



Hosaka, Rotherham & Company
Certified Public Accountants

James A. Rotherham, CPA
CEO & Managing Partner

.....
Roy T. Hosaka, CPA
Retired

James C. Nagel, CPA
Retired

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL**

INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2014

RECEIVED

By eapodaca at 9:32 am, Dec 08, 2014

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL**

INTRODUCTORY SECTION

JUNE 30, 2014

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
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JUNE 30, 2014**

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**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL**

FINANCIAL SECTION

JUNE 30, 2014



Hosaka, Rotherham & Company
Certified Public Accountants

James A. Rotherham, CPA
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bay Area School for Independent Study, Inc.
d/b/a FAME Public Charter School
Newark, California

Report on the Financial Statements

We have audited the accompanying financial statements of Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT

Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School as of June 30, 2014, 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

Other 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 November 25, 2014, on our consideration of Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School's internal control over financial reporting and compliance.

Hosaka, Rotherham & Company

San Diego, California
November 25, 2014

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014**

ASSETS

Current assets:

Cash (Note 3)	\$ 477,499
Accounts receivable (Note 4)	2,408,789
Prepaid expenses	<u>76,555</u>

Total current assets	2,962,843
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Fixed assets, net of depreciation (Note 5)	337,095
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Noncurrent assets:

Deposits	<u>133,352</u>
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Total noncurrent assets	<u>133,352</u>
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TOTAL ASSETS	<u><u>\$ 3,433,290</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 453,949
Accrued expenses	288,120
Short-term liability (Note 6)	<u>1,873,533</u>

Total liabilities	2,615,602
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Net assets:

Temporarily restricted (Note 7)	294,890
Unrestricted	<u>522,798</u>

Total net assets	<u>817,688</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,433,290</u></u>
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The accompanying notes are an integral part of these financial statements.

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Revenue limit sources:			
State apportionments	\$ 7,007,383	\$ -	\$ 7,007,383
Education protection account	1,477,793	-	1,477,793
In-lieu of property taxes	124,751	-	124,751
Federal revenues	38,882	-	38,882
State revenues	996,092	294,890	1,290,982
Local revenues:			
Miscellaneous	20,263	-	20,263
TOTAL REVENUES	9,665,164	294,890	9,960,054
EXPENSES			
Program services:			
Education	7,208,882	-	7,208,882
Support services:			
Management and general	2,459,291	-	2,459,291
TOTAL EXPENSES	9,668,173	-	9,668,173
CHANGE IN NET ASSETS	(3,009)	294,890	291,881
NET ASSETS, BEGINNING OF YEAR	525,807	-	525,807
NET ASSETS, END OF YEAR	\$ 522,798	\$ 294,890	\$ 817,688

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

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 291,881
Adjustments to reconcile change in net assets to net cash from operations:	
Depreciation	119,964
(Increase) decrease in operating assets:	
Accounts receivable	56,363
Prepaid expenses	4,438
Increase (decrease) in operating liabilities:	
Accounts payable	(481,969)
Accrued expenses	(23,071)
Deferred revenue	(550,900)
Net cash flows provided by operating activities	(583,294)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment on short-term liabilities	(3,665,237)
Proceeds from sale of receivables	4,248,675
Net cash flows from financing activities	583,438

NET CHANGE IN CASH 144

CASH, BEGINNING OF YEAR 477,355

CASH, END OF YEAR \$ 477,499

SUPPLEMENTAL DISCLOSURES

Cash paid for interest \$ 848

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

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 - ORGANIZATION AND MISSION

Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School (Organization) is a non-profit public benefit corporation. The Organization was originally incorporated under the name of Sunol Development and Learning Center, and on April 2, 2002, an amendment to Organization's bylaws was made to change the name of the Organization to Bay Area School for Independent Study (BASIS). In August 2006, the Alameda County Office of Education granted a charter to the Organization, which operates under the name FAME Public Charter School. FAME is an acronym for "Families of Alameda for Multi-Cultural Education" at the San Leandro program, and "Families of Alameda for Multi-Lingual Education" at the Fremont program. On September 16, 2009, the Alameda County Office of Education granted the Organization a five-year charter renewal ending in June 2015.

