



AUDIT REPORT

FOR THE YEAR ENDED
JUNE 30, 2017

A NONPROFIT PUBLIC BENEFIT CORPORATION
THIS REPORT INCLUDES SCHOOL-LEVEL REPORTS FOR THE FOLLOWING
CALIFORNIA PUBLIC CHARTER SCHOOLS

High Tech High
High Tech Elementary Explorer
High Tech Middle
High Tech High Media Arts
High Tech High International
High Tech Middle Media Arts
High Tech Elementary
High Tech High North County
High Tech High Chula Vista
High Tech Middle North County
High Tech Middle Chula Vista
High Tech Elementary North County
High Tech Elementary Chula Vista

San Diego

Los Angeles

San Francisco
Bay Area

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION
associates

**HIGH TECH HIGH
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JUNE 30, 2017**

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Governance Board of
High Tech High
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of High Tech High (the "Organization") which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses 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.

Auditor's Responsibility

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

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

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

Christy White, CPA

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Heather Rubio

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State Board of Accountancy*

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of High Tech High 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 opinions on the financial statements that collectively comprise High Tech High's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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 27, 2017, on our consideration of the Charter'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 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 the Charter's internal control over financial reporting and compliance.



San Diego, California
November 27, 2017

HIGH TECH HIGH
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Current assets

Cash and cash equivalents	\$ 14,156,183
Investments	5,415
Accounts receivable	5,005,356
Prepaid expenses	76,158
Due from related entities	798,385
Contributions receivable, current portion	24,947
Total current assets	<u>20,066,444</u>

Capital assets

Property and equipment	40,279,883
Less accumulated depreciation	<u>(7,282,347)</u>
Capital assets, net	<u>32,997,536</u>

Long-term assets

Capital project sinking funds	4,282,176
Contributions receivable, long-term portion	<u>985,421</u>
Total long-term assets	<u>5,267,597</u>
Total Assets	<u>\$ 58,331,577</u>

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 2,863,964
Accrued expenses	1,312,105
Interest payable on long-term debt	623,310
Due to related entities	1,035,508
Deferred revenue	<u>1,226,160</u>
Total current liabilities	<u>7,061,047</u>

Long-term liabilities

Bonds payable	23,500,000
Less unamortized debt issuance costs	<u>(443,581)</u>
Total long-term liabilities	<u>23,056,419</u>
Total liabilities	<u>30,117,466</u>

Net assets

Unrestricted	26,067,545
Temporarily restricted	<u>2,146,566</u>
Total net assets	<u>28,214,111</u>
Total Liabilities and Net Assets	<u>\$ 58,331,577</u>

The notes to the financial statements are an integral part of this statement.

**HIGH TECH HIGH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
Federal and state support and revenues			
Local control funding formula, state aid	\$ 28,424,672	\$ -	\$ 28,424,672
Federal revenues	4,138,990	-	4,138,990
Other state revenues	6,585,616	807,848	7,393,464
Total federal and state support and revenues	39,149,278	807,848	39,957,126
Local support and revenues			
Payments in lieu of property taxes	14,391,411	-	14,391,411
Grants and donations	1,101,846	281,409	1,383,255
Investment income, net	142,935	-	142,935
Other local revenues	5,070,572	5,019	5,075,591
Total local support and revenues	20,706,764	286,428	20,993,192
Donor restrictions satisfied	1,058,603	(1,058,603)	-
Total Support and Revenues	60,914,645	35,673	60,950,318
OPERATING EXPENSES			
Program services			
K-12 instruction	30,894,586	-	30,894,586
Instructional support	6,810,153	-	6,810,153
Educational facilities	6,781,745	-	6,781,745
Support to affiliates	1,535,001	-	1,535,001
Management and general	11,492,596	-	11,492,596
Fundraising	53,076	-	53,076
Depreciation and amortization	1,720,387	-	1,720,387
Total Expenses	59,287,544	-	59,287,544
CHANGE IN NET ASSETS	1,627,101	35,673	1,662,774
Net Assets - Beginning	24,440,444	2,110,893	26,551,337
Net Assets - Ending	\$ 26,067,545	\$ 2,146,566	\$ 28,214,111

The notes to the financial statements are an integral part of this statement.

HIGH TECH HIGH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services					Management and General	Fundraising	Depreciation and Amortization	
	K-12 Instruction	Instructional Support	Education Facilities	Support to Affiliates	Total				Total
EXPENSES									
Personnel expenses									
Certificated salaries	\$ 19,384,986	\$ 1,334,470	\$ -	\$ -	\$ 20,719,456	\$ 2,602,602	\$ -	\$ -	\$ 23,322,058
Non-certificated salaries	1,908,662	1,785,480	-	-	3,694,142	3,541,356	-	-	7,235,498
Employee benefits	6,432,249	937,098	-	-	7,369,347	1,888,806	-	-	9,258,153
Total personnel expenses	27,725,897	4,057,048	-	-	31,782,945	8,032,764	-	-	39,815,709
Non-personnel expenses									
Books and supplies	758,985	1,413,315	5,454	-	2,177,754	808,787	12,156	-	2,998,697
Services and other operating	2,409,704	1,339,790	886,933	-	4,636,427	2,535,824	40,920	-	7,213,171
Subcontract with related entity	-	-	25,599	1,252,604	1,278,203	-	-	-	1,278,203
Leases to related entity	-	-	5,863,759	-	5,863,759	-	-	-	5,863,759
Interest on long-term debt	-	-	-	-	-	115,221	-	105,106	220,327
Depreciation	-	-	-	-	-	-	-	1,615,281	1,615,281
Asset transfer to related entity	-	-	-	282,397	282,397	-	-	-	282,397
Total non-personnel expenses	3,168,689	2,753,105	6,781,745	1,535,001	14,238,540	3,459,832	53,076	1,720,387	19,471,835
Total Expenses	\$ 30,894,586	\$ 6,810,153	\$ 6,781,745	\$ 1,535,001	\$ 46,021,485	\$ 11,492,596	\$ 53,076	\$ 1,720,387	\$ 59,287,544

The notes to the financial statements are an integral part of this statement.

HIGH TECH HIGH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,662,774
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation expense on capitalized fixed assets	1,615,281
Interest expense from amortization of debt issuance costs	105,106
(Increase) decrease in operating assets	
Accounts receivable	(607,011)
Prepaid expenses and deferred charges	(61,763)
Due from related entities	(752,052)
Contributions receivable	24,947
Increase (decrease) in operating liabilities	
Accounts payable	407,330
Accrued expenses	33,958
Due to related entities	767,166
Deferred revenue	1,050,186
Net cash provided by (used in) operating activities	4,245,922

CASH FLOWS FROM INVESTING ACTIVITIES

Transfer of investments to cash and cash equivalents	14,741
Payments received on intracompany receivable from related entity	582,647
Purchase of property and equipment	(1,514,937)
Net cash provided by (used in) investing activities	(917,549)

CASH FLOWS FROM FINANCING ACTIVITIES

Deposits into capital project sinking funds for repayment of debt	(822,877)
Net cash provided by (used in) financing activities	(822,877)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 2,505,496

Cash and cash equivalents - Beginning 11,650,687

Cash and cash equivalents - Ending \$ 14,156,183

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest	\$ 115,221
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The notes to the financial statements are an integral part of this statement.

HIGH TECH HIGH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

High Tech High (“HTH” or the “Organization”), located in San Diego County, was formed as a nonprofit public benefit corporation on April 19, 1999. HTH operates several charter schools in San Diego County. The active charter schools that the Organization operates are as follows:

Charter School	Classes Began	Authorizing Agency*	Grades Served	Charter No.
High Tech High	9/1/2000	District	9 - 12	0269
High Tech Elementary Explorer	9/5/2000	District	K - 5	0278
High Tech Middle	9/2/2003	District	6 - 8	0546
High Tech High Media Arts	8/29/2005	District	9 - 12	0622
High Tech High International	9/7/2004	District	9 - 12	0623
High Tech Middle Media Arts	9/6/2005	District	6 - 8	0660
High Tech Elementary	8/24/2015	District	K - 5	1709
High Tech High North County	9/10/2007	SBE	9 - 12	0756
High Tech High Chula Vista	8/27/2007	SBE	9 - 12	0756
High Tech Middle North County	8/31/2009	SBE	6 - 8	0756
High Tech Middle Chula Vista	8/20/2011	SBE	6 - 8	0756
High Tech Elementary North County	8/26/2013	SBE	K - 5	0756
High Tech Elementary Chula Vista	8/20/2011	SBE	K - 5	0756

**Seven (7) of the Organization’s charters schools are authorized to operate by the San Diego Unified School District (the “District”) and all others are authorized by the State Board of Education (“SBE”) under a Statewide Benefit Charter known as SBC – High Tech High.*

The specific goals of High Tech High are to successfully integrate technical and academic education in a school that prepares students for post-secondary education and for leadership in the high technology industry; to increase the number of underrepresented students in math and engineering who succeed in middle school, high school and post-secondary education and who become productive member and leader in the San Diego high technology industry; and to provide all High Tech High students with an extraordinary education that prepares them to be thoughtful, engaging citizens in our increasingly technological society.

High Tech High also operates a charter management organization (the “CMO”), which is responsible for providing management services and facility maintenance services for the supported schools. The CMO provides business office support, facility maintenance staffing, professional development, recruitment and enrollment processing, pupil accounting, food services coordination, grants preparation, and other services in support of the schools operated by High Tech High.

HTH Learning, a related nonprofit public benefit corporation, is the sole corporate member of High Tech High. Refer to Note 12 for additional information on related entities and transactions occurring during the fiscal year.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

C. Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets include all resources available for use by the Board of Directors and management's discretion in carrying out the activities of the Organization in accordance with its Bylaws. Temporarily or permanently restricted net assets are only expendable for the purposes specified by the donor or through the passage of time. When a 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. Permanently restricted net assets are generally required to be held by the Organization in perpetuity while the earnings on those assets are available for use by the Organization to support its activities. Donors can place restrictions on the earnings from permanently restricted contributions at the time the contributions are made or pledged. Fund accounting is not used in the Organization's financial statement presentation.

