

Nevada Virtual Academy
Application
For Charter
Renewal

March 2013



NEVADA
VIRTUAL
ACADEMY

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**Application for Renewal
Of a Public School Charter**

Certification Statement

Charter School Name: Nevada Virtual Academy

I hereby certify that the information submitted in this application for renewal of a public school charter is true to the best of my knowledge and belief, and further I understand that, if awarded a renewed charter, the school shall continue to be open to all students on a space available basis, and shall not discriminate on the basis of race, gender, religion, ethnicity, disability, athletic performance, special need, or proficiency in the English language, and academic achievement. This is a true statement, made under the penalties of perjury.

This request for renewal of the charter was approved in a public, open meeting of the school's governing body held on (date) MARCH 26, 2013. A copy of the meeting agenda and minutes are attached.

Governing Body President signature: 

Print Name: DON M. CURRY

Date: MARCH 26, 2013

Please indicate the type of Application for Renewal the charter school is submitting (check one):

NRS 386.530(1). This application for renewal of a charter under NRS 386.530 (1) may be submitted to the sponsor of a charter school not less than 120 days before the expiration of the charter. The charter expiration date can be found in the "Written Agreement" (under "term") between the charter school and its sponsor. Charter schools wishing to renew their charters are solely responsible for submitting an Application for Renewal before the deadline stated above. The State Public Charter School Authority shall not be responsible for notifying charter schools of this deadline.

Please respond to the questions on pages 4-6 of this application.

NRS 386.530(2). An application for renewal of an initial charter under NRS 386.530(2) may be submitted after three (3) years of operation of the charter school.

Please respond to the questions on pages 7-9 of this application. Include in your answer to #3, for NAC 386.310(3), the NRS 386.610(2) and NAC 386.350(6) three year progress report.

The application, excluding attachments, should not exceed 20 pages, 12 point font, single or double spaced. Submit 10 copies of the renewal application and supporting documents.

1. Any changes in any of the items listed in the initial application to form the charter school. NAC 386.300(1)

On June 29, 2007 Nevada Virtual Academy (NVVA) was approved by the Nevada Department of Education (NVDOE) and authorized through the Nevada State Board of Education (NSBE) to serve grades 4 through 8. NVVA received the approval letter dated June 30, 2007. The letter was signed by the President of the Committee to Form on July 7, 2007. On August 9, 2008 NVVA requested by charter amendment, and was granted by the NSBE, to expand education services to grades K through 9. NVVA further submitted a final application to serve grades 10 through 12 (Appendix 2 and 3), and was approved on January 16, 2009. NVVA continues to contract with K12 Inc. for management and curriculum services. This agreement is up for renewal on June 30, 2013.

The Nevada Virtual Academy School Board has approved the following changes to the existing charter application:

Nevada Virtual Academy requested to limit the number of students enrolled in the charter school
On August 21, 2012 the NVVA Board voted to seek permission from the Superintendent to limit enrollment. NVVA received approval to limit enrollment from Dr. James Guthrie, the State of Nevada Superintendent of Public School Instruction, on August 28, 2012 (Appendix 4 and 5).

Amendment to bylaws

The original bylaws of February 2007 were written with consideration of students in grades 4 through 8. During the SY2008-09, grades Kindergarten through 9 were approved. During SY2009-2010, NVVA expanded education services to include grades 10-12. Amendments have been made to the original bylaws to include grades K through 12 (Appendix 6).

2. A profile of the achievement of the pupils enrolled in the charter school during the preceding six years, as reflected in the proficiency examinations and other means of assessment and evaluation. NAC 386.300(2)

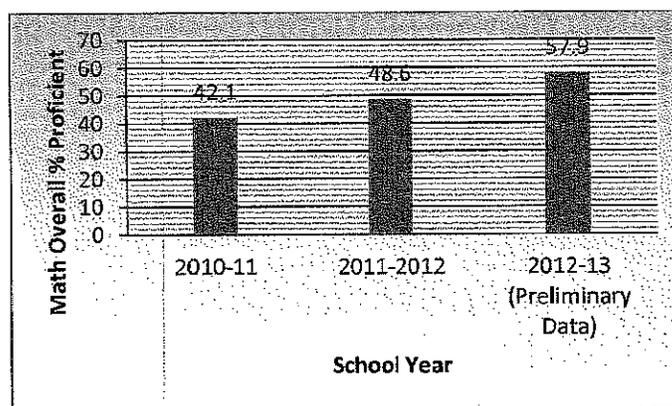
Adequate Yearly Progress (AYP)

The current AYP designation for the K-8 program at NVVA is In Need of Improvement Year 3. During the SY2009-10, NVVA's high school program made AYP with the "High Achieving" designation. The high school is currently on watch for not reaching AYP goals for the SY2011-12 (Appendix 1- Figure 2.1).

Summary of High School Math Proficiency

Nevada Virtual Academy's progress towards school-wide proficiency has grown over the course of the charter, especially over the last three years. As illustrated in Figure 2.2 below, the high school program has shown a steady growth in overall proficient students. Of the 11th grade students counted towards AYP during SY2010-11, there were a total of 42.1% proficient in Math. In contrast, the SY2012-13 preliminary data shows an overall projected Math proficiency of 57.9%. This shows a 15.8 percentage point (37%) increase in proficient students over the three years of testing.

Figure 2.2: School-Wide Math Proficiency Rates 2010-2013

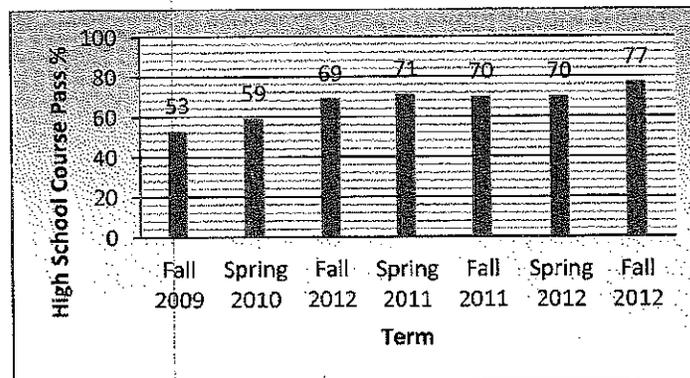


NVVA is proud of the high school's growth in student achievement. It cannot go without saying that this growth in proficiency average has increased despite exponential new enrollment figures. If the depiction of the data in Figure 2.2 is adjusted to reflect the raw number of students identified as proficient, a clear vision of the increase in proficiency is illustrated.

Summary of High School Pass Rates

The trend provided in Figure 2.3 demonstrates a steady increase in the percentage of students passing their high school courses. In the fall of 2009, the overall course pass rate was recorded at 53%, whereas three years later, in the fall of 2012, the course pass rate reached 77%, for a gain of 24 percentage points, or a 45% increase in pass rates.

Figure 2.3: Summary of High School Overall Course Pass Rates



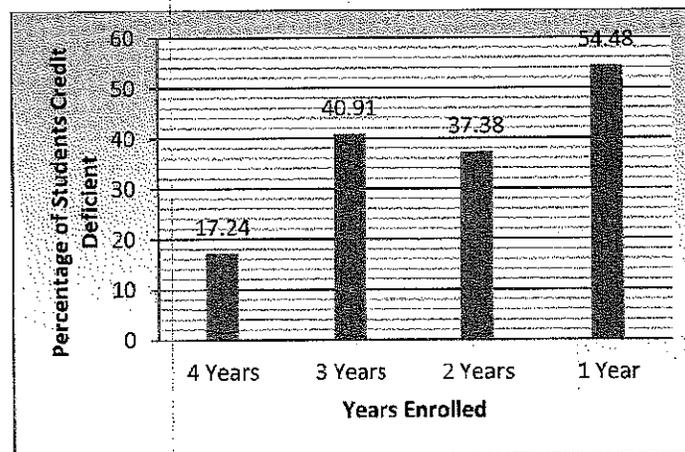
This steady pass rate increase can be attributed to the teachers' focus on individual instruction and remediation practices implemented at the school level. Furthermore, as a direct result of an increased overall course pass rate, NVVA has seen a reduction in the percentage of students who are credit deficient.

In SY2013-14, NVVA will be proctoring all final exams for all credit bearing core classes in order to strengthen fidelity within these courses. These will be proctored both live, and/or through a third party proctor.

Credit Deficiencies (Factoring in Longevity)

Nevada Virtual Academy has identified a positive trend in credit deficiencies. Figure 2.4 illustrates that the longer the students are enrolled at NVVA, the less likely they are to be credit deficient. Taking into account all students who entered the NVVA high school program during SY2012-13, 54.48% were identified as "credit deficient." Credit deficient students are defined as students who enroll with less than the required credits for their grade level as defined by their cohort year. In contrast, of the students who had a start date in SY2009-10, and are still enrolled with NVVA during SY2012-13, only 17.24% were identified as credit deficient. This shows a 37.24 percentage point, or 68%, decrease in credit deficiency.

Figure 2.4: Percentage of Credit Deficient Students (Factoring in Longevity)



Summary of Grades 3-8 Math/Reading Proficiency

Referencing the data from the last four years of CRT scores, NVVA has remained relatively consistent with its overall proficiency statistics. Appendix 1- Figure 2.5 illustrates this information clearly. During SY2008-09, NVVA's 3rd through 8th grade overall proficiency in Reading was 53.19%. In SY2011-12, the proficiency for the same grade levels was 52.27%, illustrating a slight decrease of less than one percent. Similarly, over the same span of years and grade levels, as shown in Appendix 1- Figure 2.6, Math proficiency showed a slight increase of 2.05 percentage points.

Though on the surface, the stagnancy of proficiency growth may cause some to look negatively upon the school's performance that is not necessarily the entire picture. When growth of the student population is taken into account, a contrasting perspective comes into view. Appendix 1- Figures 2.7 and 2.8 show that even though a negligible decrease in student proficiency was noted in Reading between SY2008-2009 and SY2011-2012, the raw number of overall proficient students increased by more than a 225%. The same is true for the Math proficiency growth. Similarly, SY2011-12 showed more than a 228% increase in the total number of proficient students.

K-3 Developmental Reading Assessment 2 (DRA2)

The K-8 program at NVVA relies heavily on early assessment results from the Developmental Reading Assessment 2 (DRA2) to identify students behind state and national expectations. The data gathered from these assessments has been used by teachers to remediate in-year and facilitate academic growth.

The DRA2 provides teachers with a method for assessing and documenting K-3 student development over time. Its purpose is to identify student reading levels, defined by benchmarks in the areas of accuracy, fluency, and comprehension. This testing is also a critical tool to help identify independent reading strengths and weaknesses, give teachers a plan for data-informed instruction, and to monitor reading growth. The assessments are conducted during one-on-one reading conferences as children read specially selected assessment texts. The texts increase in difficulty as the students progress through the assessment. The DRA2 evaluates various aspects of reading which are critical to the reader's independence.

Nevada Virtual Academy teachers assess students with the DRA2 in the fall and then again in the spring in order to measure reading growth during the year. In Appendix 1- Figure 2.9, an in-year increase in the number of students defined as "on" or "above grade level" is shown. The left, or darker column for each year is the initial test in the fall, while the right, lighter column is a reflection of the measurement assessment taken in the spring. The figure shows that there is an upward trend in reading level as the school year progresses.

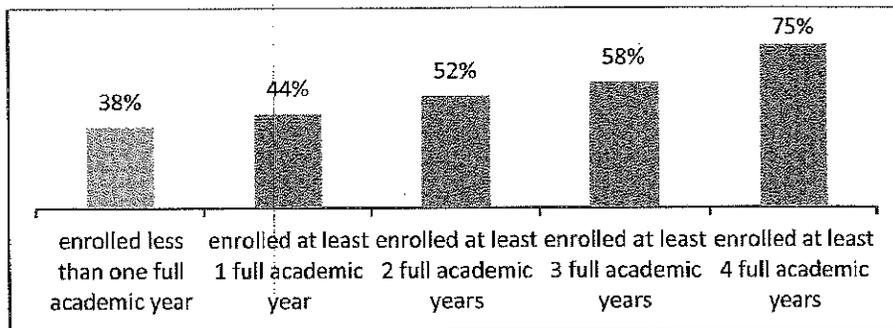
Appendix 1- Figure 2.10 illustrates the percentage of K-3 students who were assessed as "on" or "above grade level" and the in-year growth of those students during the second assessment in the spring.

Assisting these primary grade students (K-3) and focusing on the foundation for reading is a goal the school has set for monitoring and ensuring the subsequent grade levels will have positive reading growth. NVVA understands that the earlier reading skills and practices are gained by the students, the better the students will perform in later grade levels and ongoing coursework.

CRT and HSPE State Assessment Results (Factoring in Longevity)

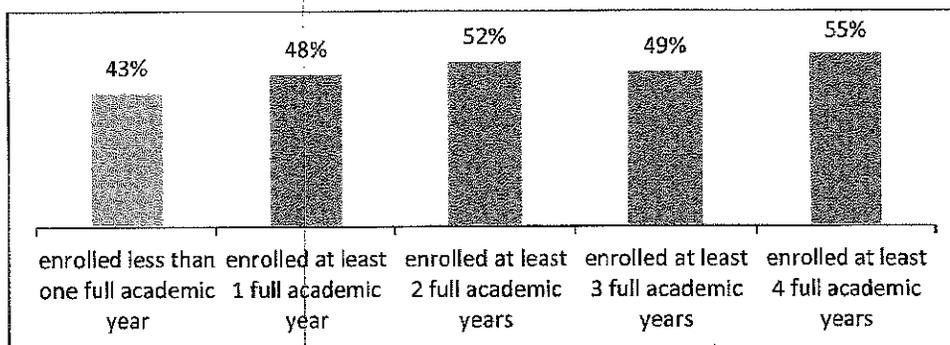
Nevada Virtual Academy has noted an increase in performance on proficiency standards when compared with the students' longevity at the school. The data clearly shows that the longer the students attend NVVA, the better those students performed on state testing. The Reading proficiency rate for students (3-11) who attend NVVA for one year (SY2010-11) was 38%. If we compare this figure to students who are completing their fourth full academic year at NVVA during SY2010-11, the proficiency pass rate percentage in Reading was 75%. This is an increased probability of 37 percentage points, or a 97% increase in proficiency.

