://www.fppc.ca.gov).

You are **not** required to disclose:

- Travel payments received from any state, local, or federal government agency for which you provided services equal or greater in value than the payments received
- Travel payments received from your employer in the normal course of your employment that are included in the income reported on Schedule C
- Payments for admission to an event at which you make a speech, participate on a panel, or make a substantive formal presentation, transportation, and necessary lodging, food, or beverages, and nominal non-cash benefits provided to you in connection with the event so long as both the following apply:
  - The speech is for official agency business and you are representing your government agency in the course and scope of your official duties.
  - The payment is a lawful expenditure made only by a federal, state, or local government agency for purposes related to conducting that agency's official business.

**Note:** This exception does not apply to a state or local elected officer, as defined in Section 82020, or an official specified in Section 87200.

- A travel payment that was received from a non-profit entity exempt from taxation under Internal Revenue Code Section 501(c)(3) for which you provided equal or greater consideration

**To Complete Schedule E:**

- Disclose the full name (not an acronym) and address of the source of the travel payment.
- Identify the business activity if the source is a business entity.
- Check the box to identify the payment as a gift or income, report the amount, and disclose the date(s).

– **Travel payments are gifts** if you did not provide services that were equal to or greater in value than the payments received. You must disclose gifts totaling \$50 or more from a single source during the period covered by the statement.

When reporting travel payments that are gifts, you must provide a description of the gift and the date(s) received.

– **Travel payments are income** if you provided services that were equal to or greater in value than the payments received. You must disclose income totaling \$500 or more from a single source during the period covered by the statement. You have the burden of proving the payments are income rather than gifts.

When reporting travel payments as income, you must describe the services you provided in exchange for the payment. You are not required to disclose the date(s) for travel payments that are income.

**Example:**

City council member Rick Chandler is the chairman of a trade association and the association pays for Rick's travel to attend its meetings. Because Rick is deemed to be providing equal or greater consideration for the travel payment by virtue of serving on the board, this payment may be reported as income. Payments for Rick to attend other events for which Rick is not providing services are likely considered gifts.

<b>NAME OF SOURCE</b>	
Health Services Trade Association	
1230 K Street, Ste. 610	
Sacramento, CA	
Association of Healthcare Workers	
DATE	588.00
TYPE OF PAYMENT: <input type="checkbox"/> GIFT <input checked="" type="checkbox"/> INCOME	
DESCRIPTION: Travel reimbursement for board meeting	

**SCHEDULE E**  
**Income – Gifts**  
**Travel Payments, Advances,**  
**and Reimbursements**

- You must mark either the gift or income box.
- Mark the "501(c)(3)" box for a travel payment received from a nonprofit 501(c)(3) organization or the "Speech" box if you made a speech or participated in a panel. These payments are not subject to the \$440 gift limit, but may result in a disqualifying conflict of interest.

▶ NAME OF SOURCE *(Not an Acronym)*

ADDRESS *(Business Address Acceptable)*

CITY AND STATE

BUSINESS ACTIVITY, IF ANY, OF SOURCE  501 (c)(3)

DATE(S): \_\_\_\_/\_\_\_\_/\_\_\_\_ . \_\_\_\_/\_\_\_\_/\_\_\_\_ AMT: \$ \_\_\_\_\_  
*(if gift)*

TYPE OF PAYMENT: (must check one)  Gift  Income

Made a Speech/Participated in a Panel

Other - Provide Description

▶ NAME OF SOURCE *(Not an Acronym)*

ADDRESS *(Business Address Acceptable)*

CITY AND STATE

BUSINESS ACTIVITY IF ANY, OF SOURCE  501 (c)(3)

DATE(S): \_\_\_\_/\_\_\_\_/\_\_\_\_ . \_\_\_\_/\_\_\_\_/\_\_\_\_ AMT \$ \_\_\_\_\_  
*(if gift)*

TYPE OF PAYMENT (must check one)  Gift  Income

Made a Speech/Participated in a Panel

Other - Provide Description

▶ NAME OF SOURCE *(Not an Acronym)*

ADDRESS *(Business Address Acceptable)*

CITY AND STATE

BUSINESS ACTIVITY, IF ANY, OF SOURCE  501 (c)(3)

DATE(S): \_\_\_\_/\_\_\_\_/\_\_\_\_ . \_\_\_\_/\_\_\_\_/\_\_\_\_ AMT \$ \_\_\_\_\_  
*(if gift)*

TYPE OF PAYMENT: (must check one)  Gift  Income

Made a Speech/Participated in a Panel

Other - Provide Description

▶ NAME OF SOURCE *(Not an Acronym)*

ADDRESS *(Business Address Acceptable)*

CITY AND STATE

BUSINESS ACTIVITY, IF ANY, OF SOURCE  501 (c)(3)