D. 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, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

E. Cash and Cash Equivalents

The Organization considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

F. Investments

The Organization's method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities.

G. Capital Assets

The Organization has adopted a policy to capitalize asset purchases over \$2,500. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset. Capital assets are depreciated using the straight-line method.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Receivables and Allowances

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Organization establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2017, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

I. Deferred Revenue

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the Organization prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the Organization has a legal claim to the resources, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

J. Fair Value Measurements

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
Level 2	Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

K. Functional Expenses

The costs of providing services have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs and expenditures have been allocated between program and supporting services based on management's estimates.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Contributions

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the Organization if not donated.

M. In Lieu of Property Taxes Revenue

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for San Diego Unified School District. The District makes monthly payments to the Organization for in lieu of property taxes. Revenues are recognized by the Organization when earned.

As the State Board of Education directly authorizes the SBC charters, no in lieu of property taxes revenue is collected by the Organization for these schools.

N. Income Taxes

The Organization is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. Since the Organization operates charter schools as its primary exempt purpose, it is not required to register with the California Attorney General as a charity.

The Organization's management believes all of its significant tax positions would be upheld under examination; therefore, no provision for income tax has been recorded. The Organization's information and/or tax returns are subject to examination by the regulatory authorities for up to four years from the date of filing.

O. New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profit Entities* whereby significant changes were proposed in seven areas: net asset classes, liquidity and availability of resources, classification and disclosure of underwater endowment funds, expense reporting, statement of cash flows, investment return, and release of restrictions on capital assets. The amendments in ASU No. 2016-14 are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Organization has not yet determined the impact on the financial statements.

HIGH TECH HIGH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

O. New Accounting Pronouncement (continued)

In April 2015, FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability. Additionally, the amortization of debt issuance costs is required to be reported as interest expense. The pronouncement was effective for annual financial statements issued for fiscal years beginning after December 15, 2015. The Organization has implemented this new accounting pronouncement for the year ended June 30, 2017.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2017 consist of the following:

Cash in county treasury	\$ 11,285,801
Cash in banks, non-interest bearing	2,440,022
Cash in banks, interest bearing	427,570
Cash on hand (petty cash)	2,790
Total Cash and Cash Equivalents	<u>\$ 14,156,183</u>

Cash in Banks

Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. The Organization has adopted a cash management policy that addresses investment options as well as actions to be taken in the event that deposits exceed FDIC insurance limits. The FDIC insures up to \$250,000 per depositor per insured bank. As of June 30, 2017, \$29,191 of High Tech High's normal bank balance was exposed to custodial credit risk. Additionally, \$1,071,863 is due to balances held with the Bond Trustee in anticipation of July 1 payments.

Cash in County Treasury

The Organization is a voluntary participant in an external investment pool. The fair value of the Organization's investment in the pool is reported in the financial statements at amounts based upon the Organization's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio in relation to the amortized cost of that portfolio. The balance available for withdrawal is recorded on the amortized cost basis and is based on the accounting records maintained by the County Treasurer.

Investments in the San Diego County Treasury Investment Pool and/or Local Agency Investment Funds/State Investment Pools are not measured using the fair value input levels described in Note 1J because the Organization's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

HIGH TECH HIGH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Cash in County Treasury (continued)

Except for investments by trustees of debt proceeds, the authority to invest Organization funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies examples of the investment types permitted in California Government Code:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

NOTE 3 – INVESTMENTS

Certificates of Deposit

The Organization holds certificates of deposit, which are carried at amortized cost and classified as an investment under current assets in the statement of financial position. This investment does not qualify as securities defined in FASB ASC 320, *Investments – Debt and Equity Securities*, thus the fair value disclosure required by ASC 820, *Fair Value Measurements and Disclosures*, are not provided. As of June 30, 2017, the carrying value of the certificates of deposit is \$5,415.

Capital Project Sinking Funds

The Organization maintains investments for reserves for capital project sinking as discussed further in Note 8 under “subsidized interest and other obligations.” As of June 30, 2017, \$3,859,742 of the \$4,282,176 recorded as capital project sinking funds consists of funds invested in Treasury Notes during the fiscal year ended June 30, 2017. The Treasury Notes will mature after a ten-year period in May 2023. The accounts are deemed Level 1 investments within the fair value hierarchy.

HIGH TECH HIGH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 4 – RECEIVABLES

Accounts Receivable

Accounts receivable as of June 30, 2017 consists of the following:

Due from grantor governments:	
California Department of Education	\$ 1,767,418
San Diego Unified School District	1,251,702
Desert Mountain SELPA	1,343,144
Total due from grantor governments	<u>4,362,264</u>
Other sources	643,092
Total Accounts Receivable	<u><u>\$ 5,005,356</u></u>

Contributions Receivable

On January 9, 2007, the Organization entered into a long-term agreement with the City of Chula Vista for the use of public property located at the High Tech High Chula Vista school site. Phase 2 of the project began on July 1, 2010. This agreement grants the Organization with possessory interest in the land valued at \$1,185,000, so long as the land is used for educational purposes. The agreement expires on December 17, 2057, and is renewable for two additional 25-year terms.

The Organization recorded this transaction as a contribution of a long-lived asset with a time restriction. When the agreement was entered into, the asset was recognized as a contribution receivable, and revenue was accrued as restricted. At the end of the year in which the agreement was entered into, the restricted income increased temporarily restricted net assets. Over the 50-year life of the agreement, the restricted net assets are released from restriction on the straight-line basis at a rate of \$24,947 per year. As of June 30, 2017, the balance of the contribution receivable was \$1,010,368, including the current portion of \$24,947.

NOTE 5 – INTRACOMPANY RECEIVABLE

In October 2015, an intercompany loan receivable was issued from High Tech High to HTH Learning for a total of \$1,962,647 to cover the residual amount associated with related party debt forgiveness that was directly related to restructuring investment activities to benefit High Tech High projects. During the year ended June 30, 2017, High Tech High received the remaining balance of \$582,547 from HTH Learning leaving no outstanding receivable as of June 30, 2017.

HIGH TECH HIGH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2017 consists of the following:

	Balance July 1, 2016	Additions	Disposals	Balance June 30, 2017
Property and equipment				
Land	\$ 5,439,871	\$ -	\$ -	\$ 5,439,871
Buildings and improvements	30,988,601	1,207,511	-	32,196,112
Equipment	1,311,126	141,780	-	1,452,906
Furniture	737,663	16,075	822	752,916
Software	51,811	60,172	-	111,983
Vehicles	236,696	-	-	236,696
Construction in progress	-	89,399	-	89,399
Total property and equipment	38,765,768	1,514,937	822	40,279,883
Less: accumulated depreciation	(5,667,888)	(1,615,281)	(822)	(7,282,347)
Capital Assets, net	\$ 33,097,880	\$ (100,344)	\$ -	\$ 32,997,536

Total purchases of capital assets during the fiscal year ended June 30, 2017 amounted to \$1,514,937 and depreciation expense of \$1,615,281 was recorded.

NOTE 7 – DEFERRED REVENUE

Deferred revenue consisted of funding received from the following sources but not yet earned as of June 30, 2017:

Federal sources	\$ 109,517
State sources	1,076,591
Local sources	40,052
Total Deferred Revenue	\$ 1,226,160

NOTE 8 – BONDS PAYABLE

Long-term liabilities associated with bonds payable as of June 30, 2017 consists of the following Qualified School Construction Bonds (QSCBs):

Description	Year Issued	Original Issue	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
2010 QSCB	2010	12,000,000	\$ 12,000,000	\$ -	\$ -	\$ 12,000,000
2013 QSCB	2013	11,500,000	11,500,000	-	-	11,500,000
Total Bonds Payable			\$ 23,500,000	\$ -	\$ -	\$ 23,500,000

HIGH TECH HIGH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – BONDS PAYABLE (continued)

A summary of the principal amounts of long-term debt and the unamortized debt issuance costs associated with such debt is as follows:

Description	Principal	Unamortized Discount & Debt Issuance Costs	Net Balance
2010 QSCB	\$ 12,000,000	\$ (235,982)	\$ 11,764,018
2013 QSCB	11,500,000	(207,599)	11,292,401
Total Bonds Payable	\$ 23,500,000	\$ (443,581)	\$ 23,056,419

2010 CSFA High Tech High Chula Vista K-8 Project Bonds

In August 2010, the Organization, through the California School Finance Authority (CSFA), issued \$12,000,000 of QSCBs to fund the construction of the High Tech High Chula Vista K-8 Project. In association with this loan, an irrevocable direct pay letter of credit (LC) was written by City National Bank and a standby LC was provided by the Federal Home Loan Bank. As a direct pay LC, the Trustee for the bonds makes draws upon the LC when principal and interest payments are due on the bonds. Under the Reimbursement Agreement with City National Bank, the Organization is required to immediately reimburse the bank for draws upon the letter of credit. HTH Learning is also a party to the Reimbursement Agreement.

