



**Independent Auditor's Report  
and Financial Statements  
For the Year Ended  
June 30, 2017**

**Operating:**

**Stella Middle Charter Academy (SMCA)  
Bright Star Secondary Charter Academy (BSSCA)  
Rise Kohyang Middle School (RKMS)  
Rise Kohyang High School (RKHS)  
Valor Academy Elementary (VAES)  
Valor Academy Middle School (VAMS)  
Valor Academy High School (VAHS)**

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**INDEPENDENT AUDITOR’S REPORT**

Board of Directors  
Bright Star Schools  
Los Angeles, CA

**Report on the Financial Statements**

We have audited the accompanying financial statements of Bright Star Schools (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows and functional expenses 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.

**Auditor’s Responsibility**

M res b onsibility y

Board of Directors  
Bright Star Schools

## **Opinion**

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial position of the School as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The columns by location are presented in the statements of financial position, activities, and cash flows and the accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic 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 a report dated December 11, 2017 on our consideration of the 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 solely 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 effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards considering the School's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**  
Glendora, CA  
December 11, 2017

**BRIGHT STAR SCHOOLS**

**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2017**

	<u>SMCA</u>	<u>BSSCA</u>	<u>RKMS</u>	<u>RKHS</u>	<u>1st Page Total</u>
<u>ASSETS</u>					
CURRENT ASSETS:					

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

**BRIGHT STAR SCHOOLS**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2017**

**BRIGHT STAR SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2017**

	<b>SMCA</b>	<b>BSSCA</b>	<b>RKMS</b>	<b>RKHS</b>	<b>1st Page Total</b>
<b>Revenue and grants:</b>					
State aid	\$ 3,529,853	\$ 4,700,032	\$ 2,736,980	\$ 648,606	\$ 11,615,471
Property taxes	1,072,094	1,147,932	844,697	152,222	3,216,945
Other state revenue	899,173	615,222	797,219		

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

**BRIGHT STAR SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2017**

	<b>1st Page Total</b>	<b>VAES</b>	<b>VAMS</b>	<b>VAHS</b>	<b>General Support</b>	<b>Total</b>
<b>Revenue and grants:</b>						
State aid	\$ 11,615,471	\$ 638,745	\$ 3,350,924	\$ 3,918,001	\$ -	\$ 19,523,141

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



**BRIGHT STAR SCHOOLS**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2017**

	<u>SMCA</u>	<u>BSSCA</u>	<u>RKMS</u>	<u>RKHS</u>	<u>1st Page Total</u>
<b>CASH FLOWS from OPERATING ACTIVITIES:</b>					
Change in Net Assets	\$ 19,030	\$ 98,444	\$ 14,741	\$ 2,694	\$ 134,909
Adjustments to reconcile change in net assets to net cash flows from operating activities:					
Depreciation	59,213	18,843	18,492	14,777	111,325

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

**BRIGHT STAR SCHOOLS**

**STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2017**

	<u>1st Page</u>					<u>General</u>	
	<u>Total</u>	<u>VAES</u>	<u>VAMS</u>	<u>VAHS</u>	<u>Support</u>	<u>Total</u>	
<b>CASH FLOWS from OPERATING ACTIVITIES:</b>							
Change in Net Assets	\$ 134,909	\$ 24,459	\$ 18,198	\$ 456,102	\$ 3,848	\$ 637,516	
Adjustments to reconcile change in net assets to net cash flows from operating activities:							
Depreciation	111,325	13,473	70,274	-			