The Organization began operations in August 2005 and currently serves approximately 1,365 students in Kindergarten through Grade 12.

The mission of the Organization is to enable students to become competent contributing members of society, equipped with reading, writing, math computational, technological and problem solving skills necessary for success in a rapidly changing world. The Organization's goal will focus on improving the quality of life for diverse students and their families through the delivery of an individualized curriculum which emphasizes development of strong core learning competencies, knowledge, skills and attributes necessary to lead a fulfilled and successful life. Particular attention will be devoted to four curriculum areas: English language arts, math, science, and history and social sciences. Technology will be a primary tool for learning.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial statement presentation

The financial statements are presented in conformity with Accounting Standards Codification (ASC) 958-205, *Non-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 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 \$294,890 of temporarily restricted net assets as of June 30, 2014.

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, 2014.

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. 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. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Organization uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

C. 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.

D. 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.

E. Cash

Cash is from time to time variously composed of cash on hand and cash in banks.

F. 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.

G. Deferred revenue

Deferred revenue represents sale of future revenue that the Organization cannot limit, in any significant way, the buyer's ability to subsequently sell or pledge the receivable and the Organization no longer has access to the receivable.

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. 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.

I. 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.

NOTE 3 - CASH

Cash in banks and on hand at June 30, 2014, consisted of the following:

Deposits:

Cash in banks	\$ 477,499
Total cash	<u>\$ 477,499</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, 2014, the Organization had \$383,152 of funds in excess of FDIC insured limits.

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2014, consisted of the following:

Revenue limit sources:	
State apportionments	\$ 1,805,069
In-lieu of property taxes	223,883
Federal revenues	279,671
State revenues	100,166
Total accounts receivable	<u>\$ 2,408,789</u>

NOTE 5 - FIXED ASSETS

Fixed assets at June 30, 2014, consisted of the following:

Leasehold improvements	\$ 1,050,140
Equipment	332,660
Less: accumulated depreciation	<u>(1,045,705)</u>
Total fixed assets, net of depreciation	<u>\$ 337,095</u>

During the fiscal year ended June 30, 2014, \$119,964 was charged to depreciation expense.

NOTE 6 - SHORT-TERM LIABILITY

Short-term liabilities at June 30, 2014, consisted of the following:

	Balance 2013	Additions	Payments	Balance 2014	Due in One year
Sale of receivable -					
Charter Asset Management	<u>\$ 1,290,095</u>	<u>\$ 4,248,675</u>	<u>\$ (3,665,237)</u>	<u>\$ 1,873,533</u>	<u>\$ 1,873,533</u>
Total	<u>\$ 1,290,095</u>	<u>\$ 4,248,675</u>	<u>\$ (3,665,237)</u>	<u>\$ 1,873,533</u>	<u>\$ 1,873,533</u>

During the 2013-14 fiscal year, the Organization sold 2013-14 receivables worth \$4,248,675 in exchange for net proceeds of \$4,000,000. The difference reflects discount fees and program fees of \$248,675. During the fiscal year ended June 30, 2014, \$3,665,237 was repaid.

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of entitlements received but not expended as of June 30, 2014. At June 30, 2014, the Organization temporarily restricted net assets consisted of:

Common Core State Standards Implementation Funds	\$	190,444
Proposition 39 - California Clean Energy Jobs Act		104,446
Total temporarily restricted net assets	\$	294,890

NOTE 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), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

Plan Description and Funding Policy

STRS

Plan Description

The Organization contributes to the State Teachers' Retirement System (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, 2013, total plan net assets are \$152.5 billion, the total actuarial present value of accumulated plan benefits is \$277.3 billion, contributions from all employers totaled \$2.1 billion, and the plan is 66.9% 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 8.0% 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 2013-14 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to STRS for the fiscal years ending June 30, 2014, 2013, and 2012, were \$292,153, \$293,502, and \$322,974, respectively, and equal 100% of the required contribution for each fiscal year.

