

**OPTIMIST BOYS' HOME AND RANCH, INC.**

**Operating:**

**OPTIMIST CHARTER**

**FINANCIAL STATEMENTS  
and  
SUPPLEMENTARY INFORMATION**

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**JUNE 30, 2015**

## CONTENTS

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### Audited Financial Statements

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-7

### Supplementary Information

Organization Information	8-9
Schedule of Average Daily Attendance	10
Schedule of Instructional Time	11
Schedule to Reconcile the Unaudited Actual Report with the Audited Financial Statements	12

### Additional Information

Independent Auditors' Report on State Compliance	13-14
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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
Optimist Boys' Home and Ranch, Inc.  
Optimist Charter

### Report on the Financial Statements

We have audited the accompanying financial statements of Optimist Boys' Home and Ranch, Inc.'s charter school, Optimist Charter, which comprise the Statement of Financial Position as of June 30, 2015, and the related Statements of Activities and Cash Flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' 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. 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 auditors' 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 Optimist Charter as of June 30, 2015, and the changes in its net assets and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT

continued

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### Other Matter

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary and additional information presented on pages 8-14 are presented for purposes of additional analysis and are 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 in conformity with the “2014-2015 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting” 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.

*Harrington Group*

Pasadena, California  
December 7, 2015

**OPTIMIST BOYS' HOME AND RANCH, INC.**

OPTIMIST CHARTER  
STATEMENT OF FINANCIAL POSITION  
June 30, 2015

<b>Assets</b>	
Cash	\$ 299,755
Accounts receivable	176,710
Computer and equipment (net)	<u>19,800</u>
<b>Total assets</b>	<u><u>\$ 496,265</u></u>
<b>Liabilities and net assets</b>	
<b>Liabilities</b>	
Accounts payable	\$ 8,909
Salaries payable	21,627
Vacation payable	24,373
401k payable	16,733
Due to operations	<u>345,749</u>
<b>Total liabilities</b>	<u>417,391</u>
<b>Net assets</b>	
Unrestricted	<u>78,874</u>
<b>Total net assets</b>	<u>78,874</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 496,265</u></u>

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

**OPTIMIST BOYS' HOME AND RANCH, INC.**

OPTIMIST CHARTER  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2015

**Revenue**

Local control funding formula sources (Note 3)	\$ 838,103
Federal revenue	311,557
Other state revenue	69,414
Other local revenue	462,500
Other income	7,790
	<hr/>
<b>Total revenue</b>	<b>1,689,364</b>

**Expenses**

Certificated salaries	708,273
Classified salaries	96,842
Employee benefits	176,369
Books and supplies	227,964
Services and other operating expenses	220,781
Use allowance	25,919
Other outgoing (excluding transfers of indirect costs)	8,409
Other outgoing - transfer of indirect costs	150,579
	<hr/>
<b>Total expenses</b>	<b>1,615,136</b>

**Change in net assets** 74,228

**Net assets, beginning of period** 4,646

**Net assets, end of period** \$ 78,874

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

**OPTIMIST BOYS' HOME AND RANCH, INC.**

OPTIMIST CHARTER  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2015

**Cash flows from operating activities:**

Change in net assets	\$	74,228
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Decrease in accounts receivable		102,679
Increase in accounts payable		2,079
Increase in salaries payable		1,464
Increase in vacation payable		17,120
Increase in 401k payable		11,551
Decrease in due to operations		(163,309)

**Net cash provided by operating activities** 45,812

**Cash flows from investing activities:**

Purchase of computer and equipment:		-
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**Net cash (used) by operating activities** -

**Increase in cash** 45,812

**Cash, beginning of period** 253,943

**Cash, end of period** \$ 299,755

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

**OPTIMIST BOYS' HOME AND RANCH, INC.**  
**OPTIMIST CHARTER**

NOTES TO FINANCIAL STATEMENTS

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**1. General Information**

These financial statements present only the activity for Optimist Boys' Home and Ranch, Inc.'s charter school, Optimist Charter. For additional information regarding Optimist Boys' Home and Ranch, Inc. as a whole, please refer to the audited financial statements of the agency. Optimist Charter receives private, federal, state, and local funding. Optimist Boys' Home and Ranch, Inc. operates Optimist Charter pursuant to Education Code Section 47605 and OCS is accredited by Western Association of Schools and Colleges (WASC).