DATE(S): \_\_\_\_/\_\_\_\_/\_\_\_\_ . \_\_\_\_/\_\_\_\_/\_\_\_\_ AMT \$ \_\_\_\_\_  
*(if gift)*

TYPE OF PAYMENT (must check one)  Gift  Income

Made a Speech/Participated in a Panel

Other - Provide Description

Comments: \_\_\_\_\_

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix K<sub>1</sub>**

**Family Bridges, INC. Letter**



February 12, 2013

Mr. Sylvester Hodges

Interim Director

American Indian Model Schools

171-12<sup>th</sup> Street

Oakland, CA 94607

Dear Mr. Hodges:

Thank you for meeting with me last Friday, February 8. I would like to summarize in writing, our conversation and my request to lease space at your school, on behalf of Family Bridges, Inc.

As I explained to you, Family Bridges has been serving the East Bay Asian community for 45 years. We have 6 sites here in Oakland: two adult day healthcare centers, two drop in senior centers, a childcare center, and a social services center. Our main office is situated right behind your 12<sup>th</sup> street building, at 168-11<sup>th</sup> street.

We have leased parking spaces from the owner of the building, for several years and continue to utilize two of those spaces currently.

The situation with our Lake Merritt Childcare Center (LMCC) which is currently located at 301-12<sup>th</sup> street, is rather urgent. Because our sublessors, the Oakland Charter High School, will be expanding, they need to utilize the space we currently lease. We must vacate before March 31, 2013.

I am hoping that on a temporary basis, that we can move our 120 enrollees of LMCC, ages 2-5, to share space with your school at your 12<sup>th</sup> street location.

Based on regulatory and programmatic guidelines, we would require about 8,000-10,000 square feet. Because the children are small, most likely the fire marshall would required that we occupy the ground floor of any building. I have already spoken with California Department

of Social Services, licensing division and they are willing to accommodate a temporary requirement for the number of toilets for the children.

As I mentioned also during our conversation, our last resort effort for our LMCC would be to relocate them to our senior center on 7<sup>th</sup> street, but then we would need to move our seniors somewhere! As you can see, moving one group rather than two would be the most practical and desirable especially since this is a temporary situation.

Family Bridges has supported the American Indian Model Schools by writing support letters each time your charter has been renewed. We have visited the school many times, met with some of your previous directors, and early on in its beginnings, discussed ways to collaborate together.

We have always respected and admired the success of your school and I'm certain that many of your children's parents are also clients of Family Bridges.

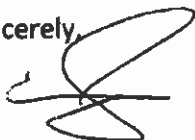
I would deeply appreciate your support for our situation. As we are continuing to look for a permanent home, and have two to three possible locations already, we would hope that our 'stay' would be for no more than one year.

We are prepared to lease the space at the current rate we are paying currently, which is \$1/square foot.

Please contact me should you have further questions or concerns. I would be happy to address your Board if necessary.

Thank you for your time and for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Corlinne Jan', with a stylized flourish at the end.

Corlinne Jan, RN, PHN

Chief Executive Officer

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix L<sub>1</sub>**

**SF Chronicle Article**

## S.F. district raises charter school rent

Jill Tucker

Updated 10:41 pm, Friday, February 15, 2013

Imagine renting a 1,000-square-foot San Francisco apartment for \$950 - a year.

It may seem impossible in one of the least-affordable real estate markets in the country. Except for city charter schools.

For the past 10 years, the alternative public schools have paid a relative pittance to rent space from the school district.

At 95 cents per square foot annually, the district was nearly \$2 below Oakland's charter school rental rate, \$5 shy of Los Angeles and nearly \$8 less than Berkeley, which has only one charter school that rents space.

To rent on the retail market would cost a school around 15 times what San Francisco Unified charges charters.

San Francisco district officials, who hadn't raised charter school rent in five years, realized this year that they could charge more under state law and decided to triple the rent to \$2.79, phasing in the increase over two years.

Eight charter schools will be hit with the increase, generating an additional \$500,000 a year for the district. But charter schools and their advocates say any rent increase will have an impact on what happens in the classroom.

"For example, a school with a 20,000-square-foot facility would incur an increase of \$34,400 per year for facilities expenses," said Hilary Harmssen, the Bay Area regional director for the state charter association. "California Charter Schools Association schools would likely need to divert funds that are currently invested in the classroom for teachers, books and other learning materials."

