

**Tuesday, September 24, 2019 at 3pm**  
**Board of Directors Meeting Agenda**

The Board reserves the right to change the order of items on the agenda, with exception of public hearings. One or more members of the Board may participate in the meeting by telephonic communications. The Board Members and members of the public may join this meeting by dialing 1-877-820-7831, code 236985. Pursuant to A.R.S. §38-431.02(H) the Board will not discuss, consider, or decide those matters not listed on the agenda.

**A. Regular Session**

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1. Call to Order – George Dean
2. Pledge of Allegiance – George Dean
3. Roll Call – Board Clerk

**B. Public Participation**

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1. Call for Public Participation - George Dean
2. Adjourn to Executive Session

**C. Notice of Executive Session**

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Executive Session is requested pursuant to A.R.S. § 38-431.03(A)(4) to discuss the following items:

1. Discuss Phoenix Elementary School District In-Kind Services and quantification provided by ASU Preparatory Academy.
2. Resume to Regular Session

**D. Approval of Action Items**

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1. Request Approval of the Board of Directors meeting minutes for August 12, 2019.
2. Request Approval of James A. Rund as an ASU Appointed Director to the Board of Directors.

**E. Informational Items**

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1. Annual review of FY19 external financial audit
2. Review Annual Financial Report prior to submission
3. ASU Prep Poly STEM Campus was selected for the 2019 Best of Mesa Award in the Middle School category by the Mesa Award Program
4. Next Board Meeting is Tuesday, November 5, 2019 at 3pm

**F. Adjournment**

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1. Adjournment

**Agenda Item Details**

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Meeting	September 24, 2019 - Board of Directors Meeting – Notice of Public Meeting – Notice of Regular Session
Category	C. Notice of Executive Session
Subject	1. Executive Session is requested pursuant to A.R.S. § 38-431.03 (A)(4) to discuss Phoenix Elementary School District In-Kind Services provided by ASU Preparatory Academy.
Access	Private
Type	Discussion

**Recommended Action – Executive Session**

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The Board of Directors will discuss Phoenix Elementary School District In-Kind Services provided by ASU Preparatory Academy.

**Agenda Item Details**

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Meeting	September 24, 2019 - Board of Directors Meeting – Notice of Public Meeting – Notice of Regular Session
Category	D. Approval of Action Items  1. Request Approval of the Board of Director meeting minutes for August 12, 2019.
Access	Public
Type	Discussion

**Recommended Action**

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It is requested that the Board of Directors approve the meeting minutes from August 12, 2019.

**Board of Directors Meeting  
Regular Session Minutes  
Monday, August 12, 2019  
at 11:00 am**

**George Dean**, *Chairman*, presided over the ASU Preparatory Academy Board of Directors Meeting in the Fulton Center Conference Room 2210 at 300 E. University Dr. Tempe, AZ 85281.

*Board Members Present:*

**George Dean**  
*Chairperson*

**José Cárdenas**  
*Vice Chairperson*

**Beatriz Rendón**  
*President/CEO, Ex-officio Director*

**Abran Villegas (via telephonic)**  
*Member*

**Sybil Francis (via telephonic)**  
*Member*

*Non-Board Members Present:*

**Also Present:**

**Lisa Rivera**  
*Board Clerk*

**Alea Boudreau**  
*Board Clerk In-Training*

**Anna Battle**  
*Sr. Official, ASU Prep*

**John Kemper**  
*Treasurer, ASU Prep*

*Board Members **NOT** Present:*

**Alice “Dinky” Snell**  
*Member*

**Janene (Jan) Miller**  
*Member*

**Carole Greenes**  
*Member*

**Chevy Humphrey**  
*Member*

**A. Regular Session**

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1. Call to Order – George Dean  
George Dean *called the meeting to order at 11:02am*
2. Pledge of Allegiance – George Dean  
George Dean *led the meeting attendees in the Pledge of Allegiance.*
3. Roll Call – Board Clerk  
*Lisa Rivera took roll call and verified a quorum was present.*

**B. Public Participation**

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1. George Dean made a call for Public Participation. There were no attendees present.

**C. Approval of Action Items**

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1. Request Approval of the Board of Directors meeting minutes for July 8, 2019.

No Discussion

**On a motion by Beatriz Rendón, and a second by Jose Cardenas, the Board approved the meeting minutes for July 8, 2019.**

**FINAL RESOLUTION: Motion Carries**

**YEA: George Dean, Jose Cardenas, Beatriz Rendón, Sybil Francis, and Abran Villegas.**

2. Request Approval to adopt the FY20 revised budgets for the schools listed below:

- ASU Preparatory Academy Phoenix Elementary School
- ASU Preparatory Academy Polytechnic Elementary School
- ASU Preparatory Academy Polytechnic Middle School
- ASU Preparatory Academy Tempe High School

John Kemper provided an overview of the revised budgets for the four schools listed above. At the recommendation of the Arizona Department of Education and the Special Education Director, the budgets for the four schools listed above were increased to meet the maintenance of effort for ADE. In order to have access to the ADE funds, it is necessary to have these revised budgets approved.