Figure 2.11: NVVA Students Proficient in Reading by Length of Enrollment SY2010-2011 (n=1633)



Math proficiency scores have seen a similar increase when longevity is factored. The Math proficiency percentage for students who attended NVVA for their first year during 2010-2011 was 43%. The students who were completing their fourth year at NVVA during that same year demonstrated a proficiency percentage of 55%. This shows that four-year NVVA students experienced a 12 percentage point, or 28%, increase in Math proficiency over their first year counterparts. In summary, the data in Figures 2.11 and 2.12 clearly show that the longer students remain at NVVA, the better they will perform on state tests.

Figure 2.12: NVVA Students Proficient in Math by Length of Enrollment SY2010-2011 (n=1633)



For additional data on comparisons between longevity and proficiency scores, see Appendix 10.

3. A report on the progress of the charter toward meeting its mission, goals, and objectives. NAC 386.300(3)

Nevada Virtual Academy Mission Statement

The mission of Nevada Virtual Academy is to provide Nevada students with a world class education grounded in high academic standards which will help them achieve their full academic and social potential, and help them become productive members of society.

NVVA is dedicated to meet the needs of the mission and, in turn, reach its student goals and objectives by adhering to the following:

- ✓ Provide rigorous instruction, high standards, informed guidance and individual instruction to the student population.
- ✓ Offer advanced options for high achieving students.
- ✓ Deliver social and civic opportunities through face-to-face experiences.
- ✓ Develop interventions for struggling and "at-risk" students.
- ✓ Prepare teachers for educational changes.
- ✓ Focus on critical thinking and analysis.

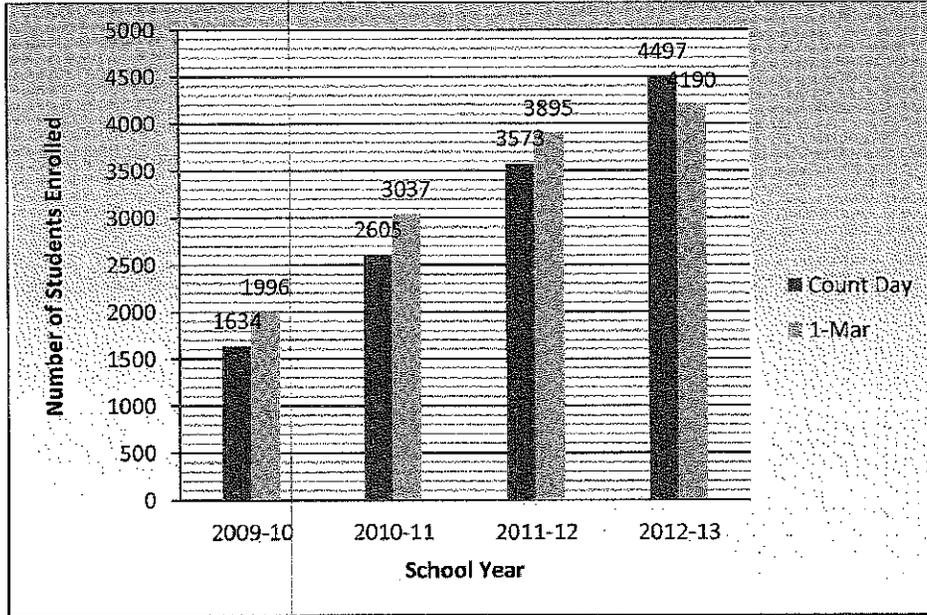
NVVA Growth

Since the foundation of Nevada Virtual Academy's charter, the student population has grown 1,400%. This growth has offered the school an opportunity to adapt to the continuously changing student body. The year-over-year rise in enrollment has produced innovative and adaptive teachers, and has provided a training ground for teachers and administrators in problem solving.

The increase in student population has also created some concerns, particularly where outcomes are concerned. NVVA has used the goals from the original charter to help guide the school in the direction of student achievement, closing education gaps, and family engagement. Refer to section 7 of this report for further explanation of future goals.

Since count day of SY2009-10, NVVA has increased its student population to over 4,497, according to SY2012-13 figures. This is nearly a 175% increase in enrollment between the two count days. Each year has shown tremendous in year growth between count day and March 1, with exception of SY2012-13. Between SY2009-10 and SY2011-12, the average growth of the school between count day and March 1 was 372 students. This drastic in year growth has created many opportunities for the school to adapt and set in place streamlined processes for the onboarding of new students. The enrollment drop during the current school year, 2012-13, is due to changes in school enrollment policies. NVVA enacted policy to close enrollment after count day and manage a wait list for those students wanting to enroll in the school. Many students are unable to wait on the list for an indefinite time and choose to enroll elsewhere. This is the primary reason for the decrease in this school year's enrollment from count to March 1 (Figure 3.1).

Figure 3.1: NVVA's Population Growth Over the Last 4 Years



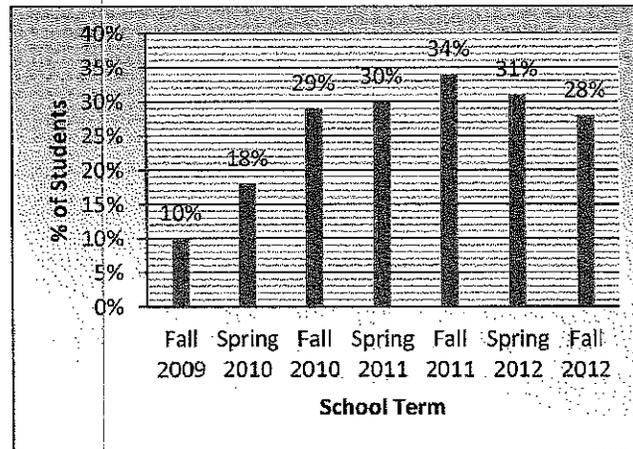
Goal 1: NVVA will improve the opportunities for pupils to learn.

Honors and Advanced Placement (AP) Participants

Nevada Virtual Academy has placed an emphasis on Honors and AP courses. The school is looking to enroll as many eligible students for these programs in order to help prepare them for the rigor of higher level courses, practice learning strategies for college, and become exposed to the higher level content that comes from the advanced courses.

The percentage of students participating in Honors and AP courses has increased over the last few years. Figure 3.2 shows that a total of 10% of the high school population, in the fall of 2009, were enrolled in Advanced Placement or Honors courses. When compared to the percent of students enrolled in the same advanced courses during the fall of 2012, it is shown that there was a 28%, or 18 percentage point, increase in the amount of course offerings.

Figure 3.2: Percent of High School Students in Honors or AP Courses



Middle School Students in High School Courses

NVVA has created an opportunity for middle school students to participate in high school courses, if they meet specific criteria. Over the last three semesters over 548 courses were taken by middle school students for high school credit. This opportunity provides advanced preparation for students who meet the appropriate high school course requirements. During the first four weeks of enrollment for middle school students being placed in high school courses, school counselors monitor the progress of each student. If students are in danger of failing, or are failing the courses at the time of the counselor's progress check, the students are placed back into middle school courses. This progress monitoring, as well as, the withdrawal of middle school students explains the drop in student participation between the fall and spring (Appendix 1- Figure 3.3).

In addition to offering middle school students the ability to take high school courses, NVVA also allows its 7th and 8th grade students, taking Algebra 1 at the middle school level, to take proctored semester exams for the high school Algebra 1 course. If students are able to pass the exam with a "B" or higher NVVA awards credit by exam semester units for the high school course.

NVVA Course Offerings

Nevada Virtual Academy has expanded its course offering since the formation of the charter. The school strives to provide a wide variety of curricular options in order to tailor the students' education to their interests. A recent emphasis has been directed towards advanced placement and technology courses. The high school program has doubled its course offerings since SY2009-10 from 59 to 120 unique courses in SY2012-13. The K-8 program has similarly increased its offerings. A total of 38 distinct course options have been added since SY2009-10 (Appendix 1- Figure 3.4).

Nevada System of Higher Education (NSHE) Remediation Rate

Data has been gathered by NVVA over the last year which shows a low number of Nevada Virtual students who attend NSHE schools and, upon entrance, are in need of remediation in either Math or English. In the

fall of 2011 only 7% of NVVA students attending NSHE participating institutions required remediation courses for Math or English. This is a testament to the caliber of curriculum and the techniques and practices of the teachers at NVVA. Without the strong foundation that NVVA students build during their high school years, these students would more frequently be placed in remediation courses at the university level.

NVVA Dual Credit Opportunity

In order to improve the students' opportunity to learn, NVVA has developed a Dual Credit Program. This program currently partners with UNLV. During the first offering of the dual credit option there were a total of 8 participants who attended and received high school and university credits. The second offering was extended to 19 students, more than doubling the previous dual credit offering. All students who have participated in this program, so far, have passed and have/will receive college level credits. To date, all students have received a "B" or higher in this dual credit offering. Next year, SY2013-14, NVVA is looking to create similar partnerships with six other NSHE schools: UNR, CSN, Western Nevada, Truckee Meadows, NSC and Great Basin. The school anticipates upwards of 50 students participating in this program for SY2013-14.

Academic Advisors

Every student at Nevada Virtual is assigned an Academic Advisor. These staff members help provide new students the necessary instruction and skills to transition into the virtual education environment. Each year, for the first few weeks, the Advisors provide orientation sessions for families and students. These orientations are held daily for the first four weeks of each semester to assist families with systems navigation and school policies and procedures. This year, over 120 synchronous sessions were held with families. Advisors are the coordinators who drive academic support. They are, in all respects, the single point of contact for families needing non-instructional assistance. Part of the Advisors daily duties are to examine progress and activity levels, and to reach out to struggling students. NVVA understands that there is a transition period for students new to the distance education environment and has provided students an advising staff in order to meet the needs of students during transition periods. The school feels that these Advisors are vital to improving the students' ability to achieve success.

Goal 2: NVVA will encourage the use of effective methods of teaching.

Observation and Evaluations

For SY2012-13 NVVA has made a few changes in the expectations for staff evaluations. At the beginning of the year, administrators meet with each teacher in order to develop a list of goals and deliver the school year's expectations. After the pre-observation conference, teachers are then observed on a regular basis throughout the school year. The number of observations depends on the teachers' experience and on the result of past observations. These classroom observations include the viewing and assessing live lessons, recorded lessons that are sent out regularly to students, and teacher home visits. Short post-observations are held after each teaching assessment. At the end of the year, teachers are rated on a final evaluation form. The teacher evaluations have four domains: Planning and Preparation, Instruction and Student Achievement, Virtual Classroom and Course Environment, and Professional Responsibilities.

NVVA implemented a performance pay element to the teacher contracts. Those teachers who reach certain benchmarks, focused primarily on student achievement and growth, receive a pay incentive for their accomplishments. This program is in place in order to encourage the use of effective teaching methods, and to reward those teachers who demonstrate student success through their teaching.

Professional Development

NVVA has a renewed focus on training teachers and maintaining an environment of perpetual learning. The school believes that teachers need to be on the cutting edge of teaching. They need to be exposed to what works and what practices are being used across the state, nation and world that are working to empower and engage students and families. For this reason, Nevada Virtual has increased the opportunities for teachers to attend professional development.

The first step of professional development is for teachers to inform each other. Teachers are given the opportunity to set aside a specific time each week to discuss, within their grade-level cohort, teaching practices that they see are working, intervention strategies to use with the variety of student issues that come up in their classrooms, approaches to instruction on hard to grasp standards, co-teaching opportunities, thoughts on individual research, and support for new teachers. This opportunity allows staff to have a voice in the changes and enhancements to the school.

As a second step, the school has staff-wide meetings at a set time each week. These meetings are used to bring in guest speakers, to present new research and reflect on school level data, to collaborate and share best practices, and to discuss school wide concerns and goals.

The last step in implementing professional development, in an attempt to encourage effective teaching methods, is to send teachers and staff to local and national opportunities to hear from educational professionals from around the world. In the recent past, teachers and staff have attended the International Society for Technology in Education conference. At this conference teachers learned how to successfully integrate technology in education. Other staff members attended a conference with the following leaders in education philosophy and practice: Richard Dufour, Robert Marzano and Sir Ken Robinson. At this conference, staff members learned about Professional Learning Communities, leadership strategies and implementing an expectation for change. In addition to these conferences, teachers have attended dozens of professional development opportunities in order to enhance their understanding of effective teaching methods. These additional conferences include: Mega Conference, Charter School Association of Nevada (CSAN) Conference, and the Modern Schools Conference. Methods were brought back from these trainings to the whole staff. As a result, ideas and plans for the future were put into place in order to improve academic achievement and family engagement.

Goal 3: Students will demonstrate mastery of the curriculum that meets or exceeds Nevada content and performance standards and NVVA will provide an accurate measurement of the academic achievement of the students.

K-8 Competency Based Learning

The K-8 program at NVVA is a competency based program. This means that as students master the aspects of lessons within the curriculum they are promoted on to the next level. Students must pass all units, lessons, check points and assessments within the curriculum at a mastery level score of 80% or

higher in order to move on to the next level. If a student is promoted to the next level, they have shown that they have mastered, at least, 80% of the requirements within the course. In contrast with traditional schools, students can potentially fail 40% of their work and still be promoted to the next level. This provides NVVA students who promote grade levels with a more advanced preparation than their traditional school counterparts.

Goal 4: NVVA will improve the opportunities for students to learn and students will demonstrate strong proficiency in Language arts.

