

EAST OAKLAND LEADERSHIP ACADEMY
(A California Non-Profit Public Benefit Corporation)

East Oakland Leadership Academy
East Oakland Leadership Academy High

Audited Financial Statements
for the Year Ended
June 30, 2012

EAST OAKLAND LEADERSHIP ACADEMY
(A California Non-Profit Public Benefit Corporation)

TABLE OF CONTENTS
June 30, 2012

	<u>Page</u>
Independent Auditor’s Report.....	1-2
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6-9
History and Organization.....	10
Schedule of Expenditures by State Categories	11
Schedule of Instructional Minutes	12
Schedule of Average Daily Attendance (ADA).....	13
Reconciliation of Annual Financial Report with Audited Financial Statements	14
Notes to Supplementary Information.....	15
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	16-17
Independent Auditor’s Report on State Compliance	18-19
Schedule of Findings and Responses.....	20
Status of Prior Year Findings and Responses	21



INDEPENDENT AUDITOR'S REPORT

Board of Directors
East Oakland Leadership Academy
Oakland, CA

We have audited the statement of financial position of East Oakland Leadership Academy (the Organization), a non-profit public benefit corporation, as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 described above present fairly, in all material respects, the financial position of the Organization as of June 30, 2012, and the changes in its net assets and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 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 this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors
East Oakland Leadership Academy

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedules on pages 11-14 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The supplementary section 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 taken as a whole.



VICENTI, LLOYD & STUTZMAN LLP

October 31, 2012

East Oakland Leadership Academy
(A California Non-Profit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION
June 30, 2012

	EOL Academy	EOL High	Total
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 118,811	\$ 158,965	\$ 277,776
Accounts receivable	327,827	100,296	428,123
Prepaid expenses	26,479	1,500	27,979
Intracompany receivable	56,725	15,140	71,865
Total current assets	529,842	275,901	805,743
PROPERTY, PLANT AND EQUIPMENT:			
Building and building improvements	846,801	548,730	1,395,531
Less: accumulated depreciation	(348,112)	(57,840)	(405,952)
Property, plant and equipment, net	498,689	490,890	989,579
Total assets	\$ 1,028,531	\$ 766,791	\$ 1,795,322
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 59,868	\$ 35,139	\$ 95,007
Deferred revenue	36,756		36,756
Intracompany payable	15,140	56,725	71,865
Mortgages payable		405,000	405,000
Loan payable	146,115	53,895	200,010
Total current liabilities	257,879	550,759	808,638
Total liabilities	257,879	550,759	808,638
NET ASSETS:			
Unrestricted	770,652	216,032	986,684
Total net assets	770,652	216,032	986,684
Total liabilities and net assets	\$ 1,028,531	\$ 766,791	\$ 1,795,322

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

East Oakland Leadership Academy
(A California Non-Profit Public Benefit Corporation)

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	<u>EOL Academy</u>	<u>EOL High</u>	<u>Total</u>
REVENUES AND GRANTS:			
State apportionment revenue - general	\$ 407,529	\$ 252,728	\$ 660,257
State apportionment revenue - categorical	82,574	51,707	134,281
In-lieu property tax revenue	193,354	94,054	287,408
State lottery revenue	20,069	9,111	29,180
Other state revenue	364,548	44,972	409,520
Federal revenue	139,932	67,946	207,878
Contribution revenue	1,341		1,341
Other revenue	<u>7,210</u>	<u>2,354</u>	<u>9,564</u>
Total unrestricted revenues	<u>1,216,557</u>	<u>522,872</u>	<u>1,739,429</u>
EXPENSES:			
Program services	944,112	386,944	1,331,056
Support services	<u>361,180</u>	<u>150,964</u>	<u>512,144</u>
Total expenses	<u>1,305,292</u>	<u>537,908</u>	<u>1,843,200</u>
Change in unrestricted net assets	(88,735)	(15,036)	(103,771)
Net assets at beginning of year	<u>859,387</u>	<u>231,068</u>	<u>1,090,455</u>
Net assets at end of year	<u><u>\$ 770,652</u></u>	<u><u>\$ 216,032</u></u>	<u><u>\$ 986,684</u></u>

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

East Oakland Leadership Academy
(A California Non-Profit Public Benefit Corporation)