**On a motion by Abran Villegas, and a second by Jose Cardenas, the Board approved the FY20 revised budgets for the schools listed above.**

**FINAL RESOLUTION: Motion Carries**

**YEA: George Dean, Jose Cardenas, Beatriz Rendón, Sybil Francis, and Abran Villegas.**

3. Request Approval to adopt the Second Amendment and Restated Bylaws and Acknowledgement of any Appointed Directors as the newly constituted Board of Directors.

The Second Amendment and Restated Bylaws were revisited and revised. Historically, every five years, the Bylaws are reviewed and updated with any changes to the organization. Beatriz Rendón met and briefed every board member individually on these Bylaws. The most significant change was to the size of the board, which is being reduced from nine members to five members. Of the five members, two are ASU appointments; one is a Sr. Administrator from ASU Prep; and two are independent members. With this action today, we will not only approve the Second Amended and Restated Bylaws, but we will also approve Jose Cardenas, as the first Appointed member, who will then take action on the others to follow.

**On a motion by Beatriz Rendón, and a second by Jose Cardenas, the Board adopted the Second Amended and Restated Bylaws and acknowledgement of any Appointed Directors as the newly constituted Board of Directors.**

**FINAL RESOLUTION: Motion Carries**

**YEA: George Dean, Jose Cardenas, Beatriz Rendón, Sybil Francis, and Abran Villegas.**

4. Request Approval to elect George Dean and Abran Villegas as the two Board Elected Directors.

Discussion: No Discussion.

**On a motion by Jose Cardenas, and a second by Jose Cardenas, the Board elected George Dean and Abran Villegas as the two Board Elected Directors.**

**FINAL RESOLUTION: Motion Carries**

**YEA: Jose Cardenas**

5. Request Approval to elect Dr. Anna Battle as Senior Official of the Corporation.

Discussion: No Discussion.

**On a motion by Jose Cardenas, and a second by George Dean, the Board elected Dr. Anna Battle as Senior Official of the Corporation.**

**FINAL RESOLUTION: Motion Carries**

**YEA: George Dean, Jose Cardenas, and Abran Villegas**

6. Request Approval to elect Officers.

The Officers under the new board construct are recommended to be the following:

George Dean – Chairperson  
Jose Cardenas – Vice Chairperson  
Anna Battle – Secretary; and  
John Kemper (Staff) as Treasurer

With this action, Beatriz Rendón's tenure concludes, both as an administrator and an Officer of the Board. Beatriz thanked the Board Members that have served throughout the history of ASU Prep. It was certainly invaluable to have their participation, guidance, knowledge and expertise. She also thanked all the staff who made ASU Prep what it is today and its many achievements and phenomenal outcomes. The upcoming year has many evolutions in technology and improved curriculums. ASU Prep grew from 500 students to now 7,000 students, including our digital online students. We graduated five cohorts of seniors that are exceeding and excelling at post-secondary. Beatriz was humbled and honored to have served as our Chief Executive Officer for the past nine years. She looks forward to her new role as the Vice President of Strategic Initiatives; and plans to stay connected to all the staff, Officers, and Board Members who have served in the past and will continue to serve going forward.

George Dean thanked Beatriz for her leadership these past nine years, and for the growth that ASU Prep has experienced. He also congratulated Dr. Battle on her new role as Sr. Official of the Corporation.

Anna Battle thanked the outgoing Board Members for their support. She thanked Beatriz for a fabulous job and looks forward to continuing to grow ASU Prep with her guidance, knowledge and expertise. It has been a pleasure to work alongside Beatriz and we are fortunate to still have the opportunity to work with you in a different capacity.

Abran thanked Beatriz for all she has done for the students of ASU Prep and looks forward to working with her in her new role. He also congratulated Dr. Battle and looks forward to working with her.

Sybil Francis congratulated everyone and stated it was a pleasure to serve with all the Board Members and looks forward to the future of ASU Prep.

**On a motion by Jose Cardenas, and a second by George Dean, the Board elected Officers of the Board as listed above.**

**FINAL RESOLUTION: Motion Carries**

**YEA: George Dean, Jose Cardenas, Anna Battle, and Abran Villegas**

**D. Adjournment**

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a. Adjournment

**On a motion by Jose Cardenas, and a second by Anna Battle, the meeting was adjourned.**

**FINAL RESOLUTION: Meeting adjourned at 11:18 am.**

**YEA: George Dean, Jose Cardenas, Anna Battle, and Abran Villegas.**

Respectfully submitted this 15<sup>th</sup> day of August, 2019.