Mark 12 Reading Program (Grades 3-5)

The Mark 12 Reading program is a three stage remedial reading/language arts program targeting at-risk students in the third to fifth grades who are struggling readers. It provides students who are reading several grades below grade level the opportunity to master missed concepts in a way that accelerates them through the remediation process by incorporating adaptive and online assessments. Through the adaptive course, the system intelligently adjusts to the students' skills and knowledge level, providing help in areas they need most. Students work to develop oral reading, comprehension, phonics, spelling, and fluency skills. They also practice grammar usage, mechanics, and composition abilities. The course also incorporates graphics, learning tools and games, and adaptive activities that help struggling students master typically difficult concepts. MARK 12 gives students the opportunity to master missed concepts in a way that accelerates them through the remediation process.

Developmental Reading Assessment 2 (DRA2)

As described in section two of this report, grades K-2 at NVVA rely heavily on early assessment results from the Developmental Reading Assessment 2 to identify students behind state and national averages and expectations. In order to increase student opportunities to demonstrate their proficiency in Language Arts, Nevada Virtual uses the data gathered from the DRA2 assessment to remediate in-year and facilitate academic growth.

Students in grades K-2 have shown consistent growth in-year, and year-over-year, as they have been assessed with this program. Refer to the growth figures in section 2 (Appendix 1- Figures 2.9 and 2.10) to see the increase in student reading scores for these primary grades.

Goal 5: NVVA will improve the opportunities for students to learn and students will demonstrate strong proficiency in Mathematics.

High School Math Gains

Nevada Virtual Academy has substantially improved its students' Math proficiency scores over the course of the charter (refer to Figure 2.2 within this report). The percent of high school Math proficient students has increased from 42.1% in SY2010-11 to 57.9% as preliminary figure for SY2013-13. This growth demonstrates a strong focus on the proficiency of high school students in Mathematics.

CRT Math Growth

As demonstrated in Appendix 1- Figures 2.6 and 2.8, grades 3-8 have shown growth over the last four years in Mathematics. Since SY2008-09, the overall Math percent proficient has increased by 2.05 percentage points. Again, though this shows only a slight increase in proficiency percentage, if the growth of the total number of students between SY2008-09 and SY2011-12 is assessed, a different story is told. There were 458 more proficient students in the SY2011-12 than in SY2008-2009. That is a 228% increase in the total number of proficient students.

Goal 6: NVVA will create new professional opportunities for teachers and administrators.

Nevada Virtual Academy believes in growing the school from within. It has been the goal of the school to develop all teachers and staff members into leaders and help them come to the forefront of educational leadership.

Teachers are given many opportunities to develop their professional responsibilities and increase their involvement in the decision making. Each year, teachers are asked to act as the cohort leaders for their grade levels. This position is a single year assignment and provides the participating teachers an opportunity to be in a leadership role. These leaders organize grade level meetings, present cohort findings to administration, gather school improvement ideas, and act as the first point of contact for fellow cohort teachers if any questions or concerns arise. Administrators help train these teachers in leadership styles and techniques.

Teachers and administrators alike are encouraged to present information and findings during state and national trainings. This year alone, several teachers and administrators are delivering breakout room trainings during the Charter School Association of Nevada (CSAN) Summer Conference in Reno, Nevada. Staff members are also presenting at a similar, national conference called SPARK.

During SY2012-13, Nevada Virtual Academy promoted a Counselor and a Master Teacher to Vice Principal positions. One of the prior year's Assistant Principals was similarly promoted to the Middle School Principal position, and the Compliance Administrator was promoted to the High School Principal position. Each of these positions created new professional opportunities for internally promoted staff members.

4. A report on the effectiveness of the collaboration between licensed and non-licensed staff members in the instructional program of the charter school. NAC 386.300(4)

Licensed and Non-licensed Staff

Since the launch of Nevada Virtual Academy, the growth of the school has required a consistent increase in staffing. Over the course of the charter, NVVA has grown to staff 121 licensed teachers, and currently employs 16 non-licensed personnel. This is a steep increase in staff when compared to the 44 teachers and 17 non-licensed staff in SY2009-10.

Figure 4.1 Growth of NVVA Staff

School Year	Number of Teachers	Teachers who Left (%)	Number of Support Staff	Support Staff who Left (%)	Administrators
2009-10	44	13.6	17	47.0	3
2010-11	67	14.9	23	48.0	4
2011-12	101	15.8	15	167.0	7
2012-13	121	10.7	16	44.0	11

At the beginning of each school year, teachers and administrators meet together, one-on-one, in order to discuss goals and expectations for the year. The evaluation rubrics and classroom observation expectations are explained to the teachers during these meetings. Licensed staff evaluations are based upon home visits, classroom observations, student achievement, parental involvement, and on-line learning school abilities. Teachers are observed frequently and are provided feedback on positive practices, as well as, areas of improvement. Short conferences are held with each teacher after the classroom observations.

This year, SY2012-13, NVVA has implemented a performance pay aspect to the licensed staff evaluations. Teachers who have students reach certain academic benchmarks are awarded the opportunity of performance compensation. This teacher incentive pay is intended to reward teachers that consistently demonstrate student academic accomplishments.

In addition to the evaluations provided for the licensed teachers, non-licensed personnel are also evaluated on a yearly basis by their supervisors. Non-licensed personnel are either salaried or hourly employees. These staff members are not part of the performance pay initiative.

As the school has grown, and the need for teachers has increased, additional administrators have also needed to be employed. In SY 2009-10, there were a total of 3 administrators on staff: two Principals and a Head of School. In the years since that time, NVVA has grown to accommodate 11 administrator positions: the Head of School, three Principals, three Assistant Principals, one Special Programs Administrator, one Special Programs Assistant Principal, and a Compliance Administrator. There have been three administrative turnovers since SY2009-10.

Highly Qualified

Nevada Virtual Academy adheres to the Nevada Administrative Code and Nevada Revised Statutes in hiring Highly Qualified Teachers. Presently, there are 4 Special Education teachers at NVVA who have been approved for an Alternative Route to Licensure plan.

Governing Body

The Nevada Virtual Academy Board has proven to be effective in providing oversight of the school. One of its primary responsibilities is to discuss and approve all school policies. The Board routinely requests reports from the administrative team and school personnel when making governing decisions. All licensed school personnel are approved by the Governing Board upon hire. This includes all school based personnel recommended by the Educational Management Organization (EMO), K12 Inc.

Stability of Board

The Board membership has remained relatively consistent since the origination of the charter. The number of board members increased from five to eight members during the SY2011-12. It has been noted that a total of six vacancies have been filled in the last four years due to transitioning membership within the Board. Members are expected to serve out the extent of their one or three year terms of service. Currently, all Board positions are filled.

5. If applicable, a report on the number of pupils who have graduated from grade 12 at the charter school and the plans of those pupils for careers and continuing education. NAC 386.300(5)

Nevada Virtual Academy's graduation rate is a vital indicator of the progress within the high school program. The Academy has witnessed a substantial increase in the number of graduating seniors year-over-year.

Figure 5.1: Graduation, Percent Graduated, Cohort Graduation and Dropout Rates From the Nevada Report Card

School Year	# of Graduates	% Graduated	Cohort Graduation Rate	Dropout Rate
2009-2010	13	48%	N/A	N/A
2010-2011	28	83.3%	43.64%	N/A
2011-2012	74	51%	53.85%	2.9%

Figure 5.2 shows the senior transiency rate at Nevada Virtual Academy over the past three years. This chart illustrates that the first year of Nevada Virtual Academy's high school program, SY2009-2010, an average of 76.36% of students who enrolled as seniors did not complete the school year. In SY2010-11 the figure stood at 74.45%, and during SY2011-12 Senior transiency was noted to be 66.38%. This high mid-year withdrawal rate among seniors can be attributed to many factors including: students wanting to walk across the graduation stage with their friends in the brick and mortar school, students wanting to experience their last semester in a traditional school environment, and credit deficient students discovering that the rigors of the NVVA program were not what they expected. The senior transiency rate has reduced by 15% since 2010.

Figure 5.2: Senior Transiency

School Year	% of Transiency
2009-2010	76.36%
2010-2011	74.45%
2011-2012	66.38%

With that said, NVVA graduated seniors have shown great success enrolling in Nevada colleges. It was noted during the SY2011-2012 that 93% of Nevada Virtual Academy graduates who attended Nevada System of Higher Education (NSHE) institutions did not require college level remediation courses in either English/Language Arts or Math.

Nevada Virtual Academy has made great strides in its initiative to promote college and career readiness for student. In SY2012-2013, Nevada Virtual Academy began a dual credit partnership with UNLV. This program allowed 19 students to receive both high school and college credits simultaneously. In SY2013-2014, Nevada Virtual Academy's dual credit program will expand to 6 schools, adding UNR, Great Basin College, Western Nevada College, College of Southern Nevada and Truckee Meadows Community College. As of May 2013, over 50 students have indicated their interest to participate in next year's program. Furthermore, Nevada Virtual Academy will introduce in SY2013-2014 a Work Study program in partnership with the Bureau of Vocational Rehabilitation, which will allow special education students the opportunity to earn credit while developing life skills in a real-world job setting.

6. A report on the effectiveness of the educational program of the charter school, including, without limitation, the effectiveness of any programs designed to assess pupils who meet the criteria of being "at risk" as set forth in NRS 386.500. NAC 386.300(6)

Nevada Virtual Academy continues to utilize curriculum developed by K12, Inc. as described in the initial charter application. This curriculum is continually updated and adjusted to meet state and Common Core State Standards. Additional courses have been added to the original selections in order to meet the needs of both remedial and advanced students. Appendix 1- Figure 3.4 shows an increase in course offerings that has occurred since SY2009-10. The high school program has doubled its offering from 59 to 120 unique courses. The K-8 program has similarly increased its offerings. A total of 38 courses have been added since SY2009-10.

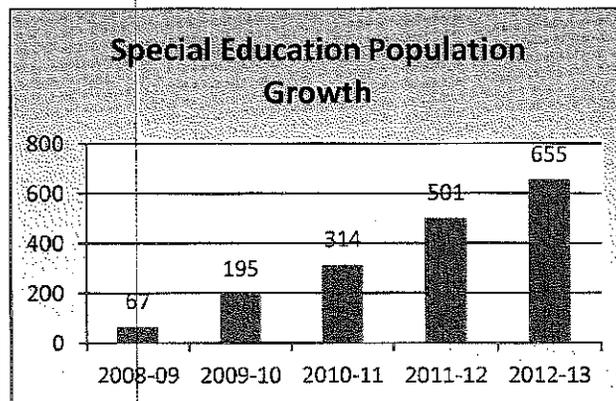
“At-Risk” Students

Nevada Virtual Academy identifies students as “at-risk” if they fall under the blanket description of being educationally disadvantaged and, therefore, likely to fail. Students who often make up this group of “at-risk” pupils come from low socioeconomic backgrounds, those with learning and physically hindering disabilities, students who have linguistic barriers, those who come from minority populations, or students whose parents are not directly involved in their education. These students are at-risk of educational failure- either by an unsuccessful attempt to learn or by dropping out of school altogether. NVVA has identified 51.57% of its student population as at-risk of failure. These students are afforded numerous opportunities throughout the school year in order to bridge the learning gap and seal educational knowledge. NVVA is of the philosophy that we, as educators, are responsible for the education of *all* students. Failure is not an option. With this philosophy, we have implemented the following programs to assist the students in narrowing the gap between at-risk and high achieving students.

Special Education Program

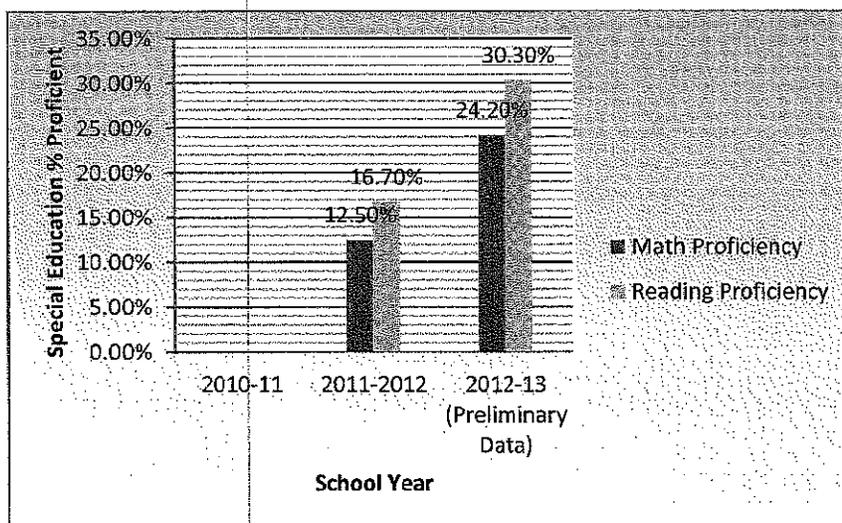
Many Nevada Virtual students who have developed Individualized Education Plans (IEPs) alongside the Special Education department have also been deemed as at-risk. Approximately 15% of students at NVVA receive Special Education services. This number has grown from 67 students in SY2008-09 to 655 students in SY2012-13.

Figure 6.1 Special Education Population Growth



These Special Education students are assigned a special education and regular education teacher. Both sets of teachers monitor the students' progress, identify weaknesses, work collaboratively to set educational goals, and prepare individualized lessons. These teachers also communicate with parents and learning coaches and develop learning plans through either face-to-face or on-line conferences. With these programs in place at NVVA, the school has seen significant growth. In the high school program, during the SY2010-11, there were less than 10 students participating in proficiency testing who made up part of the IEP group. Therefore, there was no IEP subgroup for the testing results. However, in SY2011-12 and 2012-13 the IEP subgroup was large enough for state reporting purposes. Between SY2011-12 and SY2012-13, students demonstrated an 11.7 percentage point increase (93% over the prior year) in Math, and a 13.6 percentage point growth (80% over the prior year) in Reading proficiency.

Figure 6.2: High School IEP Proficiency Results



Figures 6.3 and 6.4 illustrate the Reading IEP proficiency results for grades 3 through 8 during SY2010-11 and SY2011-12. The red, right, columns identify the average state rates, while the left, blue columns note the NVVA proficiency averages. Grades 5, 6 and 8 performed above the state averages in Reading during the SY2010-11, and grades 5, 6, and 7 outperformed the state averages during the SY2011-12.