The interest rate applied to the bond is 5.014%; however, the Organization will file claims for direct subsidy of the full interest amount as interest becomes due. The direct subsidy is a specific feature of the QSCBs. The full amount of principal is due at the end of the 10-year term. In 2012, the Organization began making deposits into a sinking fund for the purpose of reducing principal owed when the debt is refinanced at the end of the 10-year term. As of June 30, 2017, the principal balance of the loan was \$12,000,000 with current interest payable in the amount of \$302,460. The sinking fund had a balance of \$2,851,979 as of June 30, 2017. Expected future payments on the 2010 QSCBs are as follows:

Year Ended June 30	Principal	Subsidized Interest	Total
2018	\$ -	\$ 604,920	\$ 604,920
2019	-	604,920	604,920
2020	-	604,920	604,920
2021	12,000,000	302,460	12,302,460
Total	\$ 12,000,000	\$ 2,117,220	\$ 14,117,220

HIGH TECH HIGH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – BONDS PAYABLE (continued)

2013 CSFA High Tech Elementary North County Project Bonds

In April 2013, the Organization, through the California School Finance Authority (CSFA), issued \$11,500,000 of QSCBs to fund the construction of the High Tech Elementary North County School Project with City National Bank serving as the bondholder. The interest rate applied to the bonds is 5.58%; however, the Organization will file claims for direct subsidy of the full interest amount as interest becomes due. The direct subsidy is a specific feature of the Qualified School Construction Bonds. The full amount of principal is due at June 30, 2023. As of June 30, 2017, the balance of principal on the loan was \$11,500,000 with current interest payable in the amount of \$320,850. The balance in the sinking fund was \$1,435,612 as of June 30, 2017. Expected future payments on the 2013 QSCBs are as follows:

Year Ended	Subsidized		
June 30	Principal	Interest	Total
2018	\$ -	\$ 641,700	\$ 641,700
2019	-	641,700	641,700
2020	-	641,700	641,700
2021	-	641,700	641,700
2022	-	641,700	641,700
2023	11,500,000	641,700	12,141,700
Total	\$ 11,500,000	\$ 3,850,200	\$ 15,350,200

Subsidized Interest and Other Obligations

The tenant schools of High Tech High properties financed by the 2010 and 2013 QSCBs have committed to have funds intercepted by the State Controller to service the debt. The amount required to cover the expected costs associated with the debt less interest subsidy received is accrued as rent amounts to High Tech Elementary North County (2013 QSCBs). For 2010 QSCBs, the amount is split equally between High Tech Elementary Chula Vista and High Tech Middle Chula Vista.

The intercept of local control funding formula sources by the State Controller will fund the annual fees (LC, trustee, and CSFA) and the required contributions to the capital project sinking fund. The direct subsidy from the US Treasury will fund the interest expense on the bonds. An initial deposit to the Revenue Fund from borrower equity funds the annual fees through December 31, 2012, with the balance held in the Revenue Fund to provide the necessary liquidity when interest payments are reimbursed to the bank in advance of receipt of the Treasury subsidy. Due to inaction of Congress, sequestration cuts were applied at the federal level. As a result of the sequestration cuts, the potential 100% interest subsidy from the QSCBs was not realized in full. A portion of the interest due on July 1, 2016 and accrued in the fiscal year 2016-17 was paid directly by the schools.

In conjunction with the issuance of this debt, the Organization and HTH Learning have entered into a second Reimbursement Agreement with a private guarantor who has pledged collateral to the bank as security for the bank's Reimbursement Agreement. This Reimbursement Agreement reasonably provides that in the event that the Organization has not fulfilled its responsibilities under the Reimbursement Agreement, and as a result, the guarantor's collateral is drawn upon by the bank, the Organization and HTH Learning are obligated to repay the guarantor.

HIGH TECH HIGH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2017, High Tech High's temporarily restricted net assets consisted of the following:

State restricted programs	
CA Clean Energy Jobs Act	\$ 452,485
Educator Effectiveness Program	153,303
College Readiness Block Grant	320,234
City of Chula Vista donated use of land	1,010,368
Other local restricted sources	210,176
Total Temporarily Restricted Net Assets	\$ 2,146,566

NOTE 10 – EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. In accordance with *California Education Code 47605*, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The charters operated by High Tech High have made such election. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). In addition, High Tech High offers a voluntary 403(b) defined contribution plan.

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Organization contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. 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. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 10.25% or 9.205% of their 2016-17 salary depending on the employee's membership date in the plan. The required employer contribution rate for fiscal year 2016-17 was 12.58% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to CalSTRS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2016-17	\$ 2,794,440	100%
2015-16	\$ 2,291,991	100%
2014-15	\$ 1,592,010	100%

HIGH TECH HIGH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 10 – EMPLOYEE RETIREMENT PLANS (continued)

California State Teachers’ Retirement System (CalSTRS) (continued)

On-Behalf Payments

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for the Organization is estimated at \$1,303,690 (6.0793% of creditable compensation subject to CalSTRS in 2015-16).

California Public Employees’ Retirement System (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. 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. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street; Sacramento, California 95814.

Funding Policy

Prior to January 1, 2013, active plan members are required to contribute 7.0% of their salary. The California Public Employees’ Pension Reform Act (PEPRA), specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member’s contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

High Tech High 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 for fiscal year 2016-17 was 13.888%. The contribution requirements of the plan members are established by state statute. The Organization’s contributions to CalPERS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2016-17	\$ 736,427	100%
2015-16	\$ 592,578	100%
2014-15	\$ 530,034	100%

Alternative Plan

As established by federal law, all public-sector employees who are not members of their employer’s existing retirement plan must be covered by social security or an alternative plan. The Organization offers both social security and a 403(b) employee funded plan to those that do not qualify for CalSTRS benefits. High Tech High’s qualified 403(b) employee savings plan is administered by the San Diego County Office of Education for the benefit of its employees. Substantially, all employees are eligible to participate in the 403(b) plan. Under the plan, employees can contribute and defer taxes on compensation contributed.

HIGH TECH HIGH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – DONATED MATERIALS AND SERVICES

During the year, many parents, administrators and other individuals donated significant amounts of time and services to the Organization in an effort to advance the programs and objectives of the Organization. These services have not been recorded in the financial statements of the Organization because they do not meet the criteria required by generally accepted accounting principles.

NOTE 12 – RELATED PARTY TRANSACTIONS

Affiliated Organizations under HTH Learning

HTH Learning

HTH Learning is a nonprofit public benefit corporation organized for the purpose of advancing the HTH model. Due to HTH Learning's status as sole statutory member of High Tech High, HTH Learning and High Tech High are considered financially interrelated organizations under generally accepted accounting principles. Consequently, the Organization's financial statements are available in consolidated format with HTH Learning's financial results upon request. Per the Organization's Bylaws, High Tech High's Board of Trustees elects its own members with the advice and consent of HTH Learning's Board of Trustees. In addition, HTH Learning leases real property to High Tech High schools. See Note 13 for operating leases held with HTH Learning.

In April 2008, HTH Learning entered into master agreements for the issuance of the Series 2008A and 2008B CSFA School Facilities Bonds. The facilities leased by High Tech High are used by the following High Tech High charter schools, High Tech High Chula Vista and High Tech High Media Arts, which have agreed to have the lease/debt service payments for the 2008A and 2008B CSFA School Facilities Bonds intercepted from principal apportionment.

On November 6, 2014, HTH Learning entered into a master loan agreement with the California School Finance Authority (CSFA), whereby the Series 2005 Note previously held by HTH Learning to finance the Point Loma facilities was cancelled and the 2014 CSFA Point Loma Facilities Bonds were issued with a new term date of October 1, 2029 for the borrowing of \$11 million at an interest rate of 3.46%. The Point Loma facilities are leased for use by the following High Tech High charter schools: High Tech High, High Tech Middle, High Tech Middle Media Arts, High Tech High International, and High Tech Elementary Explorer, which have elected to provide payment of the 2014 CSFA Point Loma Facilities Revenue Bonds.

HTH Learning entered into two loan agreements on October 27, 2015 for the issuance of the 2015 CSFA School Facilities Bonds and on March 1, 2016 for the issuance of 2016 CSFA School Facilities Bonds. The facilities leased by High Tech High are used by High Tech High charter schools, which have agreed to have the lease/debt service payments for the 2015 and 2016 CSFA Facilities Revenue Bonds intercepted from principal apportionment. Additionally, an intercompany loan receivable was issued from High Tech High to HTH Learning for \$1,962,647 to cover the residual associated with the refinance involving the 2015 CSFA School Facilities Bond of which, \$548,687 remained receivable at June 30, 2016 and was repaid during the fiscal year ended June 30, 2017. Refer to Note 5 regarding intracompany loan from High Tech High to HTH Learning.

HTH Learning makes use of a common operating bank account administered by High Tech High. As of June 30, 2017, High Tech High held an amount due to HTH Learning of \$852,905 with regards to this practice.

HIGH TECH HIGH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 12 – RELATED PARTY TRANSACTIONS (continued)

Affiliated Organizations under HTH Learning (continued)

High Tech High Foundation

High Tech High Foundation (the “Foundation”) is a nonprofit public benefit organization, organized with the purpose of supporting High Tech High. As the Foundation’s Board of Trustees is elected by HTH’s Board of Trustees and HTH receives economic benefit from the Foundation, the entities are considered financially interrelated under generally accepted accounting principles. The Foundation’s financial results are not consolidated with High Tech High in these financial statements but are included in the consolidated presentation with HTH Learning referenced above. During the fiscal year ended June 30, 2017, the Foundation distributed \$342,527 through grants to High Tech High and its affiliates.

As of June 30, 2017, an amount of \$182,603 was due from High Tech High to the Foundation for cash balances held in a common operating bank account.

High Tech High Graduate School of Education

High Tech High Graduate School of Education (“HTH GSE”) is another organization under HTH Learning’s control. On July 1, 2009, HTH GSE entered into a shared services agreement with High Tech High whereby HTH GSE is to pay a fee for certain services. The shared services agreement was amended as of July 1, 2014 to include services performed by six (6) of High Tech High’s staff on behalf and for the benefit of HTH GSE. This agreement was extended to August 31, 2015.

On September 2, 2015, HTH GSE entered into a use agreement with High Tech High for a term of approximately fifteen (15) academic years, commencing September 1, 2015 and terminating on August 31, 2030. The agreement includes the following with regard to payments to High Tech High:

- No base rent or other consideration for the use of school premises
- Fifty percent (50%) of one custodial employee as determined by High Tech High
- Twenty-five percent (25%) of one information technology employee as determined by High Tech High
- Twenty percent (20%) of any and all real property taxes and assessments against the property located at the High Tech Elementary campus
- \$20,000 per year with respect to fees, dues, and other charges assessed by the community association along with an annual increase of 3.5%

High Tech High’s business office also provides other services as part of the shared services agreement. The agreement includes a fee (“management fee”) equal to four percent (4%) of annual expenditure of HTH GSE as payment for all other services provided by High Tech High in the areas of facilities, budget, financial accounting, risk management, marketing, fund-raising, information technology services, and payroll/benefits administration. Management fees amounted to \$200,435 during the fiscal year ended June 30, 2017 for handling such services.