### Rent parameters

Districts are allowed to charge charter schools what they spend per square foot to maintain buildings and grounds, costs that include security, maintenance, trash removal, gardening and custodial services.

In 2011, the district surveyed other Bay Area districts and found the wide discrepancy. Most charged between \$2 and \$4 per square foot, said district spokeswoman Gentle Blythe.

"This decision was reached after carefully reviewing similar practices in other districts, many of which we learned charge higher rates based on a different methodology than SFUSD had previously been using," Blythe said.

San Francisco school board members said they were surprised to learn the district, for years, has been charging charters far less than other cities, where land isn't worth nearly as much.

Charter schools have until May 1 to let the districts know whether they will stay or go.

District officials, however, were largely unsympathetic to the impacts on the city's charter schools.

### Fiscal responsibility

"Our budget has been slashed every year," said school board member Jill Wynns. "There's a lot of political pressure to just be nice to (charter schools). There's nice and there's bordering on fiscally irresponsible."

At Gateway Public Schools, which has operated a charter high school in the city for 15 years and a middle school, officials were trying to figure out how to cover a \$100,000 rent increase each of the next two school years.

"On the one hand I understand (the district's) perspective," said Sharon Olken, the executive director of the schools, which serve about 600 students. "They have a financial responsibility just as we do."

And it was a bit of a wake-up call when Olken went looking for space in the retail world and found that commercial space costs \$1.25 per square foot - per month.

"It was a sobering statistic," she said. At the same time, "no one expects their rent to triple in two years. We budget an increase each year to account for inflation. That's obviously not 200 percent."

The increase over two years is the equivalent of about three teachers, Olken said.

"What I said to the district is from our perspective what we assumed was a fixed cost tripled," she said. "Regardless what it started at, we are talking about real dollars that affect every student in our school."

*Jill Tucker is a San Francisco Chronicle staff writer. E-mail: [jtucker@sfgate.com](mailto:jtucker@sfgate.com)*

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**HEARST** newspapers

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix M<sub>1</sub>**

**Updated AIM Schools Financial  
Policies and Procedures Manual  
2012-2013**



American Indian Model (AIM) Schools  
Oakland, CA

Revised 2/16/2013

# **AIM Schools' Financial Procedures and Policies Manual**

**"A School at Work"**

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# **AIM SCHOOLS' FINANCIAL PROCEDURES**

## **A. ACCOUNTING SYSTEM-CHART OF ACCOUNTS**

- 1) AIM Schools uses the accrual method of accounting, adhering to all generally accepted accounting principles (GAAP) for accrual basis accounting.
- 2) AIM Schools uses QuickBooks accounting software program to maintain its financial books, records and financial reports.
- 3) The Financial Administrator maintains QuickBooks with up-to-date budget numbers, cash receipts, disbursements and any items necessary to maintain the records in accordance with generally accepted accounting principles.
- 4) The Financial Administrator maintains the Chart of Accounts, a listing of revenue, expense, asset, liability, and equity accounts, which accurately reflects budget categories and provides information in a manner to coincide with reporting requirements.

## **B. FINANCIAL REPORTING**

- 1) The Financial Administrator prepares monthly financial reports for the AIM Schools Board. He/She submits any and all fiscal reports required by state or federal law to the Oakland Unified School District. Monthly statistical attendance reports are completed and sent to the Oakland Unified School District by the Site Administrators. A copy will be forwarded to the AIM Schools Director.
- 2) The Financial Administrator prepares monthly Statements of Financial Position and Statements of Activities of AIM Schools. These statements include a profit and loss, balance sheet, cash flow statement and bank statement to be reviewed by the AIM Schools Board. Quarterly interim reports, annual reports and any other any

other financial reporting required by state or federal law is prepared by the Financial Administrator.

### **C. BANK ACCOUNT MANAGEMENT**

- 1) AIM Schools will maintain its accounts in federally insured commercial banks or credit unions. Funds will be deposited in non-speculative accounts including federally-insured savings or checking accounts or invested in non-speculative federally-backed instruments.
- 2) The AIM Schools Finance Department will reconcile the School's ledgers with its bank accounts on a monthly basis. The Finance Department will deposit all checks in a timely manner when they are received. The bank account reconciliation (QuickBooks report) along with the bank statements will be filed in the binder set up for each bank account. A copy of all checks and invoices will be stapled and filed in the appropriate binder by check number.
- 3) The Financial Administrator will adhere to the check signing procedures established by the AIM Schools Board. The AIM Schools Board must approve the opening or closing of any bank accounts. The signature of the Secretary or Treasurer of the AIM Schools Board is required to open or close any bank accounts.
- 4) Currently there are five bank accounts at the Community Bank of the Bay. There is an account for AIPCS, AIPCS II, AIPHS, an AIM Schools scholarship account, and an "After School Education and Safety" Program (ASES) account. There is one AIM Schools account at Merchants Bank.