Figure 6.3: Grades 3-8 Students with IEP Proficiency Results SY2010-11: Reading

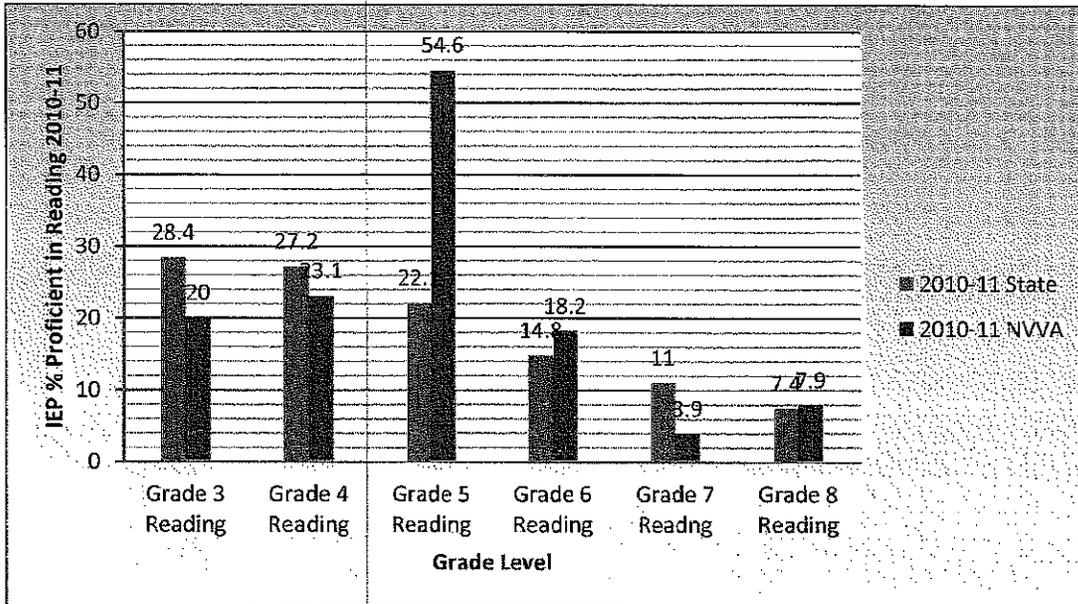
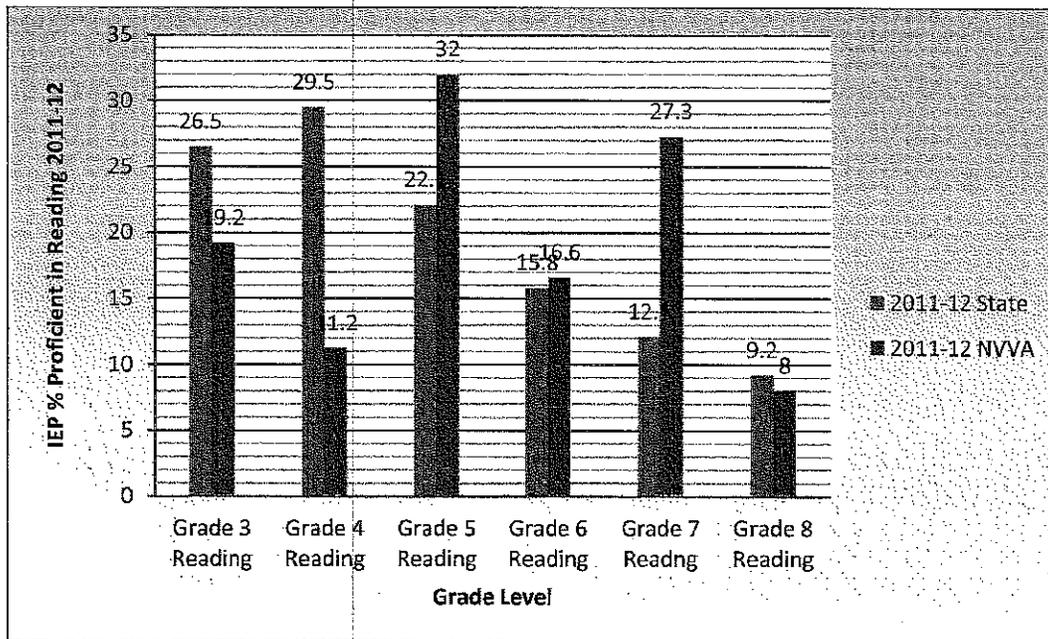


Figure 6.4: Grades 3-8 Students with IEP Proficiency Results SY2011-12: Reading



English Language Learners (ELL) Populations

During the SY2012-13, NVVA identified 74 students, approximately 2% of its student population, as English Language Learners (ELL). This subpopulation, much like the IEP group, is also considered at-risk due to

language barriers that exist for both the student and family. It is understood that identification of 2% of the total population as ELL is a low representation of the actual figure, especially when compared to the state and district averages. Nevada Virtual is committed to a more comprehensive process for identifying these students in the future.

NVAA will use its current roster of eight teachers who have earned endorsements in Teaching English as a Second Language to form an ELL committee. This group of educators will provide resources and strategies to assist peer teachers in delivering lessons, instruction techniques and learning strategies for students designated as ELL. The SY2012-13 is the first year NVVA has identified ELL students. Therefore, no data on the effects of the ELL programs has been gathered. To further solidify this process, NVVA will hire an ELL Coordinator for the SY2013-14.

Flipped Classroom Model

The flipped classroom is a pedagogical model in which class instruction and homework elements of the course are reversed. Short video instructions are sent out and viewed by students before the class session, while in-class time is devoted to exercises, projects, or discussions. The video instruction is often seen as the key ingredient and is posted online where students can easily gain access. In a traditional classroom, students often try to capture what is being said at the instant the teacher says it. They cannot stop to reflect upon what is being said, and they may miss significant points because they are trying to process the overall instruction. By contrast, the use of video and other prerecorded media puts the instructional portion under the control of the students: they can watch and rewind as needed. Instruction that can be viewed more than once may also help those for whom English is not their first language. Devoting class time to the application of concepts might give teachers a better opportunity to identify weaknesses or deficiencies on core content knowledge. At the same time, collaborative projects can encourage social interaction among students, making it easier for them to learn from one another and for those of varying skill levels to support their peers.

7. A summary that outlines the plans of the charter school for the next three years. NAC 386.300(7)

Based on a careful analysis of school data, Nevada Virtual Academy has classified its plans for the future into three categories: (1) increase graduation rates and mastery towards common core standards, (2) increase school wide proficiency rates, and (2) close achievement gaps. Each category need is defined by its scope of influence, the broad-based needs of the student population, and its effect on improving overall student academic achievement.

Goal 1: Increase Graduation Rates and Mastery towards Common Core Standards

Credit recovery options

- Offer a six week summer credit retrieval option during the summer of 2013 for participating Free and Reduced Lunch (FRL) students, free of charge
- Provide off-semester Math and English courses during SY2013-14

College and Career Readiness

- Dual-credit partnership with UNLV
- In SY2103-2014, expand dual credit program to include five other Nevada System of Higher Education (NSHE) institutions: UNR, CSN, Western Nevada, Truckee Meadows, NSC and Great Basin
- College interest tours at both UNLV and UNR. These tours will spotlight college entry requirements, preparation, housing, college expectations, campus life and community involvement

State Test Monitoring

- Non-proficient students in Reading, Writing and Math Remediation courses
- Attendance in these remediation courses will be mandatory. Sessions will be prioritized according to student needs
- Systemic Professional Learning Community intervention strategy

High School Course Offerings for Middle School Students

- Opportunity for Middle School students to enroll in high school Math, Language Arts and Science courses for credit

Professional Development Plan

- Focus professional development on Common Core State Standards and Smarter Balanced Assessment training
- Wide-net risk data analysis in order to prioritize the emphasis on individual strands of the CCSS

Goal 2: Increase Proficiency Rates

High School ELA/ Math Specialist

- Addition of three Learning Strategists

Family Engagement

- Development of a Parent Organization will be valuable in the process for meeting these family needs

- Offer administration with feedback on school practices
- Facilitate on-going communication between parents and administrators in an effort to improve the quality of service the school provides
- Assist administration with strategic planning for the school by providing parental viewpoints
- Opportunity to propose changes that affect the school as a whole
- Work with the administration to review various aspects of operations, including teacher retention, passing and graduation rates, school transiency, fund-raising, extracurricular activities, parent and student needs, changes in procedures or services, and local, state and national issues
- Parent University
 - Provide opportunity to participate in live orientation sessions which will provide instruction and support on all the K12 platforms
 - Basic program and navigation support
 - Afford family support resources for educational and social needs
 - Workshops on topics which include:
 - College and Career Readiness
 - Parenting
 - Cyber-Bullying
 - Distance Education
 - Internet Safety

Goal 3: Close Achievement Gaps

Learning Strategist Team

- Focused efforts on non-proficient and at-risk students
- Small group sessions with struggling students
- Assess literacy skills of the student population
- Coach teachers on best practices
- Provided personal attention and coaching to families

Student Intervention Plan

- Implementing a school wide professional learning community (PLC)
 - Identify the school's expectations for content mastery and prioritize those instructional strands
 - Delineate what it means for a student to attain content mastery
 - Develop a process for intervention response when students underperform

ELL Plan

- A full range of resources will be implemented by Highly Qualified Teachers endorsed in Teaching English as a Second Language with the goal of closing the ELL achievement gap
- Ongoing training to maintain current strategies and to stay abreast of relevant theoretical trends
- ELL Specialist will be hired and tasked with restructuring the identification process as well as coordinating testing for students across grade levels

The Special Education Gap

- Move students towards option one, standard or advanced diplomas

- The initiation of cooperative (general & special education) instruction
- Work study programs
- Dual credit options for both career and college bound students will be the foundational components of these steps in addressing special education achievement gaps

Governing Body: School Evaluation

In addition to regularly scheduled board meetings for establishing policy and procedure, NVVA's governing body is responsible for an annual performance review for both the school's Education Management Organization (EMO) and the Head of School (Appendix 7 and 8). The annual EMO performance review assesses the organizations management, facilities, business administration, budgeting and financial reporting, maintenance of student records, pupil recruitment, admissions, family services, and teacher training opportunities. Each area of the performance review is designated as "Satisfactory" unless a majority of the governing body deems the item as "Needs Improvement" or "Unsatisfactory" by vote. The board is then to prepare a report which details specific concerns and responses to the evaluation. This report is then presented to the EMO. The performance review is typically submitted before the end of the school year.

Governing Body: EMO Evaluation

The NVVA Board of Directors also conducts an annual evaluation of the Head of School. Though the report is typically completed on an annual basis, the board may conduct additional evaluations as is necessary. The Head of School evaluation delineates the following performance instruments: educational leadership, professional and legal responsibilities, stakeholder and staff relations, working relationship with the NVVA Board, fiscal responsibility, and personal qualities.

Facilities

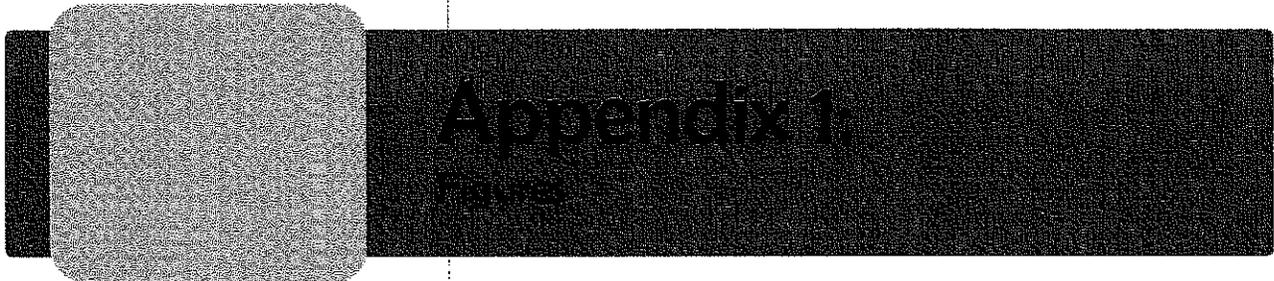
Nevada Virtual Academy plans to use the same office space it currently leases. There is the possibility of a nearly 2,000 square foot expansion into adjacent offices. This additional space, if acted upon, will help accommodate future growth and expansion of school office personnel.

8. A report on the charter school's standards of accounting and financial management, including, without limitation, whether those standards comply with generally accepted accounting principles. NAC 386.300(8)

Nevada Virtual Academy's financial statements and accounting records are audited annually by an independent certified accounting firm. Over the years, the audits have not discovered any material weaknesses or significant deficiencies in internal control over the school's financial reporting (Appendix 9). The audit findings have always shown Nevada Virtual Academy's financial statements to be in conformity with generally accepted accounting principles. At the conclusion of each audit, a copy of the audit report is filed with the NVDOE.

Nevada Virtual Academy's service agreement with K12 contains a guarantee that the school will not operate in a deficit position. K12 will provide accommodation credits to bring the school to breakeven if needed to ensure the school is financially solvent.

In light of the fact that the school is funded based upon a single Count Day near the beginning of the school year, Nevada Virtual Academy's past policy to actively continue to enroll pupils after Count Day had resulted in high costs for which no funding was forthcoming. In an effort to correct this situation, beginning with the current school year, the school closed enrollment as of Count Day. However, some students are still accepted after Count Day to supplant any withdrawn students. The school expects this action will enable it to better control costs with the goal to operate at breakeven or show a surplus over the next few years.