In June 2017, High Tech High and HTH GSE entered into a new shared services agreement that supersedes the prior approved agreement. The agreement includes a management fee payable to High Tech High from HTH GSE equal to six percent (6%) of HTH GSE’s annual gross unrestricted revenues. The agreement covers a three (3) year term beginning July 1, 2017 and ending June 30, 2020.

The amount due to High Tech High from HTH GSE was \$798,385 related to outstanding payroll liabilities and other use agreement charges. Additionally, during the fiscal year ended June 30, 2017, High Tech High recorded \$413,294 in revenues related to a subcontract with HTH GSE for educational services.

HIGH TECH HIGH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 12 – RELATED PARTY TRANSACTIONS (continued)

Affiliated Organizations under HTH Learning (continued)

Due from/to Related Entities

As previously mentioned, High Tech High is involved with various transactions with its related entities. A summary of the due from (receivable) and due to (payable) existing at June 30, 2017 is as follows:

Related Entity	Due from/ Receivable	Due to/ Payable
HTH Learning	\$ -	\$ (852,905)
High Tech High Foundation	-	(182,603)
High Tech High Graduate School of Ed	798,385	-
Due from/(to) Related Entities	\$ 798,385	\$ (1,035,508)

Interagency Transactions

Receivables and payables due between High Tech High charter schools and/or other operations are classified as due to/from related entities within the Statement of Financial Position by Charter. During the fiscal year ended June 30, 2017, High Tech High charter schools had expenditures related to fees for management, facility services, and special education services, which resulted in income to other operations. Interagency transactions and balances are eliminated in the financial statements of High Tech High to better reflect the true activities of the corporation.

Authorizing Agencies

The Organization makes payments to San Diego Unified School District and the State Board of Education for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Oversight fees expensed during the year ended June 30, 2017 totaled \$225,377 paid to the District and \$204,963 paid to the California Board of Education.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Multi-employer Defined Benefit Plan Participation

Under current law on multiemployer defined benefit plans, the Organization's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Organization to make payments to the plan, which would approximate High Tech High's proportionate share of the multiemployer plan's unfunded vested liabilities. CalSTRS has estimated that High Tech High's share of withdrawal liability is approximately \$34,637,009 as of June 30, 2016. Also, as of June 30, 2016, CalPERS has estimated High Tech High's share of withdrawal liability to be \$8,381,428. The Organization does not currently intend to withdraw from CalSTRS or CalPERS. Refer to Note 10 for additional information on employee retirement plans.

Governmental Funding

The Organization 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 expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

HIGH TECH HIGH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 13 – COMMITMENTS AND CONTINGENCIES (continued)

Operating Leases

As mentioned in Note 12, HTH Learning leases facilities directly to the High Tech High for several schools and a ground lease to High Tech Middle North County. The Organization accounts for these leases under the operating method of accounting for leases. The lease term expirations for the each of the charter schools and the annual lease payments of each for the year ended June 30, 2017 are as follows:

	2016-17	Lease Term
	Lease Payment	Expiration
High Tech High	\$ 730,598	2035
High Tech Elementary Explorer	135,069	2020
High Tech Middle	582,330	2035
High Tech High Media Arts	619,853	2035
High Tech Middle Media Arts	638,576	2035
High Tech International	525,333	2035
High Tech High Chula Vista	1,248,000	2048
High Tech High North County	680,000	2046
High Tech Middle North County	324,000	2035
High Tech Elementary	380,000	2046
Total Lease Payments to HTH Learning	\$ 5,863,759	

NOTE 14 – SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events for the period from June 30, 2017 through November 27, 2017, the date the financial statements were available to be issued.

In September 2017, High Tech High entered into a use agreement with HTH GSE that supersedes any prior approved use agreements. The term covers a three (3) year period ending July 31, 2020. The agreement, commencing August 1, 2017 provides that HTH GSE compensate High Tech High for expenses related to use of facilities including:

- Facilities maintenance contribution of \$20,280 per year to be increased annually by 3.5%
- Custodial services contribution equal to 50% of wages and benefits for one custodial employee as determined by High Tech High
- Common area maintenance charge of \$20,000 per year with respect to fees, dues, and other charges assessed by the community association along with an annual increase of 3.5%
- Property taxes equal to one-third of any and all real property taxes and assessments against the property located at 2150 Cushing Road in San Diego, High Tech Elementary campus.

Management did not identify any other transactions or events that require disclosure or that would have an impact on the financial statements.

SUPPLEMENTARY INFORMATION SECTION

**HIGH TECH HIGH
ORGANIZATIONAL STRUCTURE
JUNE 30, 2017**

High Tech High (the “Organization”) was formed as a nonprofit public benefit corporation in April 1999. As of June 30, 2017, the Organization operated thirteen (13) active charter schools:

Charter School	Classes Began	Authorizing Agency*	Grades Served	Charter No.
High Tech High	9/1/2000	District	9 - 12	0269
High Tech Elementary Explorer	9/5/2000	District	K - 5	0278
High Tech Middle	9/2/2003	District	6 - 8	0546
High Tech High Media Arts	8/29/2005	District	9 - 12	0622
High Tech High International	9/7/2004	District	9 - 12	0623
High Tech Middle Media Arts	9/6/2005	District	6 - 8	0660
High Tech Elementary	8/24/2015	District	K - 5	1709
High Tech High North County	9/10/2007	SBE	9 - 12	0756
High Tech High Chula Vista	8/27/2007	SBE	9 - 12	0756
High Tech Middle North County	8/31/2009	SBE	6 - 8	0756
High Tech Middle Chula Vista	8/20/2011	SBE	6 - 8	0756
High Tech Elementary North County	8/26/2013	SBE	K - 5	0756
High Tech Elementary Chula Vista	8/20/2011	SBE	K - 5	0756

* Seven (7) of the Organization’s charters schools are authorized to operate by the San Diego Unified School District (the “District”) and all others are authorized by the State Board of Education (“SBE”) under a Statewide Benefit Charter known as SBC – High Tech High.

The Board of Directors of High Tech High oversees the operations for all charter schools of the Organization. As of June 30, 2017, the members of the board and administrators are as follows:

BOARD OF TRUSTEES

Trustee	Office	Term Ending
Gary Jacobs	Chair	September 2019
Kay Davis	Secretary	September 2019
Michael McCraw	Trustee	September 2019
Heather Lattimer	Trustee	August 2017
Hector Perez	Trustee	June 2018

ADMINISTRATION

Larry Rosenstock <i>Principal & Chief Executive Officer</i>	Ben Daley <i>Chief Operating Officer & Chief Academic Officer</i>
Jenny Salkeld <i>Chief Financial Officer</i>	Maria Heredia <i>Chief Administrative Officer/General Counsel</i>

See accompanying note to supplementary information.

HIGH TECH HIGH
STATEMENT OF FINANCIAL POSITION BY CHARTER
JUNE 30, 2017

SAN DIEGO UNIFIED SCHOOL DISTRICT AUTHORIZED CHARTER SCHOOLS

California Charter No.	0269	0278	0546	0622	0623	0660	1709
	High Tech High	High Tech Elementary Explorer	High Tech Middle	High Tech High Media Arts	High Tech High International	High Tech Middle Media Arts	High Tech Elementary
ASSETS							
Current assets							
Cash and cash equivalents	\$ 1,487,915	\$ 686,710	\$ 271,328	\$ 1,123,239	\$ 713,648	\$ 257,875	\$ 414,355
Investments	-	5,415	-	-	-	-	-
Accounts receivable	606,005	318,053	291,686	399,245	430,126	320,493	380,326
Prepaid expenses	4,814	2,764	8,384	436	-	4,667	3,314
Due from related entities	65,060	-	-	-	-	99,015	-
Total current assets	2,163,794	1,012,942	571,398	1,522,920	1,143,774	682,050	797,995
Capital assets							
Property and equipment	535,983	1,087,446	718,003	499,747	492,765	314,614	127,818
Less accumulated depreciation	(103,983)	(366,928)	(168,942)	(187,288)	(128,495)	(109,046)	(31,766)
Capital assets, net	432,000	720,518	549,061	312,459	364,270	205,568	96,052
Total Assets	\$ 2,595,794	\$ 1,733,460	\$ 1,120,459	\$ 1,835,379	\$ 1,508,044	\$ 887,618	\$ 894,047
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable	\$ 100,324	\$ 85,729	\$ 29,905	\$ 63,168	\$ 59,605	\$ 43,898	\$ 32,196
Due to related entities	1,003,716	199,217	299,224	231,645	254,199	-	597,341
Deferred revenue	203,012	-	9,488	238,455	196,719	2,126	18,150
Total liabilities	1,307,052	284,946	338,617	533,268	510,523	46,024	647,687
Net assets							
Unrestricted	1,191,499	1,385,998	772,145	1,245,000	901,724	776,025	192,800
Temporarily restricted	97,243	62,516	9,697	57,111	95,797	65,569	53,560
Total net assets	1,288,742	1,448,514	781,842	1,302,111	997,521	841,594	246,360
Total Liabilities and Net Assets	\$ 2,595,794	\$ 1,733,460	\$ 1,120,459	\$ 1,835,379	\$ 1,508,044	\$ 887,618	\$ 894,047

See accompanying notes to supplementary information.

