



Certified Public Accountants
and Financial Advisors

**Partners in Oakland Education
d/b/a Vincent Academy**

Charter School #1271

Financial Statements

June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Partners in Oakland Education d/b/a Vincent Academy
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of Partners in Oakland Education d/b/a Vincent Academy (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partners in Oakland Education d/b/a Vincent Academy as of June 30, 2016, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016, on our consideration of Partners in Oakland Education d/b/a Vincent Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Partners in Oakland Education d/b/a Vincent Academy's internal control over financial reporting and compliance.

SQUAR MILNER LLP

SQUAR MILNER LLP

San Diego, California
December 13, 2016

PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
STATEMENT OF FINANCIAL POSITION
June 30, 2016

ASSETS

Current assets:

Cash	\$ 165,578
Accounts receivable	694,119
Prepaid expenses	54,828
Total current assets	<u>914,525</u>

TOTAL ASSETS

\$ 914,525

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 52,049
Accrued expenses	45,834
Current portion of loans payable	200,000
Total current liabilities	<u>297,883</u>

TOTAL LIABILITIES

297,883

Net assets:

Temporarily restricted	10,266
Unrestricted	606,376
Total net assets	<u>616,642</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 914,525

PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Revenue limit sources:			
State aid	\$ 1,398,793	\$ -	\$ 1,398,793
Education protection account	342,917	-	342,917
General purpose-education effect	10,266	-	10,266
In-lieu of property taxes	537,833	-	537,833
Federal revenues	328,282	-	328,282
State revenues	575,903	10,266	586,169
Local revenues:			
Interest	131	-	131
Donations	458,203	-	458,203
Miscellaneous	209,781	-	209,781
Total revenues	<u>3,862,109</u>	<u>10,266</u>	<u>3,872,375</u>
EXPENSES			
Program services:			
Education	2,637,589	-	2,637,589
Support services:			
Management and general	879,844	-	879,844
Total expenses	<u>3,517,433</u>	<u>-</u>	<u>3,517,433</u>
CHANGE IN NET ASSETS	344,676	10,266	354,942
NET ASSETS, BEGINNING OF YEAR	<u>261,700</u>		<u>261,700</u>
NET ASSETS, END OF YEAR	<u>\$ 606,376</u>	<u>\$ 10,266</u>	<u>\$ 616,642</u>

PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended June 30, 2016

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Education</u>	<u>Management and General</u>	<u>Total</u>
Certificated salaries	\$ 984,687	\$ 328,229	\$ 1,312,916
Classified salaries	302,667	100,889	403,556
Employee benefits	290,594	96,865	387,458
Books and supplies	292,050	97,350	389,400
Travel and conferences	13,112	4,371	17,482
Dues and memberships	11,491	3,830	15,321
Insurance	16,513	5,504	22,017
Operation and housekeeping services	50,617	16,872	67,489
Rental, leases, repairs, and non-capitalized improvements	240,026	80,009	320,035
Professional/consulting services and operating expenditures	302,056	100,685	402,741
Communications	15,298	5,099	20,397
Depreciation	-	647	647
Miscellaneous	118,480	39,494	157,974
Total expenses	<u>\$ 2,637,589</u>	<u>\$ 879,844</u>	<u>\$ 3,517,433</u>

PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 354,942
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	647
(Increase) decrease in operating assets:	
Accounts receivable	(438,706)
Prepaid expenses	(33,184)
Increase (decrease) in operating liabilities:	
Accounts payable	23,762
Accrued expenses	31,083
	<hr/>
Net cash flows used in operating activities	(61,456)

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from loans	200,000
Payments on loans	(62,500)
	<hr/>
Net cash flows provided by financing activities	137,500

NET CHANGE IN CASH 76,044

CASH, BEGINNING OF YEAR

89,534

CASH, END OF YEAR

\$ 165,578

SUPPLEMENTAL DISCLOSURES:

Cash paid for interest	<hr/> <hr/> \$ 12,712
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PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

1. ORGANIZATION AND MISSION

Partners in Oakland Education d/b/a Vincent Academy (Organization) is a non-profit public benefit corporation. The Organization was granted a five-year charter under the sponsorship of the Oakland Unified School District and was re-approved by the State of California on April 13, 2016.

The Organization commenced during the 2011-2012 school year and currently serves approximately 246 students in Kindergarten through Grade 6.

The mission of the Organization is to provide excellent education, grounded in scholarship, compassion and resilience. The Organization was founded on the belief that academic success is attainable for all students in the context of family support and community involvement. The Organization combines a rigorous academic program, augmented by a rich offering of the arts, with a strong system of education and support services for parents, in partnership with other community organizations. The Organization's program promotes the intellectual, social and emotional growth of our students, helping them to develop deep respect for, and clear sense of responsibility to themselves, their families, their cultures, and their communities. While striving for academic excellence, the Organization places equal value on character development and self-esteem of its students. The Organization's robust curriculum prepares its students to be 21st century learners, and seeks to inspire and prepare them to participate actively as members and leaders of a democratic society.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

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

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

Temporarily Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is

PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation (continued)

accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. There were \$10,266 in temporarily restricted net assets as of June 30, 2016.