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

	<u>EOL Academy</u>	<u>EOL High</u>	<u>Total</u>
CASH FLOWS from OPERATING ACTIVITIES:			
Change in net assets	\$ (88,735)	\$ (15,036)	\$ (103,771)
Adjustments to reconcile change in net assets to net cash used by operating activities:			
Depreciation	55,033	37,567	92,600
Change in operating assets:			
Accounts receivable	(114,251)	(69,325)	(183,576)
Prepaid expenses	(1,479)	10,000	8,521
Intracompany receivable	(4,091)	(15,140)	(19,231)
Change in operating liabilities:			
Accounts payable	43,487	34,414	77,901
Intracompany payable	15,140	4,091	19,231
Deferred revenue	21,936	-	21,936
Net cash used by operating activities	<u>(72,960)</u>	<u>(13,429)</u>	<u>(86,389)</u>
CASH FLOWS from INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	<u>(50,000)</u>	<u>(9,729)</u>	<u>(59,729)</u>
Net cash used by investing activities	<u>(50,000)</u>	<u>(9,729)</u>	<u>(59,729)</u>
CASH FLOWS from FINANCING ACTIVITIES:			
Proceeds from loans payable	<u>146,115</u>	<u>53,895</u>	<u>200,010</u>
Net cash provided by financing activities	<u>146,115</u>	<u>53,895</u>	<u>200,010</u>
Net increase in cash and cash equivalents	23,155	30,737	53,892
Cash and cash equivalents at the beginning of the year	<u>95,656</u>	<u>128,228</u>	<u>223,884</u>
Cash and cash equivalents at the end of the year	<u>\$ 118,811</u>	<u>\$ 158,965</u>	<u>\$ 277,776</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Property, plant and equipment acquired subject to mortgages	<u>\$ -</u>	<u>\$ 405,000</u>	<u>\$ 405,000</u>
ADDITIONAL CASH FLOW DISCLOSURES:			
Interest paid	<u>\$ -</u>	<u>\$ 45,575</u>	<u>\$ 45,575</u>

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

EAST OAKLAND LEADERSHIP ACADEMY
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities – East Oakland Leadership Academy (the Organization) were organized as a non-profit corporation under the laws of the State of California for the purpose of operating public charter schools. The Organization is comprised of two charter schools: East Oakland Leadership Academy (EOLA) and East Oakland Leadership Academy High (EOLAH). The Organization’s charters are funded principally through State of California public education monies received through the California Department of Education and the Oakland Unified School District (the District).

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

Net assets of the Organization consist of the following:

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

Revenue Recognition – Amounts received from the California Department of Education are recognized as revenue by the Organization based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

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

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure. Accordingly, actual results could differ from those estimates.

EAST OAKLAND LEADERSHIP ACADEMY
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Basis of Accounting – The financial statements have been prepared on the accrual method of accounting.

Functional Allocation of Expenses – The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supportive services benefited.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for specific use in future periods are reported as temporarily restricted. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets for expenditure. Contributions for which the restriction is met in the same period as the contribution is received are reported as increases in unrestricted net assets.

Income Taxes – The Organization is a non-profit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Organization's continued qualification as a tax-exempt organization and whether there are unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not (>50%) of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Organization files informational returns in the U.S. federal jurisdiction and the State of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Property, Plant and Equipment – Property, plant and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation of building improvements and equipment is provided on a straight-line basis over the estimated useful lives of the asset. The Organization capitalizes all expenditures for land, buildings and equipment in excess of \$5,000.

Evaluation of Subsequent Events – The Organization has evaluated subsequent events through October 31, 2012, the date these financial statements were available to be issued.

EAST OAKLAND LEADERSHIP ACADEMY
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 2 – CONCENTRATION OF CREDIT RISK:

The Organization maintains its non-interest cash in bank deposit accounts with one financial institution. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) under the Dodd-Frank Deposit Insurance Provision.

NOTE 3 – ACCOUNTS RECEIVABLE:

Accounts receivable primarily consists of funds due from state and federal governments. All amounts are considered collectible; therefore no provisions for uncollectible accounts were recorded.

NOTE 4 – RELATED PARTIES AND INTRACOMPANY TRANSACTIONS:

EOLA extended loans to EOLAH amounting to \$56,725 for various operating purposes. The loan bears no interest and due upon demand.

EOLAH extended loan to EOLA amounting to \$15,140 for various operating purposes. The loan bears no interest and due upon demand.

NOTE 5 – OPERATING LEASES:

The Organization has operating leases under non-cancelable operating leases expiring May 2017 through June 2019. Rent expense for the year ended June 30, 2012 under these leases was \$163,003 for EOLA and \$53,725 for EOLAH. The future minimum lease payments are as follows:

Year Ended	EOLA	EOLAH
<u>June 30,</u>	<u> </u>	<u> </u>
2013	\$ 179,124	\$ 55,332
2014	180,996	57,000
2015	182,880	58,704
2016	184,764	60,468
2017	171,094	62,280
Thereafter	-	130,224
Total	<u>\$ 898,858</u>	<u>\$ 424,008</u>

EAST OAKLAND LEADERSHIP ACADEMY
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 6 – LOANS PAYABLE:

CSFA Revenue Anticipation Draw Down Notes, Series 2012B

During the year each school obtained loans to address cash flow needs. EOLA drew down the entire loan of \$154,000 less fees of \$7,885. EOLAH, drew down \$62,000 of the \$162,000 less fees of \$8,105. These amounts are due during the year ended June 30, 2013.