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

**BRIGHT STAR SCHOOLS**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2017**

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 16,223,154	\$ -	\$ -	\$ 16,223,154
Pension expense	1,471,589	-	-	1,471,589
Other employee benefits	1,575,905	-	-	1,575,905
Payroll taxes	488,159	-	-	488,159
Management fees	-	2,666,246	-	2,666,246
Legal expenses	-	25,387	-	25,387
Instructional materials	1,192,637	-	-	1,192,637
Other fees for services	1,894,360	528,073	-	2,422,433
Advertising and promotion	-	-	24,591	24,591
Office expenses	261,337	221,783	-	483,120
Printing and postage	-	184,842	-	184,842
Information technology	577,052	-	-	577,052
Occupancy	-	1,914,647	-	1,914,647
Travel expenses	90,890	5,141	-	96,031
Depreciation	-	195,072	-	195,072
Insurance	-	204,115	-	204,115
Direct student services	2,415,164	-	-	2,415,164
Other expenses	<u>18,575</u>	<u>122,985</u>	<u>-</u>	<u>141,560</u>
Total	<u>\$ 26,208,822</u>	<u>\$ 6,068,291</u>	<u>\$ 24,591</u>	<u>\$ 32,301,704</u>

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

**BRIGHT STAR SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities – Bright Star Schools (the School) is a California non-profit public benefit corporation. Bright Star Schools was incorporated in November 2002 as Stella Middle Charter Academy and was renamed in 2005.

The School is comprised of:

- x Stella Middle Charter Academy (SMCA)
- x Bright Star Secondary Charter Academy (BSSCA)
- x Rise Kohyang Middle School School (RKMS)
- x Rise Kohyang High School School (RKHS)
- x Valor Academy Elementary (VAES)
- x Valor Academy Middle School (VAMS)
- x Valor Academy High School (VAHS)
- x General Support

The School is funded principally through State of California public education monies received through the California Department of Education and the Los Angeles Unified School District.

**Cash and Cash Equivalents** The School 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-1

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## BRIGHT STAR SCHOOLS

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2017

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Net Asset Classes** The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Net assets of the School are defined as:

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

**Receivables** Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2017. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

**Property, Plant and Equipment** Property, plant and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset.

**Contributed Assets and Services** Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair values in the period received.

**Investments** Investments are recorded at fair market value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statement of activities if they are material.

**Property Taxes** Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

**Compensated Absences** Accumulated unpaid employee paid time off (PTO) are recognized as a liability of the School. The current portion of the liability, if material, is recognized at year-end. Employees of the School are paid for days or hours worked based upon Board approved schedules which include vacation and sick time.

**BRIGHT STAR SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue Recognition**— Amounts received from the California Department of Education are recognized as revenue by the School 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.

**Contributions**— All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as temporarily restricted. Restricted contributions that are received and released in the same period are reported as unrestricted revenue. Unconditional contributions expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair market value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**Income Taxes**— The School 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 determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School 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.

**BRIGHT STAR SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 3: PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment in the accompanying financial statements is presented net of accumulated depreciation. The School capitalizes all expenditures for land, buildings and equipment in excess of \$5,000. Depreciation expense was \$195,072 for the year ended June 30, 2017.

The components of property, plant and equipment as of June 30, 2017 are as follows:

Equipment	\$ 630,841
Less: accumulated depreciation	<u>(403,723)</u>
Property, plant and equipment, net	<u>\$ 227,118</u>

**NOTE 4: LONG-TERM LIABILITIES**

**BRIGHT STAR SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 4: LONG-TERM LIABILITIES**

Repayments of principle as due as follows:

<u>Year Ended June 30,</u>	<u>VAMS</u>
2018	\$ 55,216
2019	56,040
2020	56,886
2021	<u>723,907</u>
Total	<u>\$ 892,049</u>

**NOTE 5: LINE OF CREDIT**

In November 2012, the School obtained an unsecured line of credit from City National Bank (CNB). The line of credit is for up to \$2 million and bears a variable interest rate equal to CNB's prime rate plus 2.50%. As of June 30, 2017 the School had no outstanding balance.