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

CalPERS

Plan Description

The Organization contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Plan information for PERS is not publicly available. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2012, the Schools Pool total plan assets are \$44.9 billion, the total actuarial present value of accumulated plan benefits is \$69.7 billion, contributions from all employers totaled \$1.8 billion, and the plan is 75.5% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

Copies of the CalPERS' annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814 and www.calpers.ca.gov.

Funding Policy

Active plan members are required to contribute 7.0% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), 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 CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-14 was 11.417% of annual payroll based on PERS reduction transfers. The contribution requirements of the plan members are established by the state statute. The Organization's contributions to CalPERS for the fiscal years ending June 30, 2014, 2013, and 2012, were \$109,395, \$110,717, and \$135,237, respectively, and equal 100% of the required contribution for each fiscal year.

NOTE 9 - OPERATING LEASE

The Organization leases facilities under operating lease agreements for more than one year. The future minimum lease payments are as follows:

Year ending June 30,	Lease payments
2015	\$ 955,131
2016	782,682
2017	553,631
2018	21,854
Total future lease payments	\$ 2,313,298

The Organization will receive no sublease rental revenues nor pay any contingent rentals associated with this lease. For the fiscal year ended June 30, 2014, operating lease expense was \$895,858.

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 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.

NOTE 11 - SUBSEQUENT EVENT

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 November 25, 2014, 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.

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL**

SUPPLEMENTARY INFORMATION SECTION

JUNE 30, 2014

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
ORGANIZATION
JUNE 30, 2014**

Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School [Charter #728] is a Kindergarten through Grade 12 Charter School and was granted its charter by the Alameda County Office of Education, pursuant to the terms of the Charter School Act of 1992, as amended.

The Board of Directors for the fiscal year ended June 30, 2014, was comprised of the following members:

Name	Office	Term	Term Expiration
Naeem Malik	President	Indefinite	N/A
Muhammad Kafil	Vice President	Indefinite	N/A
Rebecca Patterson	Treasurer	Indefinite	N/A
Mohammed Taher Shaikh	Secretary	Indefinite	N/A
Yasmin Vanya Yasmin	Member	Indefinite	N/A
Abid Saeed	Member	Indefinite	N/A

Administration	
Name	Position
Naeem Malik	Board President/Acting CEO
Sean McGinn	CFO

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Second Period Report		Annual Report	
	Classroom Based	Independent Study	Classroom Based	Independent Study
Grades K - 3	362.58	151.71	359.34	155.21
Grades 4 - 6	173.02	131.90	169.14	134.30
Grades 7 - 8	112.16	82.88	109.81	83.08
Grades 9 - 12	111.36	175.23	110.77	176.52
Total	<u>759.12</u>	<u>541.72</u>	<u>749.06</u>	<u>549.11</u>

The Organization generates 58.36% ADA from classroom-based study and 41.64% ADA from a full-time independent study program.

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Grade Level	1986-87 Minutes Requirements*	2013-2014 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	34,971	63,900	180	In Compliance
Grade 1	48,960	63,900	180	In Compliance
Grade 2	48,960	63,900	180	In Compliance
Grade 3	48,960	63,900	180	In Compliance
Grade 4	52,457	63,900	180	In Compliance
Grade 5	52,457	63,525	180	In Compliance
Grade 6	52,457	63,525	180	In Compliance
Grade 7	52,457	63,058	180	In Compliance
Grade 8	52,457	63,058	180	In Compliance
Grade 9	62,949	65,605	180	In Compliance
Grade 10	62,949	65,605	180	In Compliance
Grade 11	62,949	65,605	180	In Compliance
Grade 12	62,949	65,605	180	In Compliance

* As reduced pursuant to the provisions of Education Code Section 46201.2.