The Board President, Board Secretary, Board Treasurer, and Director have signatory power on all of the accounts at the Community Bank of the Bay.

- 5) Checks will be issued only within the approved budget and with the approval of the Site Administrator for each school or the Director.
- 6) AIM Schools will no longer maintain a petty cash fund as of November 10, 2012.

## D. SCHOOL CREDIT CARDS

- 1) Each school has a credit card in the name of the Site Administrator to use to make purchases for the school. The Administrative Assistant(s) can make purchases approved by the Site Administrator using the school credit card. The Site Administrator keeps the credit card log sheet which details the name of the purchaser, time when the credit card was taken and returned, items purchased, the purpose of the purchase and signature of both purchaser and Site Administrator. The Site Administrator will be held responsible for making sure there is receipt/back up documentation for every transaction made with the school credit card. The school credit card should only be used to purchase pre-approved school related purchases. The purchaser/Administrative Assistant(s) files the credit card receipt in the designated folder after every purchase. There should be a permanent email account for each school when purchasing from Amazon, Follet, Staples and other merchants when using a credit card, example: [aipcs1creditcardpurchase@aimschools.org](mailto:aipcs1creditcardpurchase@aimschools.org) for the purpose of tracking receipts incase of misplacement.
- 2) The AIM Schools Bookkeeper receives credit card bills/statements for AIM Schools and forwards all of the bills directly to the appropriate Site Administrator or Administrative assistant(s). Within five business days, the Site Administrator/Administrative Assistant(s) submits the reconciled credit card statements along with receipts. The receipts should be compiled according to the order of credit card statement. The Site Administrator approves and initials next to each transaction on the credit card statement. The AIM Schools Bookkeeper verifies the credit card receipts and statements and forwards it to the Finance Administrator for approval. Once the Finance Administrator approves, the AIM Schools Bookkeeper will process the credit card bill for payment.
- 3) In case of a missing receipt, the Finance Administrator contacts the Site Administrator to request the receipt from the merchant. If the receipt can not be found, the Site Administrator must complete and return the "Missing Receipt Form" to the Finance Administrator. Details on the form should include the reason why the receipt is missing, verified dollar amount of missing receipt, and the Director's signature.

## **E. ISSUING/SIGNING CHECKS**

- 1) Two signatures are required to write any check. Any check above the amount of \$10,000 has to be approved by the AIM Schools Board, except for recurring vendors for rent, utilities, and textbooks.
- 2) Site Administrators initial and approve original invoices. The invoice and supporting documentation are then forwarded to the finance department.
- 3) The Bookkeeper reviews the checks for proper authorization and inputs the data into QuickBooks. Reports are run showing what vendors have an open balance and the invoices are selected for payment. The Financial Administrator reviews the report and authorizes the invoices for payment. The checks are run and an accompanying report is generated and given to the Financial Administrator for final approval.
- 4) Printed checks, as well as check stock are to be locked in a secured cabinet at all times. Voided checks must be labeled "void" in large letters. A copy of the voided check is placed in the appropriate binder to insure proper maintenance of checking account records. No checks shall be made payable to "Cash", written in advance, or pre-signed.
- 5) AIM Schools pays invoices on the 12<sup>th</sup> and 26<sup>th</sup> of each month, unless alternative arrangements are made with the vendor. Reimbursements and check requests are made for pre-approved expenses. All invoices, check requests, reimbursements, contractor's timesheets must be submitted three business days before the 12<sup>th</sup> and 26<sup>th</sup>.
- 6) Accounts payable is maintained in QuickBooks by the Finance Department. All invoices are paid according to policy and checks are written out of QuickBooks to make sure that payments are not duplicated or overlooked. Employees will be reimbursed for approved expenses related to the school by completing a "Check Request Form"; attaching original receipts and obtaining a signature from the Site Administrator.

- 7) W9 (Social Security or Federal Tax ID) AIM Schools is required to meet the regulations of the Internal Revenue Service for payments to individuals or partnership. To be in compliance, all new vendors must have proper documentation (W9 Form) on file and be entered into QuickBooks before payments can be released. This information allows the Finance Department to issue 1099s at year-end to all vendors who make over \$600 in the calendar year.