Appendix 1

Figure 2.1: AYP Results from SY2008-09 through Present

Year	Grades K-8 Classification	Designation	High School Classification	Designation
2007-08	Made AYP	Adequate	Not Operational	Not Operational
2008-09	Did Not Make AYP	Watch	Not Operational	Not Operational
2009-10	Did Not Make AYP	In Need of Improvement 1	Did Not Make AYP	Watch
2010-11	Did Not Make AYP	In Need of Improvement 2	Made AYP	High Achieving
2011-12	Did Not Make AYP	In Need of Improvement 3	Did Not Make AYP	Watch

Figure 2.5: Reading Proficient Students Grades 3-8

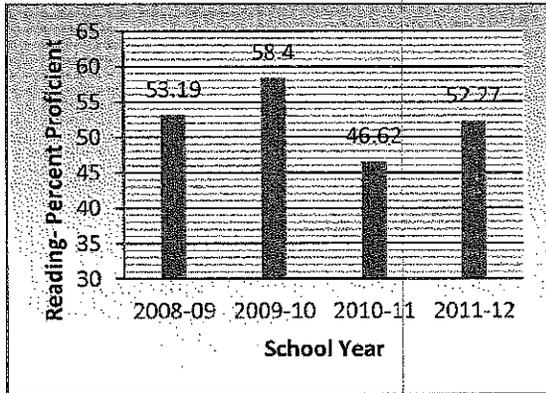


Figure 2.6: Math Proficient Students Grades 3-8

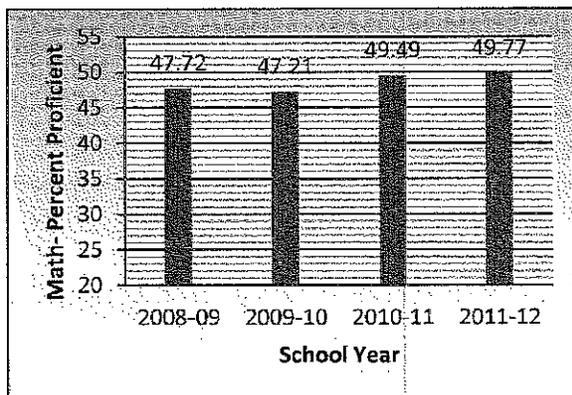


Figure 2.7: Grades 3-8 Students Reading Proficient

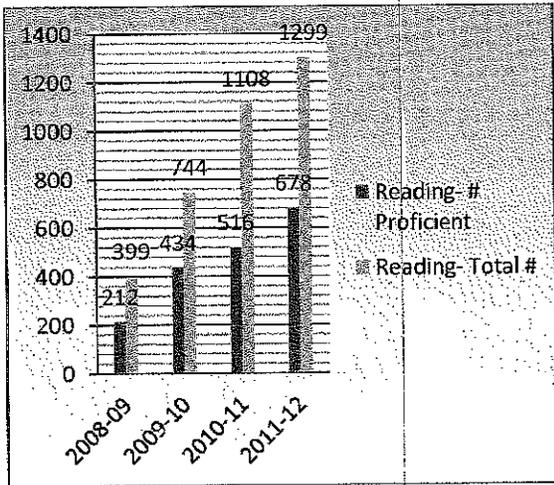


Figure 2.8: Grades 3-8 Students Math Proficient

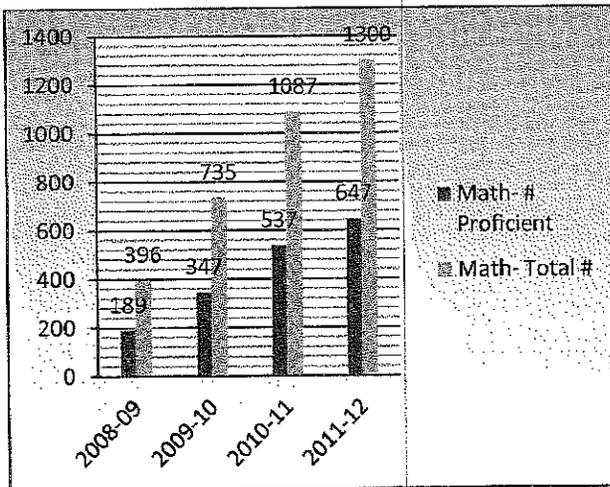


Figure 2.9: DRA2 Fall to Spring Growth Numbers

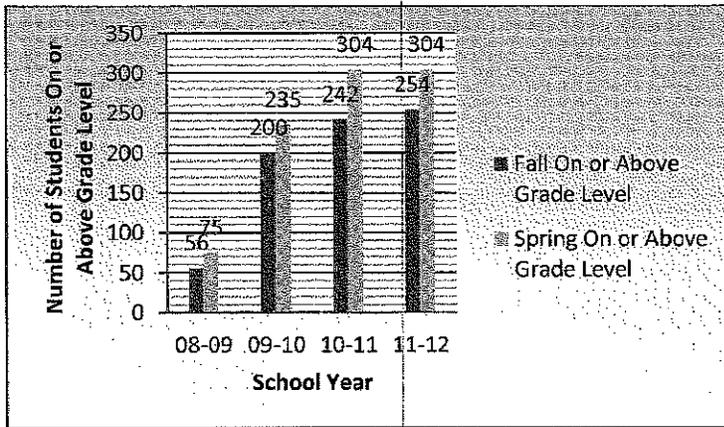


Figure 2.10: DRA2 Fall and Spring Growth Percentages

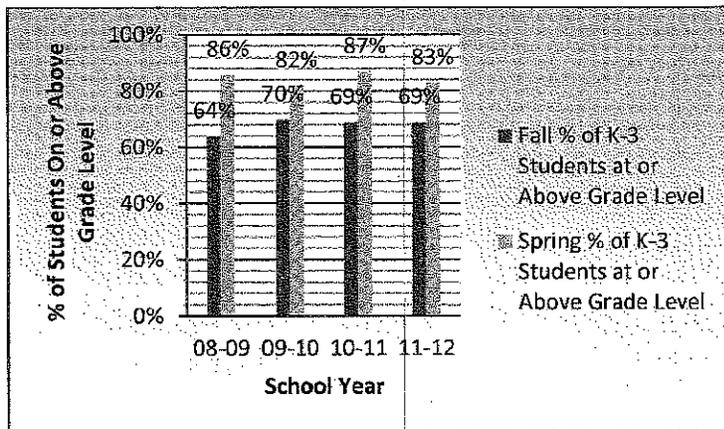


Figure 3.3: Number of High School Courses Taken by Middle School Students

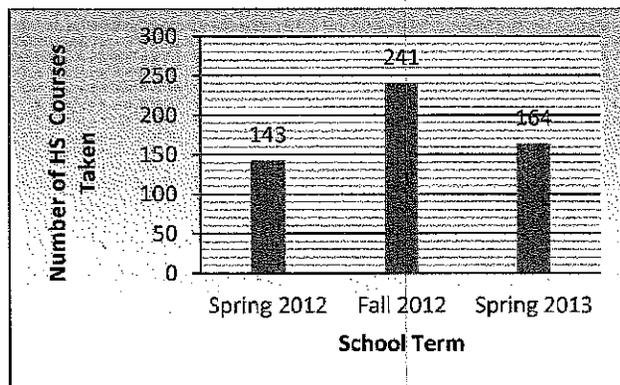
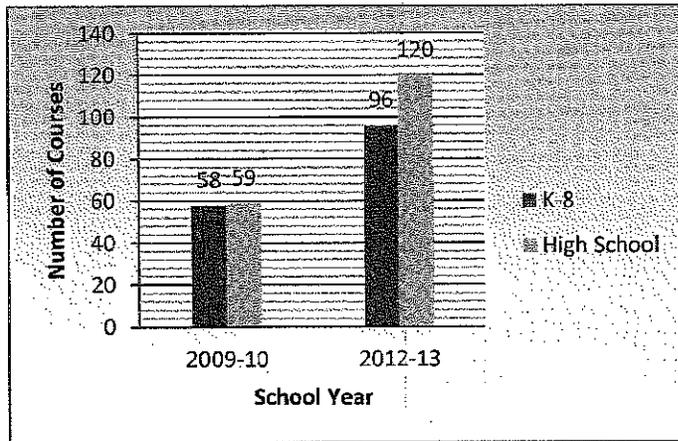


Figure 3.4: Increase in NVVA Course Offerings





Appendix 2:
Approved Applications for
Candidacy

KEITH W. RHEAULT
Superintendent of Public Instruction

GLORIA P. DÖFF
Deputy Superintendent
Instructional, Research and Evaluative
Services

JAMES R. WELLS
Deputy Superintendent
Administrative and Fiscal Services

STATE OF NEVADA



DEPARTMENT OF EDUCATION
700 E. Fifth Street
Carson City, Nevada 89701-5096
(775) 687-9200 • Fax: (775) 687-9101

SOUTHERN NEVADA OFFICE
1820 E. Sahara, Suite 205
Las Vegas, Nevada 89104-3746
(702) 486-6455
Fax: (702) 486-6450

MOODY STREET OFFICE
1749 Moody Street, Suite 40
Carson City, Nevada: 89706-2543

February 4, 2009

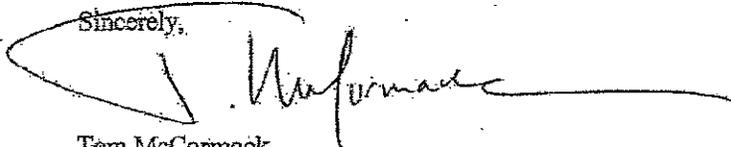
Mike Kazek, Administrator
Nevada Virtual Academy
187 East Warm Springs Road, Suite C
Las Vegas NV 89119

Dear Mike:

The State Board of Education, at its January 16, 2009, meeting, approved the charter school application for grades 10-12 of the Nevada Virtual Academy. Congratulations.

Enclosed is an unsigned, grades K-12 charter school agreement between the State Board and the Nevada Virtual Academy. New language added to the K-9 agreement is indicated in *bold italics*; see items 20, 28, and 29. Please have your governing body president sign the agreement where indicated on page 8 and return the agreement to me at your earliest convenience. I will then have the State Board president sign it, and will return a signed copy to you. Thank you.

Sincerely,


Tom McCormack,
Charter School Consultant

RECEIVED FEB 10 2009

Appendix 3
Final Final
Agreement

CHARTER SCHOOL AGREEMENT

Nevada State Board of Education And Nevada Virtual Academy Charter School

THIS AGREEMENT is made and entered by and between the Nevada State Board of Education ("State Board") and the Nevada Virtual Academy Charter School ("Charter School"), a public school.

RECITALS

WHEREAS, in 1997, the Nevada Legislature authorized the formation of Charter Schools; and

WHEREAS, on or about September 1, 2006, an application was submitted to the Nevada Department of Education ("Department") by the Committee to Form the Nevada Virtual Academy Charter School; and

WHEREAS, the Nevada Department of Education reviewed and approved the application for completeness on or about March 13, 2007; and

WHEREAS, by decision on June 29, 2007, the State Board approved the application under NRS 386.527(4); and

WHEREAS, by decision on August 9, 2008, the State Board amended the charter under NRS 386.527; and

WHEREAS, pursuant to NAC 386.050 the written charter includes both the application to form a charter school approved by the sponsor and a written agreement signed by the sponsor and the charter school;

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual understandings, releases, covenants and payments herein described, the parties agree as follows:

AGREEMENT

1. Compliance with Nevada Law. The statutes and regulations which establish charter schools in Nevada, as well as the Charter School application approved by the State Board, are hereby incorporated by reference as a part of this Agreement. The Charter School agrees to comply with all statutes and regulations regarding the creation and operation of charter schools in Nevada, including specifically NRS 386.550.

2. Term. It is the intent of the State Board that the Charter, including this Agreement, are to be effective as of the date first written above for a period of six (6) years, to begin on June 29, 2007, and to terminate on June 29, 2013.

3. Charter School Independence. Pursuant to NRS 386.565, the State Board shall not assign any pupil who is enrolled in a public school or any employee who is employed in a public school to the Charter School, or interfere with the operation and management of the Charter School except as authorized by written charter, NRS 386.500 to 386.610, inclusive, and any other statute or regulation applicable to the Charter School or its officers or employees. The State Board and the Department, or its designees, may physically inspect the school and its records, including employee and financial records, at any time.

4. Student Achievement. The Charter School agrees to report to the Board on a regular basis the academic progress of the Charter School in meeting standards of achievement set forth in the Application, as required by NRS 386.605 and NRS 386.610. In addition to any goals and description of how achievement of those goals will be measured that were approved in the Charter School application, all provisions of NRS 385.3455 through NRS 385.391 (Statewide System of Accountability) apply to the Charter School. Nothing in the application approved by the State Board, this Agreement, or the Written Charter is to be construed as replacing, overriding, or taking precedence over NRS 385.3455 through NRS 385.391.

5. Employment Matters. The Charter School agrees to comply with the provisions of NRS 386.595 regarding employment status. The Charter School will establish and implement its own dispute resolution process for employment matters.

6. Costs of Operations. The Charter School shall be responsible for all costs associated with its school operations, including the cost of contracting for goods and services.

a. The Charter School shall clearly indicate to vendors and other entities and individuals with which or with whom the Charter School enters into an agreement or contract for goods or services that the obligations of the Charter School under such agreement or contract are solely the responsibility of the Charter School and are not the responsibility of the State Board. Prior to signing a contract with an Educational Management Organization ("EMO"), the charter school shall submit a copy of the proposed contract to the sponsor. No clause in any contract between the Charter School and an EMO may require more than a simple majority of the Charter School's Governing Body to terminate the contract. No clause in any contract between the Charter School and an EMO may require the EMO's agreement before the contract may be terminated by the Charter School.

b. The Charter School agrees that it will not extend the faith and credit of the State Board to any third person or entity. The Charter School acknowledges and agrees that it has no authority to enter into a contract that would bind the State Board.

7. Purchase of District Services. Through separate agreement, at a school district's discretion, the Charter School may negotiate for the purchase, at cost, of available services.