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Program Services	Support Services	Total
	Education	Management and General	
Certificated salaries	\$ 3,440,631	\$ 341,004	\$ 3,781,635
Classified salaries	239,139	780,868	1,020,007
Employee benefits	615,149	296,939	912,088
Books and supplies	387,073	20,414	407,487
Travel and conferences	12,328	3,758	16,086
Dues and memberships	14,673	4,473	19,146
Insurance	61,013	18,601	79,614
Operation and housekeeping services	218,895	55,233	274,128
Rental, leases, repairs, and non-capitalized improvements	943,556	265,110	1,208,666
Professional/consulting services and operating expenditures	918,918	563,894	1,482,812
Communications	69,398	21,161	90,559
Depreciation	91,936	28,028	119,964
District oversight	196,173	59,808	255,981
Total expenses	<u>\$ 7,208,882</u>	<u>\$ 2,459,291</u>	<u>\$ 9,668,173</u>

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
RECONCILIATION OF CHARTER SCHOOL UNAUDITED ACTUALS FINANCIAL REPORT--
ALTERNATIVE FORM WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>
June 30, 2014, Charter School Unaudited Actuals Financial Report -- Alternative Form, Ending Fund Balance	\$ 845,434
Adjustments and reclassifications:	
Loans payable understatement	(27,744)
Rounding	<u>(2)</u>
Net adjustments and reclassifications	<u>(27,746)</u>
June 30, 2014, audited financial statement net assets	<u><u>\$ 817,688</u></u>

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL**

OTHER INDEPENDENT AUDITORS' REPORTS SECTION

JUNE 30, 2014



Hosaka, Rotherham & Company
Certified Public Accountants

James A. Rotherham, CPA
CEO & Managing Partner

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Roy T. Hosaka, CPA
Retired

James C. Nagel, CPA
Retired

**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
Bay Area School for Independent Study, Inc.
d/b/a FAME Public Charter School
Newark, 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 Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School's internal control.

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hosaka, Rotherham & Company

San Diego, California
November 25, 2014



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
Bay Area School for Independent Study, Inc.
d/b/a FAME Public Charter School
Newark, California

Report on Compliance for Each State Program

We have audited Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-14*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School's state programs for the fiscal year ended June 30, 2014. Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School'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 Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School'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, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-14*, 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 Bay Area School for Independent Study, Inc. d/b/a FAME 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 on compliance for each state program. However, our audit does not provide a legal determination of Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School'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:

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE
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Description	Procedures In Audit Guide	Procedures Performed
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Yes
After School Education and Safety Program		
General Requirements	4	Not Applicable
After School	5	Not Applicable
Before School	6	Not Applicable
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula		
Pupil Counts	3	Yes
Contemporaneous Records of Attendance, for charter schools	8	Yes
Mode of Instruction, for charter schools	1	Yes
Nonclassroom-Based Instruction/Independent Study, for charter schools	15	Yes
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	3	Yes
Annual Instructional Minutes - Classroom Based, for charter schools	4	Yes
Charter School Facility Grant Program	1	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, Bay Area School for Independent Study, Inc. d/b/a FAME Public Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its state programs for the fiscal year ended June 30, 2014.

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 *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-14*. Accordingly, this report is not suitable for any other purpose.

Hosaka, Rotherham & Company

San Diego, California
November 25, 2014

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL**

FINDINGS AND RECOMMENDATIONS SECTION

JUNE 30, 2014

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

A. Summary of Auditors' 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 .510(a) or Circular A-133? Yes N/A No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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The Organization did not have over \$500,000 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

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

A. Summary of Auditors' 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

**BAY AREA SCHOOL FOR INDEPENDENT STUDY, INC.
D/B/A FAME PUBLIC CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

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