By:   
ASU Preparatory Academy  
Board of Directors Chairperson or designee

**Agenda Item Details**

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Meeting	September 24, 2019 - Board of Directors Meeting – Notice of Public Meeting – Notice of Regular Session
Category	D. Approval of Action Items  2. Request Approval of James A. Rund as an ASU Appointed Director to the Board of Directors.
Access	Public
Type	Action

**Recommended Action**

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Request approval of James A. Rund as the ASU Appointed Director who has been duly appointed pursuant to Article II, Section 3(a) of the Second Amended and Restated Bylaws.



**Agenda Item Details**

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Meeting	September 24, 2019 - Board of Directors Meeting - Notice of Public Meeting - Notice of Regular Session
Category	E. Informational Item
Subject	1. Annual review of the external financial audit
Access	Public
Type	Information

**Recommended Action –**

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Information on the annual external financial audit will be shared with the Board.

**ASU Preparatory Academy**

**REPORT TO THE BOARD OF DIRECTORS**

**June 30, 2019**



August 30, 2019

To the Board of Directors of  
ASU Preparatory Academy  
Tempe, Arizona

We have audited the consolidated financial statements of ASU Preparatory Academy (ASU Prep) for the year ended June 30, 2019, and have issued our report thereon dated August 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 1, 2019. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ASU Prep are described in Note 1 to the consolidated financial statements. During the year ended June 30, 2019, ASU Prep changed accounting policies related to the presentation of net assets by adopting FASB Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities* and related to revenue recognition of contributions by adopting ASU No. 2018-18, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. We noted no transactions entered into by ASU Prep during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were:

Management is required to estimate the amount of expense allocated to program and supporting services reported in the consolidated statement of activities and in Note 9 of the consolidated financial statements.

The amount of depreciation recorded by management is based on useful lives estimated by management.

We evaluated the key factors and assumptions related to expense allocations and depreciation in determining that they appear reasonable in relation to the consolidated financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected the misstatements identified during the audit in the attached "Adjusting Journal Entries" (AJE) schedule. Management has recorded post-closing entries identified in the attached "Client Adjusting Journal Entries" (CAJE) schedule.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 30, 2019.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to ASU Prep's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as ASU Prep's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. We have issued our report "Management Advisory Comments" dated August 30, 2019 describing our advisory comments and related recommendations.

## Other Matters

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This information is intended solely for the use of Board of Directors and management of ASU Prep and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Fester & Chapman, PLLC*

**ASU Preparatory Academy**  
**June 30, 2019**  
**Adjusting Journal Entries**

<b>Number</b>	<b>Date</b>	<b>Account</b>	<b>Account No</b>	<b>Debit</b>	<b>Credit</b>
AJE 1	6/30/2019	Accrued Interest	20231	137,850	
		Interest Expense	56850		137,850
		Revenue Bond Series 2012	20262	100,000	
		Bond Interest Expense	56813		100,000
		To properly state bond interest expense.			
AJE 2	6/30/2019	Marketing	56331	117,235	
		Construction in Progress	10184		117,235
		To properly state marketing expense and construction in progress.			

**ASU Preparatory Academy**  
**June 30, 2019**  
**Client Adjusting Journal Entries**

Number	Date	Name	Account No	Debit	Credit
CAJE 1	6/30/2019	Cash in Bank - So. PHX MS	10112	127,402	
		Cash in Bank - Secure Trust	10114		127,402
To record South Phoenix bank account cleanup.					
CAJE 2	6/30/2019	Accounts Receivable	10132	5,000,000	
		Cash in Bank - Main Checking	10102		5,000,000
To reclassify receivable.					
CAJE 3	6/30/2019	Cash in Bank - So. PHX MS	10112	65	
		Miscellaneous	41990		65
To record South Phoenix book balance cleanup.					
CAJE 4	6/30/2019	Cash in Bank - Secure Trust	10114	63	
		Interest Income	41510		63
To record interest paid in May.					
CAJE 5	6/30/2019	Elementary School Site Land Loan	20263	1,352,616	
		Cash in Bank - Secure Trust	10114		1,352,616
To record payment of South Phoenix loan.					
CAJE 6	6/30/2019	Miscellaneous	41990	255,000	
		Unearned Revenue - Global Academy	20253		255,000
To move NSVF grant to deferred revenue once supporting document was received.					
CAJE 7	6/30/2019	Interest Expense	56850	2,242	
		Elementary School Site Land Loan	20263		2,242
To record interest expense on PCA line-of-credit.					
CAJE 8	6/30/2019	Unrestricted Net Assets	30321	3,304,810	
		Excess of assets acquired in PCA acquisition	41XYZ		3,304,810
To reclassify net difference between assets and liabilities in acquisition of PCA.					