**NOTE 6: COMMITMENT**

BSSCA entered into a lease agreement with Los Angeles Unified School District (LAUSD) for the property located at 5431 W. 98th Street, Los Angeles, California. The agreement commenced in August 2009 and carries a term that coincides with BSSCA's charter. The agreement does not require BSSCA to pay a lease amount for the use of the property, but instead BSSCA pays a Pro Rata Share Charge for the maintenance of the facility and other services. This Pro Rata S





**BRIGHT STAR SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 7: EMPLOYEE RETIREMENT**

The School's contributions to STRS for the past three years are as follows:

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2015	\$ 704,265	100%
2016	\$ 1,008,538	100%
2017	\$ 1,471,589	100%

**NOTE 8: OPERATING LEASES**

On July 1, 2008, SMCA entered into a lease for the property located at 2636 S. Mansfield Avenue, Los Angeles, California. The lease term commenced on August 1, 2008 and ends July 31, 2013. SMCA extended the lease and the new agreement commenced on August 1,

**BRIGHT STAR SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 9: RELATED PARTY TRANSACTIONS**

**Bright Star Education Group**

Bright Star Education Group (BSEG) is a non-profit corporation organized to provide back office services to Bright Star Schools and to manage the growth of the network of schools. As of June 30, 2017, the School paid \$2,666,247 of management and oversight fees to BSEG. The School has a related party liability as of June 30, 2017 of \$1,040,821 related to expenses paid by BSEG for the School.

In August 2017, BSEG entered into a sublease agreement with RKHS for office space at 600 S. Lafayette, Los Angeles, California.

**BSDG 600 La Fayette LLC**

In February 2017, BSDG 990 La Fayette LLC was created for the purpose of supporting and providing facilities for the School. The LLC is the sole member of BSEG. BSDG 600 La Fayette LLC had no amounts due to or from the School in the year ended June 30, 2017

**NOTE 10: CONTINGENCIES**

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

**NOTE 11: SUBSEQUENT EVENTS**

In July 2017, the School was awarded \$17,750,000 in a settlement from Los Angeles World Airports to enable the relocation of BSSCA and SMCA. Of this amount, \$16,000,000 is for the acquisition of a new site, and \$1,750,000 is for moving expenses and professional fees related to the relocation.

In September 2017, RKHS moved facilities to 600 South Lafayette, Los Angeles, California. This property is leased from BSDG 990 La Fayette LLC, and lease payments commence in September 2017.

**BRIGHT STAR SCHOOLS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 11: SUBSEQUENT EVENTS**

Future payments for this lease are as follows:

**SUPPLEMENTARY INFORMATION**

**BRIGHT STAR SCHOOLS**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
For the Year Ended June 30, 2017**

Bright Star Schools is a non-profit public benefit corporation and operates seven charter schools approved by the Los Angeles School District as follows:

- x Stella Middle Charter Academy (SMCA) charter number 0535 – established in 2003
- x Bright Star Secondary Charter Academy (BSSCA) charter number 0826 – established in 2006
- x Rise Kohyang Middle School School (RKMS) charter number 1315 – established in 2012
- x Rise Kohyang High School School (RKHS) charter number 1786 - established in 2016
- x Valor Academy Elemeny ( s th \_ y \$ 7 M

**BRIGHT STAR SCHOOLS**

**SCHEDULE OF INSTRUCTIONAL TIME  
For the Year Ended June 30, 2017**

	<u>2016-17 Minutes</u>		Traditional	Status
	Requirement	Actual	Calendar Days	
<b>SMCA:</b>				
Grade 5	54,000	66,107	176	In compliance
Grade 6	54,000	66,107	176	In compliance
Grade 7	54,000	61,874	176	In compliance
Grade 8	54,000	61,752	176	In compliance
<b>BSSCA:</b>				
Grade 9	64,800	66,095	179	In compliance
Grade 10	64,800	66,095	179	In compliance
Grade 11	64,800	69,110	179	In compliance
Grade 12	64,800	69,110	179	In compliance
<b>RKMS:</b>				
Grade 6	54,000	71,726	179	In compliance
Grade 7	54,000	71,726	179	In compliance
<b>RKHS:</b>				
Grade 9	64,800	67,518	179	In compliance
Grade 10	64,800	67,518	179	In compliance
<b>VAES:</b>				
Grade TK	36,000	55,915	179	In compliance
Grade K	36,000	55,915	179	In compliance
<b>VAMS:</b>				
Grade 5	54,000	60,482	179	In compliance
Grade 6	54,000	60,482	179	In compliance
Grade 7	54,000	64,425	179	In compliance
Grade 8	54,000	64,425	179	In compliance
<b>VAHS:</b>				
Grade 9	64,800	70,040	179	In compliance
Grade 10	64,800	70,040	179	In compliance

See independent auditor's report and the notes to the supplementary information.