Permanently Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that the restrictions be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on the related investments for general or specific purposes. There were no permanently restricted assets as of June 30, 2016.

Accounting Method - Basis of Accounting

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

Use of Estimates

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

Income Taxes

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

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

PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents are from time to time variously composed of cash on hand and in banks, and liquid investments with original maturities of three months or less. The Organization considers all highly liquid instruments with maturities of three months or less at time of acquisition to be cash equivalents. As of June 30, 2016, the Organization had no cash equivalents.

Fixed Assets

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

Revenue Sources and Recognition

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

The Organization primarily receives the funds from California Department of Education (CDE). Amounts received from the CDE are recognized by the Organization based on the average daily attendance (ADA) of students.

The Organization recognizes Federal Revenue to the extent that eligible expenditures have been incurred.

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

Functional Allocation of Expenses

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

PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its balance sheet for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Organization has not yet assessed the potential impact of this guidance on its financial statements.

In August 2016, The FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. ASU 2016-14 requires amended presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments is permitted. The Organization has not yet assessed the potential impact of this guidance on its financial statements.

3. CASH

Cash at June 30, 2016, consisted of the following:

Deposits:	
Cash in banks	\$ 165,378
Cash on hand:	
Petty cash	200
Total cash	<u>\$ 165,578</u>

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2016, the Organization had no uninsured funds.

PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016, consisted of the following:

Revenue limit sources:	
State aid	\$ 193,474
In-lieu of property taxes	120,866
Education protection account	83,868
Federal revenues	87,315
State revenues	144,380
Local revenues	64,216
Total accounts receivable	<u>\$ 694,119</u>

5. FIXED ASSETS

Fixed assets at June 30, 2016, consisted of the following:

Land improvements	\$ 262,909
Less: accumulated depreciation	<u>(262,909)</u>
Total fixed assets, net of depreciation	<u>\$ -</u>

During the fiscal year ended June 30, 2016 a total of \$647 was charged to depreciation expense.

PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

6. LOANS PAYABLE

Charter School Revolving Loan

On June 30, 2011, the Organization took out a four-year Charter School Revolving Loan in the principal amount of \$250,000 with interest at 0.4% per annum. The loan matured in December 2015 with annual principal payments of \$62,500 plus annual interest. Payments were made by the State Controller's Office by deducting principal and interest payments from the Organization's monthly apportionment revenues. The loan was paid in full in December 2015.

	Balance 2015	Additions	Payments	Balance 2016	Due in One Year
Charter school revolving loan	62,500		\$ (62,500)	\$ -	\$ -
Total	<u>\$ 62,500</u>	<u>\$ -</u>	<u>\$ (62,500)</u>	<u>\$ -</u>	<u>\$ -</u>

Peter Calthorpe Loan

On September 9, 2015, the Organization took out a loan with Peter Calthorpe in the principal amount of \$200,000 with an annual interest rate of 3.0%. The Organization will repay the loan as government funding becomes available, in installments or in one sum. No payments have been made on the loan during the fiscal year ended June 30, 2016. Future minimum payments on the loan are as follows:

Changes in loans payable for the fiscal year ended June 30, 2016, are as follows:

	Balance 2015	Additions	Payments	Balance 2016	Due in One Year
Charter school revolving loan	\$ 62,500	\$ -	\$ (62,500)	\$ -	\$ -
Peter Calthorpe Loan	-	200,000	-	200,000	200,000
Total	<u>\$ 62,500</u>	<u>\$ 200,000</u>	<u>\$ (62,500)</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2016:

Educator Effectiveness	\$ 10,266
Total temporarily restricted net assets	\$ <u>10,266</u>

8. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS).

Plan Description and Funding Policy

STRS

Plan Description

The Organization contributes to STRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2015, total plan net assets are \$180.6 billion, the total actuarial present value of accumulated plan benefits is \$301.3 billion, contributions from all employers totaled \$2.5 billion and the plan is 68.5% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

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

Funding Policy

Active plan members are required to contribute 9.20% of their salary and the Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2015-2016 was 10.73% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to STRS for the fiscal year ending June 30, 2016 were \$111,797 and equal 100% of the required contributions for the fiscal year.

PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

9. OPERATING LEASE

The Organization leases its facilities and office equipment under lease arrangements for more than one year. Future minimum lease payments are as follows:

Year Ending June 30,	Lease Payments
2017	\$ 334,549
2018	336,613
2019	338,677
2020	338,551
2021	336,900
2022	337,476
Total future lease payments	<u><u>\$ 2,022,766</u></u>

The Organization did not receive any sublease rental revenues and did not pay any contingent rentals associated with these leases. For the fiscal year ended June 30, 2016, operating lease expense was \$312,238.