HIGH TECH HIGH
STATEMENT OF FINANCIAL POSITION BY CHARTER, continued
JUNE 30, 2017

STATE BOARD OF EDUCATION AUTHORIZED CHARTER SCHOOLS

California Charter No.	Statewide Benefit Charter No. 0756						
	High Tech High North County	High Tech High Chula Vista	High Tech Middle North County	High Tech Middle Chula Vista	High Tech Elementary North County	High Tech Elementary Chula Vista	Total SBE Authorized Charters
ASSETS							
Current assets							
Cash and cash equivalents	\$ 1,065,696	\$ 2,235,574	\$ 839,670	\$ 708,573	\$ 463,197	\$ 1,147,860	\$ 6,460,570
Investments	-	-	-	-	-	-	-
Accounts receivable	257,872	476,742	237,966	218,565	216,385	285,164	1,692,694
Prepaid expenses	1,784	1,099	-	-	3,990	5,159	12,032
Due from related entities	243,872	336,044	156,256	106,853	-	-	843,025
Total current assets	1,569,224	3,049,459	1,233,892	1,033,991	683,572	1,438,183	9,008,321
Capital assets							
Property and equipment	396,616	593,223	81,809	219,378	164,695	289,826	1,745,547
Less accumulated depreciation	(54,189)	(150,523)	(35,616)	(42,013)	(12,849)	(29,198)	(324,388)
Capital assets, net	342,427	442,700	46,193	177,365	151,846	260,628	1,421,159
Total Assets	\$ 1,911,651	\$ 3,492,159	\$ 1,280,085	\$ 1,211,356	\$ 835,418	\$ 1,698,811	\$ 10,429,480
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable	\$ 77,919	\$ 51,609	\$ 29,272	\$ 40,959	\$ 45,307	\$ 56,553	\$ 301,619
Due to related entities	-	-	-	-	346,148	343,549	689,697
Deferred revenue	184,084	309,804	13,647	905	32,606	17,164	558,210
Total liabilities	262,003	361,413	42,919	41,864	424,061	417,266	1,549,526
Net assets							
Unrestricted	1,539,469	3,038,391	1,038,083	1,111,899	386,699	1,269,477	8,384,018
Temporarily restricted	110,179	92,355	199,083	57,593	24,658	12,068	495,936
Total net assets	1,649,648	3,130,746	1,237,166	1,169,492	411,357	1,281,545	8,879,954
Total Liabilities and Net Assets	\$ 1,911,651	\$ 3,492,159	\$ 1,280,085	\$ 1,211,356	\$ 835,418	\$ 1,698,811	\$ 10,429,480

See accompanying notes to supplementary information.

**HIGH TECH HIGH
STATEMENT OF ACTIVITIES BY CHARTER
FOR THE YEAR ENDED JUNE 30, 2017**

SAN DIEGO UNIFIED SCHOOL DISTRICT AUTHORIZED CHARTER SCHOOLS

California Charter No.	0269	0278	0546	0622	0623	0660	1709
	High Tech High	High Tech Elementary Explorer	High Tech Middle	High Tech High Media Arts	High Tech High International	High Tech Middle Media Arts	High Tech Elementary
UNRESTRICTED NET ASSETS							
Unrestricted Support and Revenues							
Federal and state support and revenues							
Local control funding formula, state aid	\$ 2,015,031	\$ 818,780	\$ 650,580	\$ 1,439,988	\$ 1,444,700	\$ 680,666	\$ 1,096,442
Federal revenues	421,395	99,721	89,305	372,953	369,533	325,308	123,917
Other state revenues	675,305	376,762	334,708	480,165	485,885	329,837	443,425
Total federal and state support and revenue	3,111,731	1,295,263	1,074,593	2,293,106	2,300,118	1,335,811	1,663,784
Local support and revenues							
Payments in lieu of property taxes	2,962,077	1,859,178	1,630,886	2,068,987	2,138,835	1,631,029	2,100,419
Grants and donations	57,606	136,452	356,902	9,552	47,444	217,059	65,394
Investment income, net	6,591	6,523	3,630	7,873	5,598	4,676	3,668
Other local revenues	1,642,141	177,539	204,216	184,501	85,904	101,239	192,304
Total local support and revenues	4,668,415	2,179,692	2,195,634	2,270,913	2,277,781	1,954,003	2,361,785
Donor restrictions satisfied	16,596	114,157	169,341	44,703	109,301	19,381	-
Total Unrestricted Support and Revenues	7,796,742	3,589,112	3,439,568	4,608,722	4,687,200	3,309,195	4,025,569
Expenses							
Program services							
K-12 instruction	3,568,265	2,349,951	1,726,733	2,412,822	2,321,879	1,593,042	2,596,006
Instructional support	1,142,321	280,780	293,229	386,548	469,571	356,625	333,440
Educational facilities	812,720	238,924	636,897	697,234	577,212	704,699	469,749
Support to affiliates	1,096,382	8,821	6,616	8,821	5,513	5,513	4,410
Management and general	1,135,402	714,321	636,990	940,821	903,836	598,255	746,309
Fundraising	664	39,690	-	-	2,052	420	2,158
Depreciation and amortization	37,509	59,542	71,312	61,036	53,260	30,463	31,766
Total Expenses	7,793,263	3,692,029	3,371,777	4,507,282	4,333,323	3,289,017	4,183,838
CHANGE IN UNRESTRICTED NET ASSETS	3,479	(102,917)	67,791	101,440	353,877	20,178	(158,269)
Unrestricted Net Assets - Beginning	1,188,020	1,488,915	704,354	1,143,560	547,847	755,847	351,069
Unrestricted Net Assets - Ending	1,191,499	1,385,998	772,145	1,245,000	901,724	776,025	192,800
TEMPORARILY RESTRICTED NET ASSETS							
Other state revenues	75,000	-	104,098	75,529	128,361	-	53,454
Grants and donations	-	94,835	-	-	-	-	-
Donor restrictions satisfied	(16,596)	(114,157)	(169,341)	(44,703)	(109,301)	(19,381)	-
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	58,404	(19,322)	(65,243)	30,826	19,060	(19,381)	53,454
Temporarily Restricted Net Assets - Beginning	38,839	81,838	74,940	26,285	76,737	84,950	106
Temporarily Restricted Net Assets - Ending	97,243	62,516	9,697	57,111	95,797	65,569	53,560
CHANGE IN NET ASSETS	61,883	(122,239)	2,548	132,266	372,937	797	(104,815)
Net Assets - Beginning	1,226,859	1,570,753	779,294	1,169,845	624,584	840,797	351,175
Net Assets - Ending	\$ 1,288,742	\$ 1,448,514	\$ 781,842	\$ 1,302,111	\$ 997,521	\$ 841,594	\$ 246,360

See accompanying notes to supplementary information.

HIGH TECH HIGH
STATEMENT OF ACTIVITIES BY CHARTER, continued
FOR THE YEAR ENDED JUNE 30, 2017

STATE BOARD OF EDUCATION AUTHORIZED CHARTER SCHOOLS

	California Charter No.		Statewide Benefit Charter No. 0756					
	High Tech	High Tech	High Tech	High Tech	High Tech	High Tech	Total SBE	
	High	High	Middle	Middle	Elementary	Elementary	Authorized	
	North County	Chula Vista	North County	Chula Vista	North County	Chula Vista	Charters	
UNRESTRICTED NET ASSETS								
Unrestricted Support and Revenues								
Federal and state support and revenues								
Local control funding formula, state aid	\$ 3,846,878	\$ 5,588,922	\$ 2,308,935	\$ 2,404,103	\$ 2,934,766	\$ 3,194,881	\$ 20,278,485	
Federal revenues	131,095	695,661	147,655	345,924	342,822	411,739	2,074,896	
Other state revenues	860,259	717,707	568,904	336,217	436,365	443,503	3,362,955	
Total federal and state support and revenue	4,838,232	7,002,290	3,025,494	3,086,244	3,713,953	4,050,123	25,716,336	
Local support and revenues								
Payments in lieu of property taxes	-	-	-	-	-	-	-	
Grants and donations	58,081	32,012	31,400	18,350	9,828	26,677	176,348	
Investment income, net	7,256	7,256	7,256	7,256	7,256	7,256	43,536	
Other local revenues	103,939	117,661	76,827	49,441	165,769	229,533	743,170	
Total local support and revenues	169,276	156,929	115,483	75,047	182,853	263,466	963,054	
Donor restrictions satisfied	215,603	94,977	11,037	15,447	163,314	73,427	573,805	
Total Unrestricted Support and Revenues	5,223,111	7,254,196	3,152,014	3,176,738	4,060,120	4,387,016	27,253,195	
Expenses								
Program services								
K-12 instruction	2,582,758	3,204,948	1,646,452	1,636,665	2,528,443	2,488,756	14,088,022	
Instructional support	514,763	924,536	261,754	336,266	319,330	439,190	2,795,839	
Educational facilities	686,784	1,248,241	325,609	367,148	324,476	430,664	3,382,922	
Support to affiliates	7,719	5,513	5,513	6,616	14,335	9,924	-	
Management and general	1,029,582	1,276,609	644,322	648,407	662,502	670,819	4,932,241	
Fundraising	2,764	66	1,986	286	61	2,928	8,091	
Depreciation and amortization	27,321	53,045	15,483	26,077	12,849	26,957	161,732	
Total Expenses	4,851,691	6,712,958	2,901,119	3,021,465	3,861,996	4,069,238	25,368,847	
CHANGE IN UNRESTRICTED NET ASSETS	371,420	541,238	250,895	155,273	198,124	317,778	1,834,728	
Unrestricted Net Assets - Beginning	1,168,049	2,497,153	787,188	956,626	188,575	951,699	6,549,290	
Unrestricted Net Assets - Ending	1,539,469	3,038,391	1,038,083	1,111,899	386,699	1,269,477	8,384,018	
TEMPORARILY RESTRICTED NET ASSETS								
Other state revenues	171,201	90,715	-	-	104,160	5,330	371,406	
Grants and donations	-	-	-	-	-	-	-	
Donor restrictions satisfied	(215,603)	(94,977)	(11,037)	(15,447)	(163,314)	(73,427)	(573,805)	
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(44,402)	(4,262)	(11,037)	(15,447)	(59,154)	(68,097)	(202,399)	
Temporarily Restricted Net Assets - Beginning	154,581	96,617	210,120	73,040	83,812	80,165	698,335	
Temporarily Restricted Net Assets - Ending	110,179	92,355	199,083	57,593	24,658	12,068	495,936	
CHANGE IN NET ASSETS	327,018	536,976	239,858	139,826	138,970	249,681	1,632,329	
Net Assets - Beginning	1,322,630	2,593,770	997,308	1,029,666	272,387	1,031,864	7,247,625	
Net Assets - Ending	\$ 1,649,648	\$ 3,130,746	\$ 1,237,166	\$ 1,169,492	\$ 411,357	\$ 1,281,545	\$ 8,879,954	

See accompanying notes to supplementary information.