- a. Legal Services. Through separate agreement, at a school district's discretion, the Charter School may purchase, at cost, legal services through the school district's legal counsel for defense of suits, actions and claims against the Charter School. Such services shall be provided subject to the provisions of Nevada Revised Statutes.
 - b. Transportation. In the event transportation services are required, a school district and the Charter School may negotiate a transportation agreement which requires, among other things, the payment of the costs associated with obtaining such services, and that the Charter School indemnify the school district for liability resulting from the provision of the transportation services.
 - c. Food Services. A school district and the Charter School acknowledge and agree that in the event food services are required, an agreement may be negotiated which requires, among other things, the payment of the costs associated with obtaining such services, and that the Charter School agrees that it will indemnify the school district for liability resulting from the provision of food services.
 - d. Other services which may be mutually agreed upon.
8. Legal Liabilities/Indemnification. As required by NRS 386.550, the Charter School agrees that the State Board is not liable for the acts or omissions of the Charter School, its officers, agents, or employees. Subject to NRS Chapter 41, the Charter School agrees to defend, indemnify, and hold the State Board, its agents and employees harmless from all liability, claims and demands on account of contract, injury, loss or damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever which arise out of or are in any manner connected with the Charter School's operations.
9. Insurance. The Charter School agrees that it will maintain all appropriate insurance coverages, including coverages for general liability and worker's compensation, as required to protect itself, the State Board and the Department, and specifically as required by NRS 386.550 and NAC 386.215.
10. Special Education. The Charter School agrees to be responsible for the provision of special education services to students with disabilities who attend the charter school in accordance with the requirements of state and federal law including Section 504 of the Rehabilitation Act of 1973 and the Individuals with Disabilities Improved Education Act of 2004. The charter school is responsible, both financially and programmatically, for the response and resolution of any Due Process complaints filed against them.
11. Student Withdrawal. The withdrawal of any student from the Charter School shall be reported to the Department. Reports shall be submitted on an ongoing basis, and must include each student's name, ID number, and contact information. In the event a student is expelled, the charter school will provide equivalent services to the student. If the expelled student returns to a local school district, the charter school will reimburse the district on a pro rata basis.

12. Gifts/Donations/Grants. The Charter School shall inform the State Board of any gifts, donations, grants, etc. received for the school.

13. The Charter School shall provide a list of Governing Body members to the sponsor. The Governing Body shall also make the list available to any member of the public upon request. The list will be updated on an as needed basis.

14. The Charter School shall establish a procedure by which parents, community members and other interested parties may submit letters of concern (for which action is needed/requested) and a timeline by which such action will be taken.

15. Miscellaneous Provisions:

a. Entire Agreement. This Agreement contains all terms, conditions and provisions hereof and the entire understandings and all representations of understandings and discussions of the parties relating thereto, and all prior representations, understandings and discussions are merged herein and superseded and canceled by this Agreement.

b. Amendment. This Agreement may only be modified or amended by further written agreement executed by the parties hereto, provided that such amendment will grant the Charter School a greater ability to achieve its educational goals and objectives. An amendment may not authorize an extension of the duration of the term of the written charter.

c. Notice. Any notice required, or permitted, under this Agreement, shall be in writing and shall be effective upon personal delivery (subject to verification of service or acknowledgment of receipt) or three (3) days after mailing when sent by certified mail, postage prepaid, to the office of the Charter School's governing body, in the case of notice being sent to the Charter School, or to the Office of the President of the State Board for notice to the State Board.

d. No Waiver. The parties agree that no assent, express or implied, to any breach by either of them of any one or more of the covenants and agreements expressed herein shall be deemed or be taken to constitute a waiver of any succeeding or other breach.

e. Dispute Resolution. In the event any dispute arises between the State Board or the Department and the Charter School concerning this Agreement, such dispute shall first be submitted to the Director of Fiscal Accountability, Nevada Department of Education, or his designee for review. Thereafter, representatives of the Superintendent of Public Instruction and the Charter School shall meet and attempt in good faith to negotiate a resolution of the dispute. In the event these representatives are unable to resolve the dispute informally pursuant to this procedure, they shall submit the matter to the State Board for its consideration and final decision.

f. Applicable Law. The parties intend that where this Agreement references federal or state law that they be bound by any amendment to such laws, upon the effective date of such amendments.

g. Invalidity. If any provision of this Agreement is determined to be unenforceable or invalid for any reason, the remainder of the Agreement shall remain in effect, unless otherwise terminated by one or both of the parties in accordance with the terms contained herein.

16. Home School Prohibition. Pupils attending the Charter School will be disallowed for Distributive School Account (DSA) apportionment if their names also appear on school district lists of home schooled pupils unless a hand-written statement from the parent/guardian has been submitted to the Department. The statement must clarify that the parent/guardian has withdrawn the pupil from home schooling, and that the parent acknowledges he/she is enrolling the pupil in a public charter school.

17. Adherence to NRS and NAC. Nothing in the Written Charter, the application approved by the sponsor, or this Agreement is to be construed as replacing, taking precedence over, or overriding any applicable NRS or NAC or federal law.

18. Distance Education Program. The distance education program shall operate only as described in the distance education application specifically approved by the Department. The distance education program is subject to all provisions of NRS 388.820 through NRS 388.874, including the NRS 388.866(1) requirement for weekly communication between the teacher of each course offered through the program and the pupil. The distance education program is subject to all provisions of NAC 388.800 through NAC 388.860.

19. Distance Education Program. Pursuant to NAC 387.171, the Master Register of Attendance shall include:

- The name of the pupil;
- The date of birth of the pupil;
- The school in which the pupil is enrolled;
- The grade or ungraded category of educational service to which the pupil is admitted;
- The dates, if applicable, of enrollment and reenrollment;
- The date of withdrawal, if applicable, and the reason for the withdrawal as described in NAC 387.215;
- The pupils' record of daily attendance;
- If the pupil is enrolled in a program of distance education, the information required by subsection 2 of NAC 387.193; and
- The ethnic group or race to which the pupil belongs.

The Distance Education Class Record Book shall include the following information from the school's software platform:

- Pupil's name;
- Pupil's time on task in his computer for each class per day;
- Date; and
- Teacher.

The Pupil's Schedule of Distance Education Classes shall include the following information from the pupil's computer from the school's software platform:

Name;
Date; and
Schedule of classes/with time on task from each class per day.

20. Grades Served: The Charter School shall serve grades K through 12 only, unless the Written Charter is amended by Charter School Governing Body Action and State Board action.

21. K12 Nevada LLC Services Agreement: The Agreement to be entered into between the Charter School and K12 Nevada LLC must be the same Agreement that is included with the charter school application that was approved by the sponsor for a Subsection 6 Charter and is dated February 21, 2007. A copy of the Agreement is attached and incorporated as part of this Charter School Agreement. Because the Nevada Virtual Academy/K12 Nevada LLC Services Agreement is part of the charter school application, any proposed revision to the Nevada Virtual Academy /K12 Nevada LLC Services Agreement must be approved by the charter school sponsor before the proposed revision may be finalized. The charter school governing body agrees to provide a copy of the signed agreement between the governing body and K12 Nevada LLC to the Department within 30 days of the signing of the agreement.

22. For the school year 2008-2009, the Charter School shall employ a sufficient number of full-time Nevada licensed employees such that there shall exist during the 2008-2009 school year a pupil-teacher ratio of thirty-two-to-one (32 to 1) for each grade, 1-3, and a pupil-teacher ratio of sixty-four-to-one (64 to 1) for Kindergarten. The Kindergarten program shall be a half-day program and shall be funded at the .6 Kindergarten rate applicable to other Nevada public schools.

23. The Demonstration Program described in Exhibit C of the Settlement Agreement between the Charter School and the State Board that has been incorporated by reference into this Agreement shall be implemented, consistent with the timeframe contained in the Settlement Agreement, with the following additional stipulation:

The Charter School shall provide by November 15, 2008, to the State Board and the Department for approval the types of objective data intended to assist the Department and the State Board to:

- Determine the efficacy of distance education for grades K-3 in Nevada;
- Measure the demand for student access to K-3 education through distance education;
- Measure parent satisfaction levels with K-3 distance learning.

This report shall be submitted by August 30, 2009.

24. The Demonstration Program described in Exhibit C of the Settlement Agreement between the Charter School and the State Board that has been incorporated by reference into this Agreement shall be implemented with the following additional stipulation:

The Charter School shall provide by November 15, 2008, to the State Board and the Department for approval the types of objective data intended to assist the Department and the State Board to:

- Evaluate the use of age appropriate distance education technologies and curriculum. The types of data must include the results of standardized assessments for grades K-2, state assessments for grade 3, and teacher assessments of pupil academic achievement, all of which must follow and report the same two groups of pupils' academic achievement over the period of this charter school agreement. The first group of pupils is the kindergarten class beginning school in fall, 2008, and finishing grade 3 in spring, 2012. The second group of pupils is the kindergarten class beginning school in fall, 2009, and finishing grade 3 in spring, 2013. Upon conclusion of each school year from the 2008-2009 school year to the 2012-2013 school year, or as soon as practicable thereafter, the charter school will provide the objective data.
- Develop data-driven policy regarding distance education.

25. The student-teacher audio-visual interaction program; student-teacher physical face-to-face interaction program; and student peer activities for grades K-3 program as detailed in Exhibit D of the Settlement Agreement between the Charter School and the State Board that has been incorporated by reference into this Agreement shall be implemented with the following additional stipulations:

- A. The Charter School shall report consistent with the timeframe contained in the Settlement Agreement, the usage rate of Elluminate, including the number of pupils who used it, the number of times it was used, the amount of time it was used, and for what purpose it was used.
- B. The Charter School shall report, consistent with the timeframe contained in the Settlement Agreement, the pupil participation rate in student events including field trips and opportunities for K-3 pupils to socialize with other pupils.
- C. The Charter School shall report consistent with the timeframe contained in the Settlement Agreement, the pupil participation rate in physical meetings with teachers.

26. The parental training plan or "learning coach" for the Charter School's new pupils, grades K-3, described in Exhibit E of the Settlement Agreement between the Charter School and the State Board that has been incorporated by reference into this Agreement shall be implemented with the following additional stipulations:

- A. The Charter School shall report consistent with the timeframe of the settlement agreement, the K12 Inc. resource page video viewing rate of parents.
- B. The Charter School shall report consistent with the timeframe of the settlement agreement, the parent participation rate in the orientation for the parents of new K-3 pupils. Participation by Elluminate and in a face-to-face setting must be separately reported.

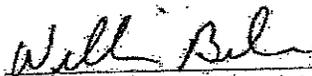
27. The Charter School and the State Board agree that in the event the Department and/or the State Board determines that the Charter School has failed to satisfy any of the terms or conditions of this Agreement, then the Department and/or the State Board, as applicable, shall give timely written notice to the Charter School specifying the terms or conditions it has failed to satisfy, and the manner in which it has failed to satisfy it. Said notice shall include a reasonable opportunity for the Charter School to cure the deficiency of any such failure, and neither the Department nor the State Board, as applicable, shall act upon any such deficiency until the Charter School has first had reasonable opportunity to cure the deficiency.

28. *The following items shall be corrected in the school's 2011 budget submission which will be due to the Department in June 2010:*

- A. *Adjustment of total salaries to reflect your contractual obligations to teachers paid on an August to July time period;*
- B. *Adjustment of Program 100, Regular Programs, Function 1000, Instruction, Object Code 700, Equipment, to reflect the additional lease of personal computers only for new students and the continuing lease payments for continuation computers. The Department would expect that these computers are on a set replacement schedule such that every three to five years the upfront fees recur.*

29. *Inconsistencies in the 2011 K12 Administration Fee payments are addressed in a January 14, 2009, letter from K12 to James Wells attached to this Agreement as Exhibit F.*

IN WITNESS WHEREOF, the parties have executed this Agreement.



President, Nevada Virtual Academy Charter School Governing Body

Date: 2-23-09

President, Nevada State Board of Education

Date: _____

Appendix 4
Appendix 4
Appendix 4



NEVADA
VIRTUAL ACADEMYSM

Nevada Virtual Academy
8965 S. Eastern Ave., Ste. 330
Las Vegas, NV 89123
Ofc. (702) 407-1825
(775) 996-3529
Fax (702) 407-5055

August 24, 2012

Dr. James W. Guthrie
Superintendent of Public Instruction
Nevada Department of Education
700 E. Fifth St.
Carson City, NV 89701

Dear Dr. Guthrie

Per Regulation R071-10 sec.2(1), Nevada Virtual Academy (NVVA) is requesting to limit the numbers of pupils enrolled in a charter school. NVVA has contracted with K12.inc. as a provider of software and program education. Further, continuing costs are encumbered whenever new students enroll regardless if the enrollment remains the same.

NVVA has not previously limited enrollment under the current regulation. The school has experienced tremendous growth over the past four years. Student population consistently reached 15% above count day each year. K12.inc., as part of the school's charter agreement with the Nevada Department of Education, has provided financial assurances to cover any deficits by the issuance of credit memos. In fiscal year 2011-12, this amount reached \$2.8 million due primarily to in-year enrollment.

On August 21, 2012, the NVVA Board voted to seek permission from the Superintendent to limit enrollment. NVVA seeks to provide financial and student stability. The documentation provided is consistent with the regulation and the school respectfully seeks your approval. Please let me know if I can provide anything further to this request.