10. COMMITMENTS AND CONTINGENCIES

State Allowances, Awards, and Grants

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

11. SUBSEQUENT EVENTS

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 13, 2016, which is the date the financial statements were available to be issued. Management has determined that there were no events or transactions that would have a material impact on the current year financial statements.

SUPPLEMENTARY INFORMATION

**PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
ORGANIZATION
JUNE 30, 2016**

Partners in Oakland Education d/b/a Vincent Academy [Charter #1271] is a Kindergarten through Grade 5 Charter School, and was granted its second charter by the Oakland Unified School District on April 13, 2016, pursuant to the terms of the Charter School Act of 1992, as amended.

The Board of Directors for the fiscal years ended June 30, 2016, was comprised of the following members:

Name	Office	Term	Term Expiration
Jean Driscoll	Board President	9 years	August 30, 2018
Krystal Bowen	Member	2 years	July 30, 2017
Betsy Crabtree	Board Secretary	6 years	May 30, 2017
Cathy Greenwold	Member	4 years	April 30, 2017
Gayle Quinn	Member	8 years	August 30, 2018
Laura Robell	Member	4 years	October 30, 2017
Maisha Wilson	Member	6 years	August 30, 2018
Natalie Compagni Portis	Member	4 years	May 30, 2017
Crystal Land	Member	2 years	January 30, 2017

Administration

Name	Position
Kate Nicol	Head of School

**PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Fiscal Year Ended June 30, 2016**

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

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten - Grade 3	195.49	195.94
Grades 4-5	65.50	65.77
Total	<u>260.99</u>	<u>261.71</u>

**PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year Ended June 30, 2016**

Grade Level	Minutes Requirements	2015-2016 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	42,510	184	In Compliance
Grade 1	50,400	59,595	184	In Compliance
Grade 2	50,400	59,595	184	In Compliance
Grade 3	50,400	59,595	184	In Compliance
Grade 4	54,000	59,595	184	In Compliance
Grade 5	54,000	66,210	184	In Compliance

**PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
RECONCILIATION OF CHARTER SCHOOL UNAUDITED ACTUALS FINANCIAL
REPORT - - ALTERNATIVE FORM WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

There were no differences between the net assets reported on the June 30, 2016 , Charter School Unaudited Actuals Financial Report - - Alternative Form and the Audited Financial Statements.

OTHER INDEPENDENT AUDITOR'S REPORTS

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

Board of Directors
Partners in Oakland Education d/b/a Vincent Academy
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Partners in Oakland Education d/b/a Vincent Academy (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and the related statements of activities, functional expenses and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Partners in Oakland Education d/b/a Vincent Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Partners in Oakland Education d/b/a Vincent Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Partners in Oakland Education d/b/a Vincent Academy's internal control.

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

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



Compliance and Other Matters

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

Purpose of this Report

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

SQUAR MILNER LLP

SQUAR MILNER LLP

San Diego, California
December 13, 2016

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors
Partners in Oakland Education d/b/a Vincent Academy
Oakland, California

Report on Compliance for Each State Program

We have audited Partners in Oakland Education d/b/a Vincent Academy's compliance with the types of compliance requirements described in the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of Partners in Oakland Education d/b/a Vincent Academy's state programs for the fiscal year ended June 30, 2016. Partners in Oakland Education d/b/a Vincent Academy's state programs are identified below.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Partners in Oakland Education d/b/a Vincent Academy's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State's Audit Guide, *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Partners in Oakland Education d/b/a Vincent Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state program. However, our audit does not provide a legal determination of Partners in Oakland Education d/b/a Vincent Academy's compliance. In connection with the audit referred to above, we selected transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:



Description	Procedures Performed
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Not Applicable
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Immunizations	Yes
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

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

Opinion on State Programs

In our opinion, Partners in Oakland Education d/b/a Vincent Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its state programs for the fiscal year ended June 30, 2016.

The purpose of this report on state compliance is solely to describe the scope of our testing of state compliance and the results of that testing based on the requirements of *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

SQUAR MILNER LLP

San Diego, California
December 13, 2016

FINDINGS AND RECOMMENDATIONS SECTION

**PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with section 200.516 or OMB Uniform Guidance? Yes N/A No

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

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

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

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

**PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

A. Summary of Auditor's Results (continued)

3. State Awards

Internal control over state programs:

One or more material weaknesses identified? Yes X No

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

Type of auditors' report issued on compliance
for state programs: Unqualified

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

D. State Award Findings and Questioned Costs

None

**PARTNERS IN OAKLAND EDUCATION D/B/A VINCENT ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2016**

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