**HIGH TECH HIGH
STATEMENT OF CASH FLOWS BY CHARTER
FOR THE YEAR ENDED JUNE 30, 2017**

SAN DIEGO UNIFIED SCHOOL DISTRICT AUTHORIZED CHARTER SCHOOLS

California Charter No.	0269	0278	0546	0622	0623	0660	1709
	High Tech High	High Tech Elementary Explorer	High Tech Middle	High Tech High Media Arts	High Tech High International	High Tech Middle Media Arts	High Tech Elementary
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in net assets	\$ 61,883	\$ (122,239)	\$ 2,548	\$ 132,266	\$ 372,937	\$ 797	\$ (104,815)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities							
Depreciation	37,509	59,542	71,312	61,036	53,260	30,463	31,766
Loss on asset disposal	-	-	-	-	-	-	-
(Increase) decrease in operating assets							
Accounts receivable	159,795	58,481	(74,606)	8,692	(133,731)	11,421	(20,790)
Prepaid expenses	(4,814)	(914)	(6,178)	(436)	-	4,666	(3,314)
Due from related entities	51,300	41,594	64,742	110,971	73,982	(34,273)	-
Increase (decrease) in operating liabilities							
Accounts payable	3,860	53,573	(27,769)	15,711	(28,436)	18,707	14,978
Due to related entities	372,267	(254,295)	(157,668)	(241,170)	(112,614)	(319,382)	496,250
Deferred revenue	198,402	-	9,488	215,622	192,985	2,126	18,150
Net cash provided by (used in) operating activities	880,202	(164,258)	(118,131)	302,692	418,383	(285,475)	432,225
CASH FLOWS FROM INVESTING ACTIVITIES							
Transfer of investments to cash	-	14,741	-	-	-	-	-
Purchase of capital assets	(35,657)	(63,101)	(174,682)	(21,606)	(198,327)	(51,032)	(127,818)
Net cash provided by (used in) investing activities	(35,657)	(48,360)	(174,682)	(21,606)	(198,327)	(51,032)	(127,818)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	844,545	(212,618)	(292,813)	281,086	220,056	(336,507)	304,407
Cash and cash equivalents - Beginning	643,370	899,328	564,141	842,153	493,592	594,382	109,948
Cash and cash equivalents - Ending	\$ 1,487,915	\$ 686,710	\$ 271,328	\$ 1,123,239	\$ 713,648	\$ 257,875	\$ 414,355

See accompanying notes to supplementary information.

HIGH TECH HIGH
STATEMENT OF CASH FLOWS BY CHARTER, continued
FOR THE YEAR ENDED JUNE 30, 2017

STATE BOARD OF EDUCATION AUTHORIZED CHARTER SCHOOLS

California Charter No.	Statewide Benefit Charter No. 0756						
	High Tech High North County	High Tech High Chula Vista	High Tech Middle North County	High Tech Middle Chula Vista	High Tech Elementary North County	High Tech Elementary Chula Vista	Total SBE Authorized Charters
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in net assets	\$ 327,018	\$ 536,976	\$ 239,858	\$ 139,826	\$ 138,970	\$ 249,681	\$ 1,632,329
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities							
Depreciation	27,321	53,045	15,483	26,077	12,849	26,957	161,732
Loss on asset disposal	-	-	-	-	-	-	-
(Increase) decrease in operating assets							
Accounts receivable	(25,823)	14,877	(136,199)	(24,366)	58,258	44,045	(69,208)
Prepaid expenses	(1,449)	(1,099)	335	-	(3,655)	(5,159)	(11,027)
Due from related entities	(225,360)	(7,523)	(33,358)	37,404	-	35	(228,802)
Increase (decrease) in operating liabilities							
Accounts payable	36,095	(97,628)	(10,972)	(61,248)	24,053	(46,425)	(156,125)
Due to related entities	(33,041)	(2,896)	-	-	159,524	76,990	200,577
Deferred revenue	182,517	276,575	(1,531)	(12,038)	(12,325)	(10,784)	422,414
Net cash provided by (used in) operating activities	287,278	772,327	73,616	105,655	377,674	335,340	1,951,890
CASH FLOWS FROM INVESTING ACTIVITIES							
Transfer of cash to investments	-	-	-	-	-	-	-
Purchase of capital assets	(336,832)	(164,198)	(22,572)	(6,259)	(164,695)	(77,271)	(771,827)
Net cash provided by (used in) investing activities	(336,832)	(164,198)	(22,572)	(6,259)	(164,695)	(77,271)	(771,827)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(49,554)	608,129	51,044	99,396	212,979	258,069	1,180,063
Cash and cash equivalents - Beginning	1,115,250	1,627,445	788,626	609,177	250,218	889,791	5,280,507
Cash and cash equivalents - Ending	\$ 1,065,696	\$ 2,235,574	\$ 839,670	\$ 708,573	\$ 463,197	\$ 1,147,860	\$ 6,460,570

See accompanying notes to supplementary information.

**HIGH TECH HIGH
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2017**

**SAN DIEGO UNIFIED SCHOOL DISTRICT AUTHORIZED CHARTER SCHOOLS
CLASSROOM BASED**

SECOND PERIOD REPORT: AVERAGE DAILY ATTENDANCE - CLASSROOM BASED

California Charter No.	0269	0278	0546	0622	0623	0660	1709
	High Tech High	High Tech Elementary Explorer	High Tech Middle	High Tech High Media Arts	High Tech High International	High Tech Middle Media Arts	High Tech Elementary
Grade Span							
Regular ADA							
Kindergarten through third	-	222.18	-	-	-	-	238.49
Grades fourth through sixth	-	116.72	98.96	-	-	100.00	144.39
Grades seventh and eighth	-	-	198.17	-	-	197.25	-
Grades ninth through twelfth	539.65	-	-	376.85	390.29	-	-
Special Education							
Grades seventh and eighth	-	-	0.11	-	-	-	-
Grades ninth through twelfth	0.11	-	-	0.22	0.22	-	-
Total Average Daily Attendance - Classroom Based	539.76	338.90	297.24	377.07	390.51	297.25	382.88

ANNUAL REPORT: AVERAGE DAILY ATTENDANCE - CLASSROOM BASED

California Charter No.	0269	0278	0546	0622	0623	0660	1709
	High Tech High	High Tech Elementary Explorer	High Tech Middle	High Tech High Media Arts	High Tech High International	High Tech Middle Media Arts	High Tech Elementary
Grade Span							
Regular ADA							
Kindergarten through third	-	221.82	-	-	-	-	238.40
Grades fourth through sixth	-	116.66	98.59	-	-	99.58	144.44
Grades seventh and eighth	-	-	197.62	-	-	196.42	-
Grades ninth through twelfth	539.87	-	-	374.69	386.55	-	-
Special Education							
Grades seventh and eighth	-	-	0.11	-	-	-	-
Grades ninth through twelfth	0.11	-	-	0.22	0.22	-	-
Total Average Daily Attendance - Classroom Based	539.98	338.48	296.32	374.91	386.77	296.00	382.84

See accompanying notes to supplementary information.

HIGH TECH HIGH
SCHEDULE OF AVERAGE DAILY ATTENDANCE, continued
FOR THE YEAR ENDED JUNE 30, 2017

SAN DIEGO UNIFIED SCHOOL DISTRICT AUTHORIZED CHARTER SCHOOLS
NON-CLASSROOM BASED

During the year ended June 30, 2017, there was no average daily attendance (ADA) reported for nonclassroom-based instruction by any of the Organization's charter schools that are authorized by the San Diego Unified School District.

**HIGH TECH HIGH
SCHEDULE OF AVERAGE DAILY ATTENDANCE, continued
FOR THE YEAR ENDED JUNE 30, 2017**

**STATE BOARD OF EDUCATION AUTHORIZED CHARTER SCHOOLS
CLASSROOM BASED**

SECOND PERIOD REPORT: AVERAGE DAILY ATTENDANCE - CLASSROOM BASED

	California Charter No.		Statewide Benefit Charter No. 0756				
	High Tech High	High Tech High	High Tech Middle	High Tech Middle	High Tech Elementary	High Tech Elementary	Total State Authorized
	North County	Chula Vista	North County	Chula Vista	North County	Chula Vista	Charters
Grade Span							
Regular ADA							
Kindergarten through third	-	-	-	-	231.62	240.93	472.55
Grades fourth through sixth	-	-	107.19	99.91	112.93	145.11	465.14
Grades seventh and eighth	-	-	212.63	197.28	-	-	409.91
Grades ninth through twelfth	424.73	595.92	-	-	-	-	1,020.65
Special Education							
Grades ninth through twelfth	0.96	-	-	-	-	-	0.96
Total Average Daily Attendance - Classroom Based	425.69	595.92	319.82	297.19	344.55	386.04	2,369.21

ANNUAL REPORT: AVERAGE DAILY ATTENDANCE - CLASSROOM BASED

	California Charter No.		Statewide Benefit Charter No. 0756				
	High Tech High	High Tech High	High Tech Middle	High Tech Middle	High Tech Elementary	High Tech Elementary	Total State Authorized
	North County	Chula Vista	North County	Chula Vista	North County	Chula Vista	Charters
Grade Span							
Regular ADA							
Kindergarten through third	-	-	-	-	231.53	240.31	471.84
Grades fourth through sixth	-	-	106.95	99.83	112.78	144.89	464.45
Grades seventh and eighth	-	-	211.79	197.74	-	-	409.53
Grades ninth through twelfth	416.46	583.80	-	-	-	-	1,000.26
Special Education							
Grades ninth through twelfth	1.05	-	-	-	-	-	1.05
Total Average Daily Attendance - Classroom Based	417.51	583.80	318.74	297.57	344.31	385.20	2,347.13

See accompanying notes to supplementary information.