## **F. DEPOSITS**

- 1) The Site Administrator keeps a log sheet for checks received with date of receipt, when it was forwarded to finance department and amount. Once a check is received, the Staff Accountant will endorse the check "For deposit only into the account # xxxxxxxxxx" (the account number for the school associated with the deposit), and keep it in a locked cabinet until it is deposited. The Staff Accountant deposits the checks electronically to the school's checking account with the Community Bank of the Bay. The transaction is recorded in QuickBooks and filed in the appropriate binder with the corresponding deposit slip. The Bookkeeper records the deposit and recognizes the revenue, according to GAAP, and the fund associated with the deposit. The Finance Department keeps a log sheet for deposits with date of receipt/deposit date/date entered in QuickBooks, performed by, verified by. The Bookkeeper files the notice of apportionment and proof of deposit in the depository binder. The Financial Administrator periodically reviews the revenue based on reports received from OUSD and ACOE. The two deposit log sheets from Site Administrator and Finance Department must be submitted to the director by the end of the month.
- 2) AIPCS II – Funds are directly deposited into the school's bank account by Alameda County. A Notice of Apportionment is emailed to the Financial Administrator notifying the deposit of funds and Financial Administrator verifies deposit. Funds are posted into the QuickBooks software by the Bookkeeper.
- 3) AIPCS/AIPHS – The Oakland Unified School District mails checks to each school site. The Site Administrator opens and forwards the check to the Financial Administrator to be deposited into the appropriate bank account. Funds are posted into the QuickBooks software by the Bookkeeper.



## **G. PAYROLL**

- 1) AIM Schools uses ADP Payroll Service to issue employees' paychecks. Paychecks are issued and distributed to employees on the 26<sup>th</sup> of each month. ADP processes all of the federal and local taxes and reports associated with payroll on behalf of AIM Schools. ADP processes the W-2 reports at year-end and mail them to the employees. The staff accountant checks quarterly to ensure that the withholding deposits have been made. The report from the inquiry is printed and included in the payroll binders.
- 2) The Staff Accountant collects the following payroll information from all AIM Schools at least four days ahead of payroll date (26<sup>th</sup> each month): (a) Updated list for new employees and terminations for monthly payroll and (b) Confirmation from Site Administrators if any salaried teacher is absent during the pay period.
- 3) The Staff Accountant then compiles payroll information in the monthly payroll worksheet where the regular salaries, other wages, health insurance reimbursements, health deductions, retirement deductions are listed. The approvals for the payroll worksheets are obtained from Site Administrators.
- 4) Payroll information is then input into the ADP website where it is reviewed and compared with final figures on payroll worksheet before submission. Printed ADP Reports are given to the bookkeeper for input into QB.
- 5) Paychecks are delivered to each school and the Site Administrator signs on the payroll distribution worksheet.
- 6) All staff expense reimbursements will be on checks separate from payroll checks.

# **AIM SCHOOLS' FISCAL POLICIES**

## **H. BUDGET**

- 1) AIM Schools will maintain in effect the following principles in its on-going fiscal management practices to ensure that, (1) expenditures are authorized by and in accordance with the amounts specified in the board-adopted budget each year, (2) the school's funds are managed and held in a manner that provides a high degree of protection of the school's assets and best interest of the school, and (3) all transactions are recorded and documented in an appropriate manner.
- 2) The Site Administrator and Financial Administrator will develop an annual budget in conjunction with short and long term goals of the school by May 30 of each year. The Site Administrator and Financial Administrator will review the Governor's proposed state budget for the upcoming fiscal year to identify the like range of revenue. Both Administrators will work together to review and prepare a set of budget assumptions including: projected enrollment and proposed staffing changes. These assumptions will be put in the budget model, which then determines an estimated ADA which projects the revenue for ADA related funds, and associated personnel expenses. The Financial Administrator reviews the other expenses and estimates what they will be for the next fiscal year.
- 3) The budget will be reviewed periodically and updated with current information. After the budget is developed; it will be presented to the AIM Schools Board for review and vote. Upon acceptance of the budget, it will be submitted to the Oakland Unified School District by the annual deadline.
- 4) A five year budget projection will be developed in accordance with the school's established strategic growth plan.

## **I. ANNUAL FINANCIAL AUDIT**

- 1) An independent audit will be conducted annually by a certified public accounting firm selected by the AIM Schools Board. The firm will

perform an annual fiscal audit that includes, but is not limited to: (a) an audit of the accuracy of the school's financial statements (b) an audit of the school's attendance accounting and revenue claims practices and (c) an audit of the school's internal control practices. The audit will be completed and submitted to the Oakland Unified School District by December 1st. Once the audit has been completed, it must be approved by the AIM Schools Board. The approval of the completed audit must be an action item on the AIMS Board meeting agenda. Once approved, the District affidavit and agenda must be submitted by December 15<sup>th</sup>.