**ASU Preparatory Academy**  
**June 30, 2019**  
**Client Adjusting Journal Entries**

<b>Number</b>	<b>Date</b>	<b>Name</b>	<b>Account No</b>	<b>Debit</b>	<b>Credit</b>
CAJE 9	6/30/2019	Miscellaneous Expenses	56890	90,414	
		Unrestricted Net Assets	30321		90,414
		To properly state net assets.			
CAJE 10	6/30/2019	Health Insurance	56210	109,342	
		Employee Insurance	20225		109,342
		To record full IBNR estimate.			
CAJE 11	6/30/2019	Revenue - ASU Support	41940	3,000,000	
		Accounts Payable	20201		3,000,000
		Accounts Payable	20201	800,000	
		Bank revolving line of credit payable	20203		800,000
		To record clean up of accounts payable.			
CAJE 12	6/30/2019	Construction in Progress	10184	17,862	
		Equipment (over \$5,000)	10183	12,007	
		Accumulated Depreciation	10185	355	
		Building and Improvements (over \$5,000)	10182		16,558
		Miscellaneous Expenses	56890		13,311
		Depreciation Expense	56740		355
		To agree fixed asset schedule to general ledger.			
CAJE 13	6/30/2019	Voluntary Deductions	20247	573,977	
		Health Insurance	56210		573,977
		To properly state voluntary deductions.			
CAJE 14	6/30/2019	Prepaid Expenses	10150	125,747	
		Prepaid Expenses	10150	110,357	
		Instructional Materials/Software, Textbooks	56640	78,701	
		Instructional Materials/Software, Textbooks	56640	137,920	
		Instructional Materials/Software, Textbooks	56640	71,182	
		Instructional Materials/Software, Textbooks	56640		125,747
		Instructional Materials/Software, Textbooks	56640		110,357
		Prepaid Expenses	10150		78,701
		Prepaid Expenses	10150		137,920
		Prepaid Expenses	10150		71,182
		To properly state prepaid expenses.			



**ASU Preparatory Academy**  
**June 30, 2019**  
**Client Adjusting Journal Entries**

Number	Date	Name	Account No	Debit	Credit
CAJE 16	6/30/2019	Accounts Payable	20201	674,899	
		Miscellaneous Expenses	56890	93,126	
		Accounts Receivable	10132		55,474
		Accounts Payable	20201		93,126
		Accounting and Financial	56332		3,200
		Rent - Land and Buildings	56441		150,000
		Electricity	56622		286,084
		Electricity	56622		54,202
		Instructional Materials/Software, Textbooks	56640		121,275
		Dues and Fees	56810		1,664
		Interest Expense	56850		3,000
		To properly state accounts payable.			
CAJE 17	6/30/2019	Restricted Revenue Received from Federal through State	44500	150,164	
		Grants Receivable	10137		150,164
		To properly state grants receivable and revenue.			
CAJE 18	6/30/2019	Content Licensing	41325	250,000	
		Bad Debt Expense	56875		250,000
		To reclassify Sapphirus Systems transaction.			
CAJE 19	6/30/2019	State Revenue Receivable	10133	65,403	
		State Equalization Assistance	43110		65,403
		To record year-end adjustments to state equalization revenue.			
CAJE 20	6/30/2019	Accumulated Depreciation	10185	975,262	
		Building and Improvements (over \$5,000)	10182		975,262
		Building and Improvements (over \$5,000)	10182	29,549	
		Excess of assets acquired in PCA acquisition	41XYZ		29,549
		Accumulated Depreciation	10185	4,533	
		Depreciation Expense	56740		4,533
		To properly state building and accumulated depreciation.			

**Agenda Item Details**

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Meeting	September 24, 2019 - Board of Directors Meeting - Notice of Public Meeting - Notice of Regular Session
Category	E. Informational Item
Subject	2. Review annual financial report prior to submission
Access	Public
Type	Information

**Recommended Action –**

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Information on the annual financial report will be shared with the Board.

**Agenda Item Details**

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Meeting	September 24, 2019 - Board of Directors Meeting - Notice of Public Meeting - Notice of Regular Session
Category	E. Informational Item
Subject	3. ASU Prep Poly STEM Best of Mesa Award
Access	Public
Type	Information

**Recommended Action –**

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ASU Prep Poly STEM campus was selected for the 2019 Best of Mesa Award in the Middle School category by the Mesa Award Program.

**Agenda Item Details**

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Meeting	September 24, 2019 - Board of Directors Meeting - Notice of Public Meeting - Notice of Regular Session
Category	E. Informational Item
Subject	4. Upcoming ASU Prep Board Meeting
Access	Public
Type	Information

**Recommended Action –**

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The next ASU Prep board meeting will take place on Tuesday, November 5, 2019.