# **BRIGHT STAR SCHOOLS**



**BRIGHT STAR SCHOOLS**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT  
WITH AUDITED FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2017**

	<u>SMCA</u>	<u>BSSCA</u>	<u>RKMS</u>	<u>RKHS</u>	<u>1st page Total</u>
June 30, 2017 Annual Financial Report					
Fund Balances (Net Assets)	\$ 1,281,000	\$ 885,733	\$ 281,425	\$ 8,839	\$ 2,456,997
Adjustments and Reclassifications:					
Increasing (Decreasing) the Fund Balance (Net Assets):					
Cash and cash equivalents	154,230	(426,389)	93,635	18,836	(159,688)
Accounts receivable	(497,001)	47,228	332,199	59,712	(57,862)
Prepaid expenses and desposio					

See independent auditor's report and the notes to the supplementary information.

**BRIGHT STAR SCHOOLS**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**BRIGHT STAR SCHOOLS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2017**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>SMCA</b>	<b>BSSCA</b>	<b>RKMS</b>	<b>RKHS</b>	<b>VAES</b>	<b>VAMS</b>	<b>VAHS</b>	<b>Total</b>
<b>U.S. Department of Education:</b>										
Pass Through Program From										
California Department of Education:										
Title I, Part A, Basic Grants										
Low-Income and Neglected	84.010	14329	\$ 235,614	\$ 217,565	\$ 138,728	\$ 30,298	\$ 27,972	\$ 194,204	\$ 170,501	\$ 1,014,882
Title V, Public Charter Schools Grant Program	84.282A	14941	-	-	-	411,802	425,759	-	-	837,561
Special Ed: IDEA Basic Local Assistance										
Entitlement, Part B, Sec 611										
(formerly PL 94-142)	84.027	13379	96,563	108,146	75,827	13,831	14,846	93,060	85,536	487,809
Subtotal: Pass-Through Programs			<u>332,177</u>	<u>325,711</u>	<u>214,555</u>	<u>455,931</u>	<u>468,577</u>	<u>287,264</u>	<u>256,037</u>	<u>2,340,252</u>
Pass Through Program From										
Youth Policy Institute:										
NCLB: Title IV, Part B, 21st Century Community										
Learning Centers (CCLC) - High School ASSETS	84.287	14535	-	248,400	-	-	-	-	-	248,400
Total U.S. Department of Education			<u>332,177</u>	<u>574,111</u>	<u>214,555</u>	<u>455,931</u>	<u>468,577</u>	<u>287,264</u>	<u>256,037</u>	<u>2,588,652</u>
<b>Total ExpendT</b>										

See independent auditor's report and the notes to the supplementary information.

## **BRIGHT STAR SCHOOLS**

### **NOTES TO THE SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2017**

#### **NOTE 1: PURPOSE OF SCHEDULES**

##### **Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of the Educational Code.

##### **Schedule of Average Daily Attendance**

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

##### **Reconciliation of Annual Financial Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.

##### **Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards (the Schedule) is presented on the accrual basis of accounting and includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform



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

Board of Directors  
Bright Star Schools  
Los Angeles, CA

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 Bright Star Schools (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated December 11, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in t  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH**



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**

**Report on Internal Control Over Compliance**



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Board of Directors  
Bright Star Schools  
Los Angeles, CA

We have audited Bright Star Schools's (the School) compliance with the types of compliance requirements described in the  
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**INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE**

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Yes
Charter Schools:	
Attendance	Yes

**BRIGHT STAR SCHOOLS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2017**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?        Yes   X   No  
Significant deficiency(ies) identified?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

**Federal Awards**

Internal control over major federal awards:

Material weakness(es) identified?        Yes   X   No  
Significant deficiency(ies) identified?        Yes   X   None Reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?        Yes   X   No

**Identification of Major Federal Programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.282A	Title V, Public Charter Schools Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes        No

# **BRIGHT STAR SCHOOLS**

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