## **J. PURCHASING PROCEDURE**

- 1) All purchases of \$10,000 must be approved by the AIM Schools Board and include documentation of a "good faith" effort to secure the lowest possible cost for comparable goods or services. The Site Administrator or Financial Administrator should not approve purchase orders or check requests lacking such documentation. Documentation must be attached to all purchase orders and check requests showing that at least three vendors were contracted. Such documentation will be on file for three years. All contracts and leases should be reviewed by the Financial Administrator and Director before being approved by the AIM Schools' Board.

## **K. PROPERTY AND LIABILITY INSURANCE**

- 1) The Financial Administrator will ensure that AIM Schools retains appropriate property and liability insurance coverage. Property insurance will address; business interruption and casualty needs, including fire, earthquake, and other hazards; with replacement cost coverage for all assets listed in the school's property inventory and consumables. Premises and Board errors and omissions liability insurance will be obtained and enforced at all times. Coverage for the school vehicle must be included.

## **L. CAPITAL DEPRECIATION**

- 1) AIM Schools has its capital depreciation account maintained by its auditor and reviewed by the Financial Administrator annually. The AIM Schools Board and/or Site Administrator will approve all equipment purchases. Assets in excess of \$10,000 will be depreciated over their useful life. Purchases under \$10,000 will not be capitalized.

## **M. RECORD KEEPING**

- 1) Transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other fiscal documents will be maintained by school staff in a secure location for at least three years, or as long as required by applicable law, whichever is longer. Appropriate back-up copies of electronic and paper documentation, including financial and attendance accounting data, will be regularly prepared and stored in a secure off-site location.

## **N. DONATIONS/GRANTS**

- 1) Once a donation is received, it will be entered as either local or corporate. The address and other pertinent information about the person/corporation should be entered in QuickBooks as a customer.
- 2) A letter acknowledging the receipt and appreciation of any donation should be sent to the appropriate donor. The letter should be copied and marked "sent" with the date and location, then placed into the appropriate Corporate/Local Donation file.
- 3) Procedures for deposit should be as followed:
  - i. If a grant was given without restrictions or requirement on how to spend the funds, it can be placed under local or Corporate Donation.
  - ii. If the grant was given with specific restrictions or requirements on how to spend the funds, it should be added under Other Grants and assigned a class in QuickBooks, so the related expenditures can be tracked.
  - iii. Materials that are donated such as computers, furniture, software, books, etc. will be given a value at fair market price. The donation will be recorded according to GAAP.

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix N<sub>1</sub>**

## **New AIM Schools Credit Card Policy**

171 12<sup>th</sup> Street  
Oakland, CA 94607  
Tel. 510.893.8701  
Fax 510.893.8712

**American Indian  
Model Schools**

# MEMO

**TO:** Site Administrators

**FR:** Mr. Sylvester Hodges, Interim Director *SH*

**DA:** February 12, 2013

**RE:** New Credit Card Policy

Please turn your AIMS' credit cards in at the Finance Office (3<sup>rd</sup> floor of 171 12<sup>th</sup> Street Oakland, CA 94607). All credit cards will be kept centrally in this office. Use of the cards will involve a detailed sign-in and sign-out procedure. No one is to use another person's credit card without written permission, which must also be kept in the Finance Office. The credit card must be returned within three (3) business days after signing it out.

In addition, all expenditures above \$500.00 need to have **two (2)** quotes and must be **pre-approved** by the Director of AIM Schools.

A copy of this memo must be signed and submitted to the Finance Office indicating that each of you have full knowledge and understanding of this new credit card policy.

\_\_\_\_\_  
**Credit Card Holder Name (Print)**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Credit Card Holder Signature**

\_\_\_\_\_  
**Credit Card Number**

**CC:** Finance Office  
AIM Schools Board President

**"A School At Work"**

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**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix O<sub>1</sub>**

## **AIM Schools Updated Conflict of Interest Code**

## 2012 Local Agency Biennial Notice

Name of Agency: American Indian Model Schools  
Mailing Address: 171 12th Street Oakland, CA 94607  
Contact Person: Jason Chu Office Phone No: 510-482-6000  
E-mail: jason.chu@ainschools.org Fax No: 510-482-6002

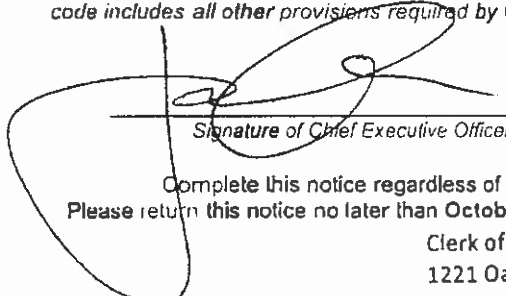
Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. The biennial review examines current programs to ensure that the agency's code requires disclosure by agency officials who make or participate in making governmental decisions.