Mortgages Payable

During the year the Executive Director of EOLA and EOLAH transferred title of three properties to be developed by the Organization. This transfer effectively paid back a \$355,630 payable from the Executive Director to EOLA. This amount was recharacterized as property, plant and equipment for EOLA. There were also three mortgages attached to the properties totaling \$405,000 and these were transferred to EOLAH and capitalized as property, plant and equipment. These mortgages are interest only at 11.5% and are due during the year ended June 30, 2013.

NOTE 7 – CONTINGENCIES:

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

SUPPLEMENTARY INFORMATION

EAST OAKLAND LEADERSHIP ACADEMY
(A California Non-Profit Public Benefit Corporation)

HISTORY AND ORGANIZATION
June 30, 2012

East Oakland Leadership Academy (the Organization) is a California non-profit public benefit corporation. The Organization operates two charter schools: East Oakland Leadership Academy (EOLA) and East Oakland Leadership Academy High (EOLAH) approved by the Oakland Unified School District as follows:

East Oakland Leadership Academy (charter number 499) - established in 2003.
East Oakland Leadership Academy High (charter number 955) - established in 2008.

The Board of Directors and the Administrators for the fiscal year ended June 30, 2012 were as follows:

Board of Directors

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Johnnie Riley	Chairperson	August 2013
Donald Stoneham	Finance	August 2013
Sylvia Thomas	Secretary	August 2013
Wannetta Hall	Parent Member	August 2013
John Williams	Member	August 2013
Nashon Purry	Parent Liason	August 2013

Administrator

Dr. Laura Armstrong	Executive Director
---------------------	--------------------

East Oakland Leadership Academy
(A California Non-Profit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
For the Year Ended June 30, 2012

EOLA:	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
Certificated salaries	\$ 376,405	\$ 120,173	\$ 496,578
Classified salaries	68,190	29,760	97,950
Employee benefits	62,700	21,144	83,844
Books and supplies	34,534	48,114	82,648
Services and other operating expense	347,250	141,989	489,239
Depreciation expense	55,033		55,033
Total	<u>\$ 944,112</u>	<u>\$ 361,180</u>	<u>\$ 1,305,292</u>

EOLAH:	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
Certificated salaries	\$ 88,416	\$ 43,640	\$ 132,056
Classified salaries	73,802	16,000	89,802
Employee benefits	15,555		15,555
Books and supplies	8,884	2,511	11,395
Services and other operating expense	162,720	88,813	251,533
Depreciation expense	37,567		37,567
Total	<u>\$ 386,944</u>	<u>\$ 150,964</u>	<u>\$ 537,908</u>

Total:	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
Certificated salaries	\$ 464,821	\$ 163,813	\$ 628,634
Classified salaries	141,992	45,760	187,752
Employee benefits	78,255	21,144	99,399
Books and supplies	43,418	50,625	94,043
Services and other operating expense	509,970	230,802	740,772
Depreciation expense	92,600		92,600
Total	<u>\$ 1,331,056</u>	<u>\$ 512,144</u>	<u>\$ 1,843,200</u>

See the notes to the supplementary information.

East Oakland Leadership Academy
(A California Non-Profit Public Benefit Corporation)

SCHEDULE OF INSTRUCTIONAL MINUTES
For the Year Ended June 30, 2012

	2011-12 Minutes			
	Requirement	Reduced	Actual	Status
EOLA:				
Kindergarten	36,000	33,531	75,600	In compliance
Grade 1	50,400	46,944	75,600	In compliance
Grade 2	50,400	46,944	75,600	In compliance
Grade 3	50,400	46,944	75,600	In compliance
Grade 4	54,000	50,297	75,600	In compliance
Grade 5	54,000	50,297	75,600	In compliance
Grade 6	54,000	50,297	75,600	In compliance
Grade 7	54,000	50,297	75,600	In compliance
Grade 8	54,000	50,297	75,600	In compliance
 EOLAH:				
Grade 9	64,800	60,357	72,900	In compliance
Grade 10	64,800	60,357	72,900	In compliance
Grade 11	64,800	60,357	72,900	In compliance
Grade 12	64,800	60,357	72,900	In compliance

See the notes to the supplementary information.