**2. Summary of Significant Accounting Policies**

**Basis of Accounting**

Optimist Charter maintains its records on the accrual basis of accounting.

**Accounts Receivable**

Optimist Charter receivables are primarily from earned government and contract fees which are expected to be received in full. As such, no allowance for doubtful receivables is recorded.

**Property and Equipment**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year.

**Concentration of Credit Risk**

Optimist Charter places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Optimist Charter has not incurred losses related to these investments.

The primary receivable balance outstanding at June 30, 2015, consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of Optimist Charter's receivables consist of earned fees from contract programs granted by governmental agencies.

**OPTIMIST BOYS' HOME AND RANCH, INC.**  
**OPTIMIST CHARTER**

NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**Accounting**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of Optimist Charter are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

**Unrestricted.** These generally result from revenue generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

**Temporarily Restricted.** Optimist Charter reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions. Optimist Charter has no temporarily restricted net assets as of June 30, 2015.

**Permanently Restricted.** These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit Optimist Charter to expend all of the income (or other economic benefits) derived from the donated assets. Optimist Charter had no permanently restricted net assets at June 30, 2015.

**Allocation of Expenses**

During the period, costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Optimist Charter uses relative salary costs to allocate indirect costs.

**Subsequent Events**

Management has evaluated subsequent events related to Optimist Charter through December 7, 2015, the date the financial statements were available to be issued.

**3. Local Control Funding Formula Sources**

Local Control Funding Formula (LCFF) sources for the year ended June 30, 2015 consist of the following:

State aid – current period and adjustment for prior year	\$671,945
Education protection account state aid	18,014
Property taxes	<u>148,144</u>
	<u>\$838,103</u>

**OPTIMIST BOYS' HOME AND RANCH, INC.  
OPTIMIST CHARTER**

ORGANIZATION INFORMATION

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Agency Name: Optimist Charter

Charter Number: 1506

Charter Authority: Los Angeles County Office of Education (“LACOE”)

Charter Granted: September 24, 2013

Type of Agency: A Not-for-Profit Corporation

Agency Address: 6957 N. Figueroa St.  
Los Angeles, California 90042

Agency Telephone Number: (323) 443-3127

Charter School Address: Alan Eskot, Superintendent (ext. 3114)  
Lynn de Young, Principal (ext. 3120)  
6957 N. Figueroa St.  
Los Angeles, California 90042

Charter School Telephone Number: (323) 443-3120

Officers: Sil Orlando – Executive Director  
Doug Buttrick – Chief Financial Officer

Governing Board Members:

<u>Agency Board:</u>	<u>Name</u>	<u>Term</u>
	Bill Snyder, President	07/13 – 06/15
	Dolores Gadbury, Vice President	07/13 – 06/15
	Malak Kazan, Secretary	07/13 – 06/16
	Leland Lau, Treasurer	07/13 – 06/16
	Daniel Andalon	07/13 – 06/15
	Dennis Andolsek, Vice President	07/13 – 06/15
	Gary Austin	07/13 – 06/15
	Larry Brown	07/13 – 06/15
	Ted Carter	07/13 – 06/15
	Carlos Diaz	07/13 – 06/15
	Pamela Duben	07/13 – 06/15
	Steven Duben	07/14 – 06/15
	Jack Evans	07/13 – 06/15
	Jesse Fox	07/13 – 06/16
	Cathy McCutcheon	07/13 – 06/15

**OPTIMIST BOYS' HOME AND RANCH, INC.  
OPTIMIST CHARTER**

ORGANIZATION INFORMATION

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Governing Board Members:

Agency Board, continued

Jim McDonnell	07/13 – 06/16
Linda McWeeney	07/13 – 06/15
Jeff Morris	07/13 – 06/15
Linnie Murphy	07/13 – 06/16
Richard Niederberg	07/13 – 06/15
Ron Villachica	07/13 – 06/16
Lenna Welling	07/13 – 06/15

Operating Period:

July 1, 2014 through June 30, 2015

School Year:

August 20, 2014 through June 19, 2015

Operating Time:

Monday through Friday, except holidays:

First semester, 7:40 am – 2:15 pm

Second semester, 7:30 am – 2:25 pm

**OPTIMIST BOYS' HOME AND RANCH, INC.**

OPTIMIST CHARTER  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 For the year ended June 30, 2015

	<b>Second Period Report</b>	<b>Annual Report</b>
	<u>          </u>	<u>          </u>
Grades 7 through 8	-	-
Grades 9 through 12	90.07	95.57
	<u>          </u>	<u>          </u>
Totals	90.07	95.57
	<u>          </u>	<u>          </u>
<b>Average daily attendance totals as reported</b>	<u>90.07</u>	<u>95.57</u>
	<u>          </u>	<u>          </u>
Grades 9 through 12	95.30	101.00
	<u>          </u>	<u>          </u>
<b>Average daily attendance totals as audited</b>	<u>95.30</u>	<u>101.00</u>
	<u>          </u>	<u>          </u>

The second period and annual amounts above reflect total average daily attendance and the average daily attendance generated through classroom-based instruction, since non-classroom based instruction was not utilized.

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

See independent auditors' report.

**OPTIMIST BOYS' HOME AND RANCH, INC.**

OPTIMIST CHARTER  
SCHEDULE OF INSTRUCTIONAL TIME  
For the year ended June 30, 2015

<u>Grade Level</u>	<u>Minutes Requirements</u>	<u>Minutes Reduced</u>	<u>2014-2015 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Grades 7 - 8	54,000	52,457	0	0	N/A	N/A
Grades 9 - 12	64,800	62,949	63,600	180	N/A	Complied

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by Education Code Section 46201.

This schedule presents information on the amount of instruction time offered by Optimist Charter and whether Optimist Charter complied with the provisions of Education Code Sections 46200 through 46206.

See independent auditors' report.

**OPTIMIST BOYS' HOME AND RANCH, INC.**

OPTIMIST CHARTER  
SCHEDULE TO RECONCILE THE UNAUDITED ACTUAL REPORT  
WITH THE AUDITED FINANCIAL STATEMENTS

For the year ended June 30, 2015

<b>June 30, 2015 Unaudited Actual Report Net Position (Net Assets)</b>	\$	78,874
Adjustments:		<u>-</u>
<b>June 30, 2015 Audited Financial Statement Net Position (Net Assets)</b>	\$	<u><u>78,874</u></u>

See independent auditors' report.

**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

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To the Board of Directors  
Optimist Boys' Home and Ranch, Inc.  
Optimist Charter

We have audited Optimist Boys' Home and Ranch, Inc.'s charter school, Optimist Charter's, compliance with the types of compliance requirements described in the *2014-2015 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel for the year ended June 30, 2015. Optimist Charter's State Compliance requirements are identified in the table below.

**Management's Responsibility**

Compliance with the requirements listed below is the responsibility of Optimist Charter's management.

**Auditors' Responsibility**

Our responsibility is to express an opinion on Optimist Charter's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2014-2015 Guide for Annual Audits of K-12 Local Educational 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about Optimist Charter's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on State Compliance. Our audit does not provide a legal determination of Optimist Charter's compliance.

**Compliance Requirements Tested**

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools: California Clean Energy Jobs Act	Not applicable

# INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

continued

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<u>Description</u>	<u>Procedures Performed</u>
After School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Not applicable
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-based Instruction	Not applicable
Annual Instruction Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

## Opinion on State Compliance

In our opinion, Optimist Charter complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2015.

## Purpose of the Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2014-2015 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.

*Harrington Group*

Pasadena, California  
December 7, 2015