This agency has reviewed its conflict-of-interest code and has determined that (Check one box):

- An amendment is required. The following amendments are necessary:  
(Mark all that apply.)
- Include new positions.
  - Revise disclosure categories
  - Revise the titles of existing positions.
  - Delete titles of positions that have been abolished and/or positions that no longer make or participate in making governmental decisions.
  - Other (describe) \_\_\_\_\_
- No amendment is required.
- The code is currently under review by the code reviewing body.

### Verification

The agency's code accurately designates all positions that make or participate in the making of governmental decisions; the disclosure categories assigned to those positions accurately require the disclosure of all investments, business positions, interests in real property, and sources of income that may foreseeably be affected materially by the decisions made by those holding the designated positions; and the code includes all other provisions required by Government Code Section 87302.

  
\_\_\_\_\_  
Signature of Chief Executive Officer

9/12/12  
\_\_\_\_\_  
Date

Complete this notice regardless of how recently your code was approved or amended.  
Please return this notice no later than October 1, 2012, or the date specified by your agency, if earlier, to:

Clerk of the Board Office  
1221 Oak Street, Room 536  
Oakland, CA 94612

**PLEASE DO NOT RETURN THIS FORM TO THE FPPC.**

# AMERICAN INDIAN MODEL SCHOOLS

## CONFLICT OF INTEREST CODE

### I. ADOPTION

In compliance with the Political Reform Act of 1974, California Government Code Section 87100, et seq., American Indian Model Schools hereby adopts this Conflict of Interest Code ("Code"), which shall apply to all governing board members, candidates for member of the governing board, and all other designated employees of American Indian Model Schools ("Charter School"), as specifically required by California Government Code Section 87300.

### II. DEFINITION OF TERMS

As applicable to a California public charter school, the definitions contained in the Political Reform Act of 1974, the regulations of the Fair Political Practices Commission, specifically California Code of Regulations Section 18730, and any amendments or modifications to the Act and regulations are incorporated by reference to this Code.

### III. DESIGNATED EMPLOYEES

Employees of this Charter School, including governing board members and candidates for election and/or appointment to the governing board, who hold positions that involve the making or participation in the making, of decisions that may foreseeably have a material effect on any financial interest, shall be "designated employees." The designated positions are listed in "Exhibit A" attached to this policy and incorporated by reference herein.

### IV. STATEMENT OF ECONOMIC INTERESTS: FILING

Each designated employee, including governing board members and candidates for election and/or appointment to the governing board, shall file a Statement of Economic Interest ("Statement") at the time and manner prescribed below, disclosing reportable investments, interests in real property, business positions, and income required to be reported under the category or categories to which the employee's position is assigned in "Exhibit A."

An investment, interest in real property or income shall be reportable, if the business entity in which the investment is held, the interest in real property, the business position, or source of income may foreseeably be affected materially by a decision made or participated in by the designated employee by virtue of his or her position. The specific disclosure responsibilities assigned to each position are set forth in "Exhibit B."

Statements Filed With American Indian Model Schools. All Statements shall be supplied by American Indian Model Schools. All Statements shall be filed with American Indian Model Schools. American Indian Model Schools' filing officer shall make and retain a copy of the Statement.

## **V. DISQUALIFICATION**

No designated employee shall make, participate in making, or try to use his/her official position to influence AIM Schools' decision which he/she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family.

## **VI. MANNER OF DISQUALIFICATION**

### **A. Non-Governing Board Member Designated Employees**

When a non-Governing Board member designated employee determines that he/she should not make a decision because of a disqualifying interest, he/she should submit a written disclosure of the disqualifying interest to his/her immediate supervisor. The supervisor shall immediately reassign the matter to another employee and shall forward the disclosure notice to American Indian Model Schools Chief Executive Officer, who shall record the employee's disqualification. In the case of a designated employee who is head of an agency, this determination and disclosure shall be made in writing to his/her appointing authority.

### **B. Governing Board Member Designated Employees**

Governing Board members shall disclose a disqualifying interest at the meeting during which consideration of the decision takes place. This disclosure shall be made part of the Board's official record. The Board member shall refrain from participating in the decision in any way (i.e., the Board member with the disqualifying interest shall refrain from voting on the matter and shall leave the room during Board discussion and when the final vote is taken) and comply with any applicable provisions of the Charter School bylaws.