East Oakland Leadership Academy
(A California Non-Profit Public Benefit Corporation)

SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
For the Year Ended June 30, 2012

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
EOLA:				
Kindergarten	7.81	7.81	7.73	7.73
Grades 1 through 3	29.64	29.64	28.88	28.88
Grades 4 through 6	42.80	42.80	41.36	41.36
Grades 7 through 8	35.84	35.84	35.37	35.37
Subtotal	116.09	116.09	113.34	113.34
EOLAH:				
Grades 9 through 12	56.47	56.47	56.61	56.61
Subtotal	56.47	56.47	56.61	56.61
ADA Totals	172.56	172.56	169.95	169.95

See the notes to the supplementary information.

East Oakland Leadership Academy
(A California Non-Profit Public Benefit Corporation)

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

	EOLA	EOLAH	Total
June 30, 2012 Annual Financial Report			
Fund Balances (Net Assets)	\$ 725,448	\$ 253,597	\$ 979,045
Adjustments and Reclassifications:			
Increasing (Decreasing) the Fund Balance (Net Assets):			
Accounts receivable	(259,062)		(259,062)
Prepaid expenses	1,479		1,479
Property plant and equipment	304,264	367,435	671,699
Accounts payable	(1,477)		(1,477)
Mortgages payable		(405,000)	(405,000)
Net Adjustments and Reclassifications	45,204	(37,565)	7,639
June 30, 2012 Audited Financial Statement			
Fund Balances (Net Assets)	\$ 770,652	\$ 216,032	\$ 986,684

See the notes to the supplementary information.

EAST OAKLAND LEADERSHIP ACADEMY
(A California Non-Profit Public Benefit Corporation)

NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

NOTE 1 - PURPOSE OF SCHEDULES

A. Schedule of Expenditures by State Categories

This schedule presents expenses by object codes according to state categories for analysis purposes.

B. Schedule of Instructional Minutes

This schedule presents information on the amount of instructional time offered by each charter school and whether they complied with the provisions of Education Code Sections 46200 through 46206.

C. Schedule of Average Daily Attendance (ADA)

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

D. Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances (net assets) of each charter school, as reported on the Annual Financial Report forms to the audited financial statements.



**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
East Oakland Leadership Academy
Oakland, CA

We have audited the financial statements of East Oakland Leadership Academy (the Organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 31, 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 the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization'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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

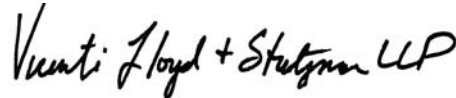
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not necessarily designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, management, the Oakland Unified School District, the Alameda County Office of Education, the California Department of Education, and 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.



VICENTI, LLOYD & STUTZMAN LLP

October 31, 2012



INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

Board of Directors
 East Oakland Leadership Academy
 Oakland, CA

We have audited the compliance of East Oakland Leadership Academy (the Organization) with the types of compliance requirements described in the *2011-12 Standards and Procedures for Audits of California K-12 Local Educational Agencies*, published by the Education Audit Appeals Panel for the year ended June 30, 2012. The Organization’s state compliance requirements are identified in the table below. Compliance with the State laws and regulations as identified below is the responsibility of the Organization’s management. Our responsibility is to express an opinion on the Organization’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 *2011-12 Standards and Procedures for Audits of California K-12 Local Educational Agencies*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization’s compliance with those requirements.

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

<u>Description</u>	<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
Continuation education	10	Not applicable
Independent study	23	Not applicable

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Instructional time:		
School Districts	6	Not applicable
County Offices of Education	3	Not applicable
Class size reduction program (includes charter schools):		
General requirements	7	Yes
Option 1	3	Yes
Option 2	4	Not applicable
One school serving K-3	4	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	8	Not applicable
Exclusion of Pupils - Pertussis Immunization	2	Not applicable
After School Education and Safety Program:		
General requirements	4	Not applicable
After school	5	Not applicable
Before school	6	Not applicable
Charter Schools:		
Contemporaneous records of attendance	3	Yes
Mode of instruction	1	Yes
Nonclassroom based instructional/independent study	15	Not applicable
Determination of funding for nonclassroom-based instruction	3	Not applicable
Annual instructional minutes – classroom based	4	Yes

In our opinion, we found that, for the items tested, East Oakland Leadership Academy complied with the laws and regulations of the state programs referred to above in all material respects.

This report is intended solely for the information and use of the Board, management, the Oakland Unified School District, the Alameda County Office of Education, California Department of Education, and 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.

Vicenti, Lloyd + Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP

October 31, 2012

EAST OAKLAND LEADERSHIP ACADEMY
(A California Non-Profit Public Benefit Corporation)

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2012

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

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
41000	CalSTRS
50000	Federal Compliance
60000	Miscellaneous
61000	Teacher Classroom Salaries
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings noted for the year ended June 30, 2012.

EAST OAKLAND LEADERSHIP ACADEMY
(A California Non-Profit Public Benefit Corporation)

STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
June 30, 2012

There were no findings reported for the year ended June 30, 2011.