Sincerely,

Mike Kazek
Head of School

Cc: Don Curry, Board President
Terry Care, Board Counsel
Dr. Steve Canavero, Director SPCSA

Attachments

Appendix 5
Approved for Adoption
District Policy

Kazek, Mike

From: James Guthrie [jguthrie@doe.nv.gov]
Sent: Tuesday, August 28, 2012 4:31 AM
To: Mike Kazek
Cc: Laurie Thake; Steve Canavero; Don Curry; Terry Care; Joyce Hilley; Shane S. Chesney
Subject: Re: Request to limit enrollment

All relevant parties have approved and formal notification will come from our DAG Shane Chesney Jim James W. Guthrie Superintendent of Public Instruction State of Nevada Sent from my iPhone

On Aug 26, 2012, at 11:07 PM, "Mike Kazek" <mkazek@nvvacademy.org> wrote:

> Dear Dr. Guthrie,
>
> Please find attached documents for limiting enrollment in accordance with Section 2, Subsection 1 of Regulation R071-10. We appreciate your consideration of this request. Hard copy documents will be sent via FEDEX on Monday 8/27/12. If you have questions please feel free to contact me.
>
> Thank you.
>
> Mike Kazek
> Head of School
> Nevada Virtual Academy
> 8965 S. Eastern Ave., Ste. 330
> Las Vegas, NV. 89123
> ofc. (702) 407-1825 ext. 7001
> cell. (702) 219-6998
> fax (702) 407-5055
> www.k12.com/nvva<<http://www.k12.com/nvva>>
>
> <NVVA Cover letter to limit enrollment.pdf> <LIMIT ENROLLMENT.pdf>
> <Educational, Administrative and Technology Services Agreement -
> Nevada Virtual Academy 2012-Jun-03.pdf>
> <FY2011 Managed VA price list V1 1.1.pdf>



Appendix 6.
Amendment to By-laws

Amendment to the Written Charter of

Nevada Virtual Academy Charter School

Amendments Approved by the Governing Body of the Charter School

And

Nevada State Board of Education, the Charter School Sponsor

1. **Amendment:** The attached Governing Body Bylaws replace the Bylaws dated February 2007. The August 2008 Bylaws are the Bylaws that are in effect for the entire grades K-12 school.

Date of Governing Body Approval: August 26, 2008

Date of Sponsor Approval: July 21, 2010

Signature of Sponsor's Authorized Designee: Kent W. Rhea

Date of Signature: July 27, 2010



Appendix 7:
EMO Performance
Review



Nevada Virtual Academy
 8965 S. Eastern Ave., Ste. 330
 Las Vegas, NV 89123
 Ofc. (702) 407-1825
 (775) 996-3529
 Fax (702) 407-5055

IV-BDRPT-02_043013

ANNUAL EMO PERFORMANCE REVIEW SY/FY 2012-13

Procedures for review:

Each area will be designated as satisfactory unless a majority all members of the board deem that item as "Needs Improvement" or "Unsatisfactory" by vote. The board will prepare a report on the specific concerns and will submit the report to k12 for review and feedback. If a corrective action response is warranted, it will be prepared and submitted to the Board President.

Administrative Services: During the Term, K12 inc.; and its Affiliates will provide or cause to be provided to the Academy the following administrative services (the "Administrative Services"):

1. **Personnel Management.** Management of all personnel providing Educational Services, Administrative Services, and Technology Services. Management of all Academy employees including recruiting; hiring recommendations; reference, certification and background checks; payroll; negotiation, securing and management of health, retirement and other benefits. Work regularly with the administration to develop human resources policies, bonus plans, and strategic plans for staffing, development, and growth. Provide teacher performance evaluation models to the Academy and advise the Academy on effective ways to measure teacher performance in a virtual setting.

Satisfactory; Needs Improvement: Unsatisfactory

2. **Facility Management.** Identify location of Academy's administrative facility ("Facility"), negotiate lease and leasehold improvements and manage Facility.

Satisfactory; Needs Improvement: Unsatisfactory

3. **Business Administration.** Administration of all business aspects and day-to-day management of the Academy. These services shall include:

- a. Consultation, and services as liaison for the Academy, with the Sponsor, and other governmental offices and agencies;
- b. Provision of advice regarding special education programs, processes, and reimbursements;
- c. Consistent with Section 6, provide school administrative staff, including Head of School;
- d. Work with local counsel to the Governing Authority, if any, on legal matters affecting the Academy;
- e. Preparation of forms, operations manuals, handbooks, guides, and policies and procedures;
- f. Consultation with respect to, and monitoring and oversight of, state reporting systems;
- g. Assistance to the Academy in applying for grants, and identifying and developing fundraising and revenue enhancements;
- h. Assist with the administration of federal entitlement programs (e.g., Title I, I.D.E.A.);
- i. Arrange contracts with school districts, education services centers, and professional service

- providers for special education, testing and other support services on the Academy's behalf;
- j. Establish and implement policies and procedures to maintain proper internal controls; and
- k. Provision of such other administrative and consulting services as agreed in writing by the parties from time to time.

Satisfactory; Needs Improvement: Unsatisfactory

4. Budgeting and Financial Reporting.

- a. Preparation of a proposed annual budget for the Academy, including projected revenues and capital and opening expenditures. The parties agree that the last budget approved by the Governing Authority prior to the effective date of this Agreement will serve as the approved annual budget of the Academy for the 2011-12 fiscal year. The proposed budget for subsequent years will be submitted by K12 inc. to the Governing Authority on or before May 31 preceding the start of the applicable school year covered by such proposed budget. On or prior to October 31 of each school year during the Term, K12 inc. will submit to the Governing Authority any proposed modifications of the annual budget for that school year to take into account the actual student enrollment for such school year. K12 inc. shall also submit to the Governing Authority from time to time any other proposed modifications of the annual budget as K12 inc. shall deem from time to time to be necessary or desirable, to be acted upon by the Governing Authority consistent with Applicable Law.
- b. Provision to the Governing Authority on a quarterly basis of detailed statements of all revenues received, from whatever source, with respect to the Academy and detailed statements of all direct expenditures for services rendered to or on behalf of the Academy.
- c. Provision to the Governing Authority of all financial reports required under Applicable Law.
- d. Subject to any confidentiality obligations imposed on K12 inc. by third parties, provision to the Governing Authority of such other information requested by the Governing Authority pursuant to Section 1.01(f) hereof, in each case within a reasonable time following such written request therefore.
- e. Prepare and file required non-profit filings, including form 1023 and form 990 tax returns.

Satisfactory; Needs Improvement: Unsatisfactory

5. Finances.

- a. In accordance with the expenditure authorization policy adopted by the Governing Authority, payment, within commercially reasonable periods of time or as required by any agreement governing same, of the Academy Expenses (as defined in Section 5.03), out of the Academy funds managed by K12 inc.
- b. All Academy funds will be maintained in an account(s) belonging to the Academy over which designated representatives of K12 inc. will have signature authority as approved by the Governing Authority. The Academy will immediately transfer to such account(s) all funds and/or other revenues received by the Academy from any source, including but not limited to per pupil payments or reimbursements received from the local school district, state, and/or any other source, as well as any and all contributions received by the Academy.
- c. Assist in establishing a line of credit for the Academy's day-to-day operations on the Academy's behalf, if required; perform necessary accounting functions and set up third-party accounting, reporting and planning software
- d. Assist and coordinate in third-party audit of the Academy.

Satisfactory; Needs Improvement: Unsatisfactory

6. Maintenance of Financial and Student Records.

- a. Maintenance of accurate financial records pertaining to the operation of the Academy and retention all such records for a period of seven (7) years (or longer if required by Applicable Law) from the close of the fiscal year to which such books, accounts, and records relate.
- b. Maintenance of accurate student records pertaining to students enrolled at the Academy in the manner required by Applicable Law, and retention of such records on behalf of the Academy at the Facility until this Agreement is terminated, at which time such records will be retained by and become the sole responsibility of the Academy.

Satisfactory; Needs Improvement: Unsatisfactory

7. Pupil Recruitment. Recruitment of students, including creation, design and preparation of marketing materials and advertisements; assist with demand creation for the Academy and its information sessions and other events via mail, e-mail, newspapers, magazines, journals, radio, television, community forums, town hall meetings, and other forms of communication and outreach on the Academy's behalf; and develop community outreach strategy and connect with local organizations. Design school recruitment materials, letterhead, cards, and logos to create school identity.

Satisfactory; Needs Improvement: Unsatisfactory

8. Admissions. Implementation of the Academy's admissions policy, including management of the application and enrollment process; creation, design and publication of Academy's applications and enrollment packages; and communicating with potential families and assisting families through the enrollment process; conduct random lottery if required.

Satisfactory; Needs Improvement: Unsatisfactory

9. Family Services. Plan and arrange school orientation sessions; represent the Academy at conferences and Open Houses. Field and respond to incoming calls, letters, faxes, and e-mails about the Academy, its curriculum, the application/enrollment process, instructional materials, etc. Conduct focus groups, surveys, interviews, observation sessions, and/or user testing on the online school program to obtain feedback on how to improve the program. Create "feedback buttons" on lessons so that students, parents, and teachers may send in lesson comments and suggestions; respond to suggestions and implement improvements. Conduct exit interviews for those who withdraw in order to learn more about how to improve the program for families. Create and mail new student packages, including the "K12 Start-Up Guide" to newly enrolled families. Assist with the design and implementation of parent orientation sessions.

Satisfactory; Needs Improvement: Unsatisfactory

10. Student Discipline. Provision of necessary information with respect to, and cooperation with the Academy in handling, all student disciplinary matters, including without limitation attendance and truancy matters;

Satisfactory; Needs Improvement: Unsatisfactory

11. Annual Reports to Sponsor. Provision of assistance to the Academy with respect to the annual report, including creation, design, and arrangement for publication and dissemination.

Satisfactory; Needs Improvement: Unsatisfactory

12. Teacher Training and Professional Development. Advise and assist with the creation of teacher training materials for new and returning teachers. Administer a discussion board or other tool to permit Academy teachers to post questions or receive feedback on any topics relating to the role of a Virtual Academy teacher and get answers/feedback from teachers at other Academies and/or K12 personnel. Produce, design, and disseminate a teacher training manual to all the Program's teachers, and an administrator manual for all the Program's administrators, as needed. Design and deliver comprehensive teacher training on the Program's curriculum, technological systems, policies and procedures, and more. Complete and mail a parent manual and/or student handbook which includes a starting kit for logging onto the system. Design and deliver orientation sessions with the school administration, including curriculum, technological systems, policies and procedures, and more. Support teachers as they connect with families via email and phone in the days leading up to launch and throughout the school year. Work with the Program's administration to address the continuing professional development needs of the staff.

Satisfactory; Needs Improvement: Unsatisfactory

OVERALL

Satisfactory; Needs Improvement: Unsatisfactory

Approved: _____ Witnessed: _____

COMMENTS:

Date of Response required by: October 31, 2013

Member	Motion	Aye	No	Abstain	Absent
Mr. Don Curry					
Mr. Stephen Walters					
Mr. William Bukovi					
Mr. Richard Gordon Esq					
Ms. Heather Haslem					
Mrs. Sharon Kientz					
Mr. John Vettel					
Motion	Carried ()	Not Carried()	Vote, (A) (N)	(Ab)	Tabled()

Appendix B
Bibliography



NEVADA
VIRTUAL ACADEMYSM

Nevada Virtual Academy
 8965 S. Eastern Ave., Ste. 330
 Las Vegas, NV 89123
 Ofc. (702) 407-1825
 (775) 996-3529

IV-BDRPT-03_043013

CRITERIA TO EVALUATE THE HEAD OF SCHOOL

The Nevada Virtual Academy (NVVA) Board of Directors in conjunction with NRS 386.590(6), conducts an evaluation of the Head of School or head administrator at least annually or when called for as prescribed by agenda item via the open meeting laws of the State of Nevada. The Head of School, who is employed by the Education Management Organization (EMO) serves at the pleasure of the NVVA Board of Directors. Any notice of unacceptable performance will be forwarded to the EMO for resolution. The Head of School has the duty to ensure subordinate employees employed by the EMO as well as those employed by the NVVA Board are evaluated through the proper line of authority as authorized and approved by the NVVA Board.

Evaluation Plan:

1. Review of Performance Plan by individual board members
2. Completion of rating instrument by individual members
3. Individual member consultation with Head of School (if requested by member)
4. Compilation of ratings by NVVA Board President
5. Public meeting with NVVA Board Members and Head of School to review compiled ratings, identify strengths, areas of improvement and goals for next year.

Performance Instrument:

- A. Educational Leadership (including subgroups)
- B. Professional Legal Responsibilities (including subgroups)
- C. Stakeholder and Staff Relations – (including subgroups)
- D. Working Relationship with the NVVA Board (including subgroups)
- E. Fiscal Responsibility (including subgroups)
- F. Personal Qualities (including subgroups)

Administrator: Caroline McIntosh

Title: Head of School

Evaluator: _____

Date: _____

A. Education Leadership	Outstanding	Satisfactory	Needs Improvement	Unsatisfactory
1. Administers all activities of the school according to policy as developed by the NVVA Board and in doing so assumes responsibility for everything that occurs in the school. Recommends a course of action to the Board in all matters affecting the operation and welfare of the school. Attends and participates in all meetings of the NVVA Board meetings.				
2. Oversees the establishment of the School Improvement Plan (SIP) and/or educational goals of the school both annually and over a long-range period. (Including, but not limited to: areas of curriculum and instruction, school configuration, school plant requirements and fiscal requirements.)				
3. Conducts a continuous evaluation of the development and needs of the school, utilizing input from the EMO, administration, staff and students.				
4. Upon approval by the board and policy, attends state, regional, and national conferences/training pertaining to the Head of School's duties.				
5. Administers the total educational program and provides leadership in the development, improvement, implementation, evaluation and results of the school's K-12 curriculum.				
6. Supervises directly and/or through delegation, the recruitment, selection, assignment, evaluation, and professional growth opportunities for all licensed teachers and staff.				
7. Maintains school accreditation.				
8. Promotes an educational philosophy that emphasizes student achievement.				

B. Professional- Legal Responsibilities	Outstanding	Satisfactory	Needs Improvement	Unsatisfactory
1. Supervises the school's compliance and reporting requirements with all State Department of Education rules, accreditation standards, state and federal statutes.				
2. Ensures that the governance of the school follows state and federal				

guidelines, laws and statutes. Ensures that all legal requirements of student governance, registration, confidentiality and record keeping is maintained.				
3. Maintains a positive working relationship with Board Counsel.				
4. Conducts and oversees school auditing procedures with positive outcomes. Maintain proper oversight of public funds.				
5. Ensures the physical plant of the school is maintained.				
6. Creates an atmosphere of cooperation and consistency of reporting to the Nevada Department of Education. 7. Provides a professional conduit between the EMO and the NVVA Board.				