HIGH TECH HIGH
SCHEDULE OF AVERAGE DAILY ATTENDANCE, continued
FOR THE YEAR ENDED JUNE 30, 2017

STATE BOARD OF EDUCATION AUTHORIZED CHARTER SCHOOLS
NON-CLASSROOM BASED

SECOND PERIOD REPORT: AVERAGE DAILY ATTENDANCE - NON-CLASSROOM BASED

California Charter No.		Statewide Benefit Charter No. 0756						
		High Tech High North County	High Tech High Chula Vista	High Tech Middle North County	High Tech Middle Chula Vista	High Tech Elementary North County	High Tech Elementary Chula Vista	Total State Authorized Charters
Grade Span								
Regular ADA								
Kindergarten through third	-	-	-	-	-	0.63	0.65	1.28
Grades fourth through sixth	-	-	0.62	0.10	0.30	0.31		1.33
Grades seventh and eighth	-	-	0.26	0.96	-	-		1.22
Grades ninth through twelfth	1.26	0.83	-	-	-	-		2.09
Total Average Daily Attendance - Classroom Based		1.26	0.83	0.88	1.06	0.93	0.96	5.92

ANNUAL REPORT: AVERAGE DAILY ATTENDANCE - NON-CLASSROOM BASED

Grade Span	California Charter No.	Statewide Benefit Charter No. 0756					
	High Tech High North County	High Tech High Chula Vista	High Tech Middle North County	High Tech Middle Chula Vista	High Tech Elementary North County	High Tech Elementary Chula Vista	Total State Authorized Charters
Regular ADA							
Kindergarten through third	-	-	-	-	0.12	0.49	0.61
Grades fourth through sixth	-	-	0.52	0.10	0.05	0.44	1.11
Grades seventh and eighth	-	-	0.35	0.22	-	-	0.57
Grades ninth through twelfth	2.07	1.02	-	-	-	-	3.09
Total Average Daily Attendance - Non-Classroom Based	2.07	1.02	0.87	0.32	0.17	0.93	5.38

See accompanying notes to supplementary information.

**HIGH TECH HIGH
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2017**

Charter No.	Charter School Grade Span	Minutes Requirement	2016-17 Actual Minutes	Number of Days	Status
				Traditional Calendar	
0269	High Tech High Grades 9 - 12	64,800	66,415	175	Complied
0278	High Tech Elementary Explorer Kindergarten	36,000	54,250	175	Complied
	Grades 1 - 3	50,400	54,145	175	Complied
	Grades 4 - 5	54,000	54,145	175	Complied
0546	High Tech Middle Grades 6 - 8	54,000	54,725	175	Complied
0622	High Tech High Media Arts Grades 9 - 12	64,800	64,860	175	Complied
0623	High Tech High International Grades 9 - 12	64,800	65,800	175	Complied
0660	High Tech Middle Media Arts Grades 6 - 8	54,000	54,250	175	Complied
1709	High Tech Elementary Kindergarten	36,000	56,000	175	Complied
	Grades 1 - 3	50,400	54,050	175	Complied
	Grades 4 - 5	54,000	54,050	175	Complied
0759	High Tech High North County Grades 9 - 12	64,800	65,065	175	Complied
0759	High Tech High Chula Vista Grades 9 - 12	64,800	64,880	175	Complied
0759	High Tech Middle North County Grades 6 - 8	54,000	56,735	175	Complied
0759	High Tech Middle Chula Vista Grades 6 - 8	54,000	55,445	175	Complied
0759	High Tech Elementary Chula Vista Kindergarten	36,000	50,960	175	Complied
	Grades 1 - 3	50,400	54,095	175	Complied
	Grades 4 - 5	54,000	54,095	175	Complied
0759	High Tech Elementary North County Kindergarten	36,000	53,520	175	Complied
	Grades 1 - 3	50,400	55,270	175	Complied
	Grades 4 - 5	54,000	55,270	175	Complied

See accompanying notes to supplementary information.

**HIGH TECH HIGH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 833,505
Title II, Part A, Teacher Quality	84.367	14341	22,492
Title IV, Part B, 21st Century Community Learning Centers (CCLC) Program	84.287	14681	276,840
IDEA Basic Local Assistance Entitlement, Part B, Sec 611*	84.027	13379	883,959
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14894	53,090
<i>Passed through California School Finance Authority:</i>			
Title V, Part B, Charter Schools			
State Charter School Facilities Incentive Grant Program	84.282D	24945	1,952,750
Total U. S. Department of Education			4,022,636
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
National School Lunch Program	10.555	13391	261,962
Total U. S. Department of Agriculture			261,962
Total Federal Expenditures			\$ 4,284,598

* - Major Program

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2017 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2017.

	CFDA Number	Amount
Total Federal Revenues reported in the		
Statement of Activities		\$ 4,138,990
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	439
Title II, Part A, Teacher Quality	84.367	93
Title IV, Part B, 21st CCLC Program	84.287	3,125
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	115,406
Vocational Programs: Carl Perkins Act	84.048	26,545
Total Expenditures reported in the Schedule of		
Expenditures of Federal Awards		\$ 4,284,598

See accompanying notes to supplementary information.

**HIGH TECH HIGH
RECONCILIATION OF FINANCIAL REPORT – ALTERNATIVE FORMS WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Adjustments were made to reconcile fund balance reported on the Financial Report – Alternative Form to net assets per the audited financial statements for the year ended June 30, 2017 as shown below:

California Charter No.	0269	0278	0546	0622	0623	0660	1709
	High Tech High	High Tech Elementary Explorer	High Tech Middle	High Tech High Media Arts	High Tech High International	High Tech Middle Media Arts	High Tech Elementary
June 30, 2017, fund balance per alternative form	\$ 1,248,608	\$ 1,467,747	\$ 781,842	\$ 1,312,072	\$ 1,003,568	\$ 861,508	\$ 246,360
Adjustments:							
Increase (decrease) in revenues							
LCFF sources	40,221	-	-	-	-	-	-
Federal revenues for special education	(29,069)	(7,920)	-	(9,531)	(6,047)	(19,914)	-
Other state sources	(1,057,920)	-	-	(430)	-	-	-
Other local sources	1,521,777	28,377					
Decrease (increase) in expenses							
Salaries and benefits	(328,668)						
Books and supplies	(6,108)	(1,335)	-	-	-	-	-
Services and other operating	(87,476)	(29,534)	-	-	-	-	-
Capital outlay - depreciation expense	(354)	-					
Transfers of pass-through revenues to other LEAs	(12,269)	(8,821)	-	-	-	-	-
Total adjustments	40,134	(19,233)	-	(9,961)	(6,047)	(19,914)	-
June 30, 2017, net assets per audited financial statements	\$ 1,288,742	\$ 1,448,514	\$ 781,842	\$ 1,302,111	\$ 997,521	\$ 841,594	\$ 246,360

California Charter No.	Statewide Benefit Charter No. 0756						
	High Tech High North County	High Tech High Chula Vista	High Tech Middle North County	High Tech Middle Chula Vista	High Tech Elementary North County	High Tech Elementary Chula Vista	Total State Authorized Charters
June 30, 2017, fund balance per alternative form	\$ 1,658,719	\$ 3,135,038	\$ 1,245,751	\$ 1,173,785	\$ 419,942	\$ 1,290,130	\$ 8,923,365
Adjustments:							
Increase (decrease) in revenues							
Federal revenues for special education	(8,585)	(4,292)	(8,585)	(4,293)	(8,585)	(8,585)	(42,925)
Other state sources	(486)	-	-	-	-	-	(486)
Total adjustments	(9,071)	(4,292)	(8,585)	(4,293)	(8,585)	(8,585)	(43,411)
June 30, 2017, net assets per audited financial statements	\$ 1,649,648	\$ 3,130,746	\$ 1,237,166	\$ 1,169,492	\$ 411,357	\$ 1,281,545	\$ 8,879,954

As shown above, there were no adjustments made to reconcile fund balance reported on the Financial Report – Alternative Form to net assets per the audited financial statements for the following public charter schools:

High Tech Middle (Charter No. 0546)
High Tech Elementary (Charter No. 1709)

See accompanying notes to supplementary information.

HIGH TECH HIGH
NOTES TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2017

NOTE 1 – PURPOSE OF SCHEDULES

A. Organizational Structure

This schedule provides information about each of the charter schools' authorizing agencies, grades served, members of the governing board, and members of the administration. The Organization's Board of Trustees governs all of the charters schools operated by the Organization.

B. Statement of Financial Position, Statement of Activities and Statement of Cash Flows by Charter

These schedules display the Statement of Financial Position, Statement of Activities, and Statement of Cash Flows for each school operated by the Organization. Please note that these statements are presented for the purpose of fulfilling State of California reporting requirements and do not include all of the activities of the Organization as a whole.

C. Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the 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 and in different programs.

D. Schedule of Instructional Time

The charter schools receive, as part of their local control funding formula funding sources, incentive funding for maintaining instructional time. This schedule presents information on the amount of instructional time offered by each charter school and whether the charter schools complied with the provisions of Education Code Section 46200 through 46208.

E. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the Federal Grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The Organization has not elected to use the 10 percent de minimis indirect cost rate.