## EXHIBIT A

### *Designated Positions*

- I. Persons occupying the following positions are designated employees and must disclose financial interests in all categories defined in "Exhibit B" (i.e., categories 1, 2, and 3).
  - A. Members of the Governing Board and their alternates (if applicable)
  - B. Candidates for Member of the Governing Board
  - C. Corporate Officers (e.g., CEO/President, CFO/Treasurer, Secretary, etc.)
  - D. Director of AIM Schools
  - E. Site Administrator of AIM Schools
  - F. Assistant Site Administrator of AIM Schools
  - G. Chief Financial Officer
  - H. Consultants<sup>1</sup>
  - I. Other Employees<sup>2</sup>

---

<sup>1</sup> The Chief Executive Officer may determine, in writing, that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location of interest code.

<sup>2</sup> "Other Employees" include any employee occupying a position that requires the employee to make a governmental decision that foreseeably and materially affects a personal financial interest, source of income, or a business position in a business entity.

## EXHIBIT B

### *Disclosure Categories*

#### Category 1 Reporting:

- A. Interest in real property which is located in whole or in part either (1) within the boundaries of the District, or (2) within two miles of the boundaries of the District, including any leasehold, beneficial or ownership interests or option to acquire such interest in real property.

(Interests in real property of an individual include a business entity's share of interest in real property of any business entity or trust in which the designated employee or his or her spouse owns, directly, indirectly, or beneficially, a 10% interest or greater.)

- B. Investments in or income from persons or business entities which are contractors or sub-contractors which are or have been within the previous two-year period engaged in the performance of building construction or design within the District.

- C. Investments in or income from persons or business entities engaged in the acquisition or disposal of real property within the jurisdiction.

(Investment includes any financial interest in or security issued by a business entity, including but not limited to common stock, preferred stock, rights, warrants, options, debt instruments and any partnership interest or other ownership interests.)

(Investments of any individual include a pro rata share of investments of any business entity or trust in which the designated employee or his or her spouse owns, directly, indirectly or beneficially, a ten percent interest or greater.)

(Investment does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, or any bond or other debt instrument issued by any government or government agency.)

#### Category 2 Reporting:

- A. Investments in or income from business entities which manufacture or sell supplies, books, machinery or equipment of the type utilized by the department for which the designated employee is the AIM Schools Director. Investments include interests described in Category 1.

#### Category 3 Reporting:

- A. Investments in or income from business entities which are contractors or sub-contractors engaged in the performance of work or services of the type utilized by the department for which the designated employee is AIM Schools Director. Investments include the interests described in Category 1.

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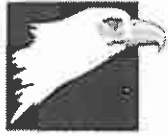
**American Indian Model Schools**

171 12<sup>th</sup> Street Oakland, CA 94607

# **Appendix P<sub>1</sub>**

## **Letter to Founder and Spouse**





# American Indian Model Schools

171 12th Street Oakland, CA 94607

February 25, 2013

Dr. Ben Chavis  
663 Haddon Road  
Oakland, CA 94610

Dear Mr. Ben Chavis and Ms. Marsha Amador,

In response to AIMS' Board of Directors recent vote, they directed me, Mr. Sylvester Hodges and the Board President Ms. Toni Cook to send you both a letter reiterating and updating the previous board's communication in a letter dated June 23, 2012. In a recent conversation I had with you on Wednesday, February 20, 2013, you acknowledged that you received such a letter last year. Now as a follow up, this mostly new board, wants to acknowledge that you did a great job in creating AIM Schools which have developed successful students, but base on the accusations made about your questionable business relationships beyond that of a landlord or parent of students at AIM Schools, it is necessary that we define how our staff and board will relate to you.

First of all, in acknowledgement of your three children in our schools, you have full rights, privileges and responsibilities as other parents in good standing with our teachers, site administrators and other relevant personnel. You are not to be denied any of these rights related to you parental role.

Now as landlord, you also maintain the responsibility and rights, with proper notice, to inspect your facilities and notify the site administrators or director about your concerns. But in deference to your past roles that are no longer in effect; you are not a board member nor the Director of AIM Schools or administrative staff. In compliance with our charter, your names have been removed from all banking accounts. In addition, no future contracts or business will be allowed between AIMS and American Delivery Systems (ADS) and Lumbee Holdings, LLC due to major issues under investigation. Our landlord contracts are not in question other than the square footage amount being charged that I have discussed with you.

To avoid any misunderstandings, all legitimate issues from both of you should be directed to the AIMS' Board President Ms. Toni Cook and me, Director Sylvester Hodges.

Respectfully,

Toni Cook, President of AIMS

Sylvester Hodges, Interim Director of AIMS