F. Reconciliation of Financial Report – Alternative Forms with Audited Financial Statements

This schedule provides the information necessary to reconcile net assets reported on the Financial Report – Alternative Forms to the audited financial statements. Net assets per the audited financial statements in this schedule equals net assets at June 30, 2017 for each school as reported on the statements by charter.

OTHER INDEPENDENT AUDITORS' REPORTS

**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**

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Independent Auditors' Report

To the Governance Board of
High Tech High
San Diego, California

We have audited, 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, the financial statements of High Tech High (the "Organization") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated November 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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.

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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*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Christy White Associates".

San Diego, California
November 27, 2017

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Independent Auditors' Report

To the Governance Board of
High Tech High
San Diego, California

Report on Compliance for Each Major Federal Program

We have audited High Tech High's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of High Tech High's major federal programs for the year ended June 30, 2017. High Tech High's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of High Tech High's major federal 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 major federal program occurred. An audit includes examining, on a test basis, evidence about High Tech High'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 major federal program. However, our audit does not provide a legal determination of High Tech High's compliance.

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Opinion on Each Major Federal Program

In our opinion, High Tech High 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 major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of High Tech High is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered High Tech High's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of High Tech High's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



San Diego, California
November 27, 2017

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Heather Rubio

To the Governance Board of
High Tech High
San Diego, California

Report on State Compliance

We have audited High Tech High's compliance with the types of compliance requirements described in the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810, that could have a direct and material effect on each of High Tech High's state programs for the fiscal year ended June 30, 2017, as identified below. Reference to High Tech High within this letter is inclusive of all charter schools referenced in Note1A of the accompanying financial statements.

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 High Tech High'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 *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810. 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 the state programs noted below occurred. An audit includes examining, on a test basis, evidence about High Tech High'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 with the requirements referred to above. However, our audit does not provide a legal determination of High Tech High's compliance with those requirements.

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Opinion on State Compliance

In our opinion, High Tech High complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2017.

Procedures Performed

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

Description	Procedures Performed
School Districts, County Offices of Education and Charter Schools	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	Not applicable/Yes*
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not applicable
Immunizations	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not applicable

**After School Education and Safety Program is only applicable to High Tech High Middle (California Charter No. 0546)*

We did not perform testing of Nonclassroom-Based Instruction/Independent Study for those charters noted within the Schedule of Average Daily Attendance (ADA) as having generated ADA from non-classroom based instruction because reported ADA was not material.



San Diego, California
November 27, 2017

FINDINGS AND QUESTIONED COSTS SECTION

**HIGH TECH HIGH
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEA Basic Local Assistance Entitlement, Part B, Sec 611</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**HIGH TECH HIGH
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

FIVE DIGIT CODE

20000

30000

AB 3627 FINDING TYPE

Inventory of Equipment

Internal Control

There were no audit findings related to the financial statements during 2016-17.

HIGH TECH HIGH
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no audit findings and questioned costs related to federal awards during 2016-17.

**HIGH TECH HIGH
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

FIVE DIGIT CODE

10000
40000
42000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

There were no audit findings and questioned costs related to state awards during 2016-17.

HIGH TECH HIGH
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

FINDING 2016-1: MODE OF INSTRUCTION (40000)

Criteria: Pursuant to California Code of Regulations (CCR) Title 5 §11963, classroom-based instruction must meet four requirements, one of which states that the charter school's pupils are to be under the immediate supervision of an employee of the charter school who is authorized to provide instruction to pupils within the meaning of Education Code (Ed Code) Section 47605(l). Per Ed Code Section 47605(l), teachers in charter schools shall hold a Commission on Teacher Credentialing certificate, permit or other document equivalent to that which a teacher in other public schools would be required to hold. Auditors are required to verify compliance with such Ed Code in Section BB of the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. If not in full compliance of Section BB, the charter school could be eligible for apportionment if found in full compliance with Audit Section CC Nonclassroom-Based Instruction/Independent Study.

Condition: Based on review and testing of teacher certifications for classroom-based instructors at **High Tech Elementary Explorer** (Charter No. 0278), we found that one employee in a teaching position did not hold an active teaching credential. The credential had expired on September 1, 2015. The Organization took immediate action when the information was brought to management's attention in March 2016 and the credential was reinstated and valid as of March 22, 2016. As a result, the employee did not hold a valid teaching credential to provide classroom-based instruction to a class of Grade 2 pupils from the period of September 1, 2015 to March 21, 2016. Additionally, requirements of nonclassroom-based instruction were not met by these pupils. It was noted that in most instances that pupils were also under the supervision of other charter school personnel holding valid teaching credentials.

Effect: The charter school is not in compliance with State requirements. During the 125 instructional days in the period when pupils were solely under the supervision of the employee holding an invalid teaching credential, 247 days of pupil attendance were in question for total affected ADA of 1.98. This included 11 days or 2,200 minutes of instructional time. Because pupils were in attendance, the school days are still included; however, the annual instructional minutes are reduced. The Charter remained in compliance with instructional minute requirements.

Cause: Management and employee oversight of teaching credential expiration date.

Questioned Cost: There is no questioned cost associated with this audit finding because all students received the minimum number of instructional minutes.

Recommendation: We recommend that all credentials be monitored by management and individual teaching staff to ensure that all members of the charter school's teaching staff hold valid teaching credentials if responsible for the immediate supervision of charter school pupils under classroom-based instruction

Current Status: Implemented.

HIGH TECH HIGH
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2017

FINDING 2016-2: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA (LCFF) PUPIL COUNT (40000)

Criteria: Students classified as Free or Reduced Priced Meal (FRPM) eligible, who are not directly certified on the CALPADS 1.18 *FRPM/English Learner/Foster Youth – Student List* report, must have supporting documentation that indicates the student was eligible for this designation. The unduplicated local control funding formula pupil count affects the percentage used as data in calculating Local Control Funding Formula (LCFF) apportionment. Auditors are required to verify compliance with California Education Code Section 42238.02(b)(3)(B) in Section W of the 2015-16 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

Condition: Based on review and testing of student designations from the 2015-16 CALPADS 1.18 *FRPM/English Learner/Foster Youth – Student List* report for **High Tech Elementary Chula Vista** (SBC Charter No. 0756) and **High Tech High Media Arts** (Charter No. 0622), we noted exceptions in our initial audit test work of FRPM-only students. Supporting documentation for household income verification indicated that one (1) of twenty (20) students at **High Tech Elementary Chula Vista** and one (1) of fourteen (14) students at **High Tech High Media Arts** should have been reclassified as “paid” status after the National School Lunch Program (NSLP) verification process. Based on this error, further audit procedures were performed for each charter school on the full population that was included in the NSLP verification process. One (1) additional student at **High Tech Elementary Chula Vista** was found to be subject to the same error and no additional errors were noted for **High Tech High Media Arts**.

Effect: The charter schools are not in compliance with State requirements. A total of two (2) students were found to be improperly designated for **High Tech Elementary Chula Vista** and one (1) student for **High Tech High Media Arts**.

Cause: Student designations for FRPM were not updated in CALPADS after the NSLP income verification process.

Questioned Cost: A total of \$1,172 (\$891 for **High Tech Elementary Chula Vista** and \$281 for **High Tech High Media Arts**) as calculated on the following page.

Recommendation: We recommend that all household income documentation be reviewed and obtained for accurate CALPADS reporting. Additionally, CALPADS data would be updated during the amendment window to reflect any changes that occur as a result of the NSLP verification process.

**HIGH TECH HIGH
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINDING 2016-2: UNDUPLICATED LCFF PUPIL COUNT (40000), continued

Questioned Cost (continued):

LEA Name:	High Tech Elementary Chula Vista		High Tech High Media Arts	
LEA CDS Code:	37 76471 0123059		37 68338 0108787 0622	
	Section 1: Regular UPP	Section 2: Alternative UPP	Section 1: Regular UPP	Section 2: Alternative UPP
Unduplicated Pupil Percentage (UPP) Audit Adjustment				
1) Total Adjusted Enrollment from the UPP Exhibit as of P-2	1,219	1,218	1,208	1,200
2) Total Adjusted Unduplicated Count from the UPP Exhibit as of P-2	729	740	588	607
3) Number of Unduplicated Count audit adjustment	(2)		(1)	
4) Revised Adjusted Unduplicated Pupil Count	727	738	587	606
5) UPP calculated at P-2	0.5980	0.6076	0.4868	0.5058
6) Revised UPP for audit finding	0.5964	0.6059	0.4859	0.5050
7) Greater of Revised UPP for audit finding from Section 1 or 2	0.6059		0.5050	
8) Charter Schools Only: Determinative School District Concentration Cap	0.6064		0.6339	
9) Revised UPP adjusted for Concentration Cap	0.6059		0.5050	
LCFF Target Base Grant Funding				
10) Total Base Grant Funding as of P-2	\$ 2,878,339		\$ 3,337,779	
LCFF Target Supplemental Grant Funding Audit Adjustment				
11) Target Supplemental Grant Funding calculated as of P-2	\$ 349,047		\$ 337,650	
12) Revised Target Supplemental Grant Funding for audit finding	\$ 348,070		\$ 337,116	
13) Target Supplemental Grant Funding Audit Adjustment	\$ (977)		\$ (534)	
LCFF Target Concentration Grant Funding Audit Adjustment				
14) Target Concentration Grant Funding calculated as of P-2	\$ 81,000		\$ -	
15) Revised Target Concentration Grant Funding for audit finding	\$ 80,282		\$ -	
16) Target Concentration Grant Funding Audit Adjustment	\$ (718)		\$ -	
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded at LCFF Target				
17) Total target supplemental and concentration audit adjustment	\$ (1,695)		\$ (534)	
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded at LCFF Floor and Gap				
18) Statewide gap funding rate	0.5255761597		0.5255761597	
19) Estimated value of unduplicated pupil count audit adjustment for 2015-16	\$ (891)		\$ (281)	

Current Status: Implemented.