C. Stakeholder and Staff Relations	Outstanding	Satisfactory	Needs Improvement	Unsatisfactory
1. Promotes the school as a positive educational alternative through news media and school events.				
2. Ensures a positive relationship between the school staff and students/families.				
3. Communicates school policies and procedures effectively to students and families.				
4. Supervises staff development training throughout the year.				
5. Provides for consistent and immediate Human Resource Assistance to staff.				

D. Working Relationship with the NVVA Board	Outstanding	Satisfactory	Needs Improvement	Unsatisfactory
1. Keeps the board informed on the programs and conditions of the school and keeps the president of the Board informed of pertinent issues.				
2. Attends and participates in all meetings of the board.				
3. Develops in cooperation with the President of the Board an agenda for each board meeting and sees that all board meetings and actions are legally conducted and communicated to the public.				
4. Develops the necessary rules and regulations to effectively carry out board policy, takes care of all other administrative duties not				

CAROLINE MCINTOSH

HEAD OF SCHOOL EVALUATION

2012-13

specifically covered in Board policy.				
5. Interprets, clarifies, assembles data, provides professional guidance and assistance to the Board.				
6. Advises the Board on the development of policies and administrative rules and regulations, which will enhance district operation and maintain the school's compliance with all state and federal mandates.				
E. Fiscal Responsibilities	Outstanding	Satisfactory	Needs Improvement	Unsatisfactory
1. Provides overall leadership and guidance to the Business Manager in fiscal planning, development, interpretation and management of the budget.				
2. Supervises the preparation of the annual budget and recommends it to the board for budget approval and provides to the Department of Education.				
3. Maintains fiscal integrity and accountability in the school budgeting and in the dispensing of funds.				
4. Creates initiatives to maintain school enrollment figures from previous year.				

F. Personal Qualities	Outstanding	Satisfactory	Needs Improvement	Unsatisfactory
1. Maintains high standards of ethics, honesty and integrity in all personal and professional matters.				
2. Demonstrates the ability to work well with individuals and groups.				
3. Is cordial, patient, personable, and sensitive to human needs.				
4. Possesses and maintains the health and energy necessary to meet the responsibility of his position.				
5. Expresses ideas in a logical, forthright, and professional manner.				
6. Maintains professional development by reading, course work, conference attendance, participation on professional committees, visiting other districts and charter schools, and meeting other educational leaders.				
7. Continues to develop educationally through coursework,				

professional associations, conferences, and/or professional development.

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NVVA Board of Education Findings:

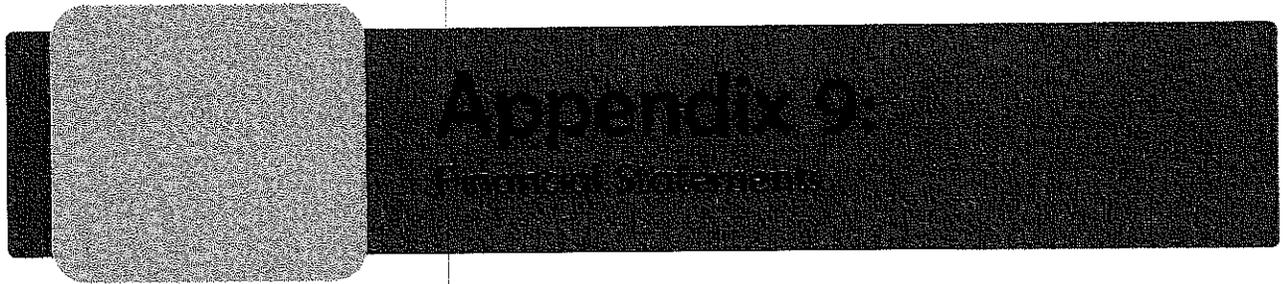
NVVA Board of Education Goals for the Head of School:

Caroline McIntosh, Head of School

Date

Mr. Don Curry, President of the NVVA Board of Directors

Date



Appendix 9

NEVADA VIRTUAL ACADEMY

**FINANCIAL STATEMENTS
as of June 30, 2012**

NEVADA VIRTUAL ACADEMY

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AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Office Locations
Las Vegas, NV
New York, NY
Pune, India
Beijing, China



De Joya Griffith

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Nevada Virtual Academy
Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities, and each major fund of Nevada Virtual Academy (the School), as of and for the fiscal year ended June 30, 2012, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Nevada Virtual Academy's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of Nevada Virtual Academy as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2012 on our consideration of Nevada Virtual Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 4 and page 16 and 17 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

De Joya Griffith, LLC

Henderson, Nevada
October 10, 2012

Nevada Virtual Academy
Management's Discussion and Analysis (Unaudited)
June 30, 2012

The following discussion and analysis of the Nevada Virtual Academy provides an overview of the School's financial activities for the year ended June 30, 2012. As management of Nevada Virtual Academy (the School), we encourage readers to consider the information presented here in conjunction with the financial statements and notes. This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the School as a whole and present a longer-term view of the School's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements report the School's operations in more detail than the government-wide statements.

Financial Highlights

For the fiscal year ended June 30, 2012, the School's net assets totaled \$63,018. Capital assets including computers and office equipment were \$102,785, less accumulated depreciation of \$74,798. Total revenue was \$23,815,866, of which \$23,366,592 is from the State of Nevada. Total expenses for the year amounted to \$23,815,866.

Compliance with Nevada Revised Statutes and Nevada Administrative Code

The school conformed to all significant statutory constraints on the financial administration during the fiscal year.

Overview of the Financial Statements

The School's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information.

Government-Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. Changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements:

A fund is established to account for a specific activity or purpose. The School only has a governmental fund type. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the governmental fund financial statements focus on near-term spendable resources, and the governmental activities on the government-wide financial statements have a longer term focus, a reconciliation of the

Nevada Virtual Academy
Management's Discussion and Analysis (Unaudited)
June 30, 2012

differences between the two is provided following the fund financial statement's balance sheet and statement of revenues, expenditures and changes in fund balances, respectively.

Overview of the Financial Statements (continued)

Notes to the Basic Financial Statements:

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read in conjunction with the financial statements.

The School as a whole

One important question asked about the School's finances is, "Is the School better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting (and report depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net assets (the difference between total assets and total liabilities) over time is one indicator of whether the School's financial health is improving or deteriorating. However, you need to consider other non-financial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs and changes in the economy to assess the overall health of the School.

The School's financial position has changed since fiscal year ending June 30, 2011. Capital assets decreased 42% due to depreciation. Current assets decreased 26% due to the timing of payments of receivables from State of Nevada and current liabilities increased due to an increase in accrued expenses related to the School's Special Education Grant.

The School's net assets were as follows:

	2012	2011	Change	Percentage
Current assets	\$ 3,483,125	\$ 3,225,722	\$ 257,403	8%
Capital assets-net	27,987	48,535	(20,548)	-42%
Noncurrent assets	9,370	9,370	-	0%
Total assets	3,520,482	3,283,627	236,855	7%
Current liabilities	3,457,464	3,220,609	236,855	7%
Total liabilities	3,457,464	3,220,609	236,855	7%
Net assets	\$ 63,018	\$ 63,018	\$ -	0%

Nevada Virtual Academy
Management's Discussion and Analysis (Unaudited)
June 30, 2012

The School as a whole (continued)

The School's revenues were as follows:

	2012	2011	Change	Percentage
Program revenue				
State sources	\$ 23,366,592	\$ 17,025,386	\$ 6,341,206	37%
Federal sources	394,969	386,235	8,734	2%
Other sources	54,305	25,235	29,070	115%
Total revenue	<u>\$ 23,815,866</u>	<u>\$ 17,436,856</u>	<u>\$ 6,379,010</u>	37%

Due to increased enrollment during the 2011-2012 school year, revenue from State sources increased 37%. The school also saw a 2% increase in Federal funding mainly due to \$81,401 in Federal grant money from a Special Education grant the School was approved for in the previous fiscal year ended June 30, 2011. Other sources of revenue increased 115% due to an increase in summer school revenue.

The School's expenses were as follows:

	2012	2011	Change	Percentage
Regular instruction	\$ 19,867,970	\$ 14,186,040	\$ 5,681,930	40%
General administration	3,575,890	2,486,248	1,089,642	44%
Operations and maintenance of plant services	340,894	739,112	(398,218)	-54%
Student support	10,565	5,000	5,565	0%
Depreciation	20,547	20,456	91	0%
	<u>\$ 23,815,866</u>	<u>\$ 17,436,856</u>	<u>\$ 6,379,010</u>	37%

Total expenses increased 37% during the current fiscal year due to an overall increase in student enrollment.

The future of the School

The School's enrollment has grown since its inception. The School added Grades 10 through 12 in the 2009-2010 school years, and enrollment continues to grow. Enrollment is expected to increase to about 4,500 students in the 2012-2013 school year up from approximately 3,500 students in the 2011-2012 school year.

Request for information

The financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Nevada Virtual Academy at 8965 South Eastern Ave, Suite 330, Las Vegas, NV 89123, and telephone number (702) 407-1825.

**Nevada Virtual Academy
Statement of Net Assets
For the fiscal year ended June 30, 2012**

ASSETS	
Current assets	
Cash	\$ 2,375,563
Accounts receivable	1,057,366
Prepaid expenses	<u>50,196</u>
Total current assets	3,483,125
Non-current assets	
Capital assets, net of accumulated depreciation	27,987
Deposits	<u>9,370</u>
Total non-current assets	<u>37,357</u>
Total assets	<u><u>\$ 3,520,482</u></u>
 LIABILITIES	
Current liabilities	
Accounts payable	\$ 166,003
Due to K12	3,065,764
Accrued expenses	<u>225,697</u>
Total current liabilities	<u>3,457,464</u>
Total liabilities	<u>3,457,464</u>
 NET ASSETS	
Invested in capital assets	27,987
Unrestricted Deficit	<u>35,031</u>
Total net assets	<u>63,018</u>
Total liabilities and net assets	<u><u>\$ 3,520,482</u></u>

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

Nevada Virtual Academy
Statement of Activities
For the fiscal year ended June 30, 2012

	<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES	
Instruction:	
Regular instruction	\$ 19,867,970
Support services:	
General administration	3,575,890
Operations and maintenance	340,894
Student support	10,565
Depreciation	<u>20,547</u>
Totals	<u>\$ 23,815,866</u>
PROGRAM REVENUE	
Operating grants	
Special instruction	394,969
Total operating grants	<u>394,969</u>
GENERAL REVENUE	
Distributive school account	23,366,592
Other	<u>54,305</u>
Total general revenue	<u>23,420,897</u>
CHANGE IN NET ASSETS	-
NET ASSETS, beginning of the year	<u>63,018</u>
NET ASSETS, end of the year	<u>\$ 63,018</u>

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

**Nevada Virtual Academy
Balance Sheet -
Governmental Funds
For the fiscal year ended June 30, 2012**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 2,375,563	\$ -	\$ 2,375,563
Accounts receivable	832,755	224,611	1,057,366
Interfund receivable	71,736	-	71,736
Prepaid expenses	50,196	-	50,196
Deposits	9,370	-	9,370
Total assets	<u>\$ 3,339,620</u>	<u>\$ 224,611</u>	<u>\$ 3,564,231</u>
LIABILITIES			
Accounts payable	\$ 146,576	\$ 19,427	\$ 166,003
Interfund payable	-	71,736	71,736
Due to K12	3,065,764	-	3,065,764
Accrued expenses	92,249	133,448	225,697
Total liabilities	<u>3,304,589</u>	<u>224,611</u>	<u>3,529,200</u>
FUND BALANCE			
Unreserved and undesignated	<u>35,031</u>	-	<u>35,031</u>
Total fund balance	<u>35,031</u>	-	<u>35,031</u>
Total liabilities and fund balance	<u>\$ 3,339,620</u>	<u>\$ 224,611</u>	<u>\$ 3,564,231</u>
RECONCILIATION TO THE STATEMENT OF NET ASSETS			
Total fund balance reported above			35,031
Net capital assets not reported on the statement of net assets			<u>27,987</u>
Net assets			<u>\$ 63,018</u>

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

**Nevada Virtual Academy
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
For the Fiscal Year Ended June 30, 2012**

REVENUES	<u>General Fund</u>	<u>Grants Fund</u>	<u>Total</u>
State sources	\$ 23,366,592	\$ -	\$ 23,366,592
Federal sources		394,969	394,969
Other sources	54,305	-	54,305
 Total revenues	 23,420,897	 394,969	 23,815,866
 EXPENDITURES			
Programs			
Regular programs	19,479,126	388,844	19,867,970
Total programs expenditures	19,479,126	388,844	19,867,970
Support services			
General administration	3,569,765	6,125	3,575,890
Operating and maintenance of plant services	340,894	-	340,894
Student support	10,565	-	10,565
Total support services	3,921,224	6,125	3,927,349
Capital outlay			-
Total expenditures	23,400,350	394,969	23,795,319
 Net change in fund balance	 \$ 20,547	 \$ -	 \$ 20,547
 Fund balance, beginning of year	 14,484	 -	 14,484
Fund balance, end of year	<u>\$ 35,031</u>	<u>\$ -</u>	<u>\$ 35,031</u>

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

Nevada Virtual Academy
Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2012

Reconciliation to the Statement of Activities

Net change of fund balance in the governmental funds statement	\$ 20,547
Expenses on the statement of activities not included in the governmental funds statement:	
Depreciation expense	(20,547)
Expenditures reported in the governmental funds statements not included in the statement of activities:	
Capital outlay	-
Change in net assets reported on the statement of activities	<u>\$ -</u>

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

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Nevada Virtual Academy (School) have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

Reporting Entity

Nevada Virtual Academy is a charter school established in 2007 under Nevada Revised Statute 386.500. The School's mission is to provide students, grades K-12, an educational alternative to the public schools. Instruction is provided in the core courses of study including English, Math, Science, History, Art, and Music. The School has chosen K12 Incorporated (K12) as its sole curriculum provider. K12 provides the School's management, as well as the accounting, operations and record keeping.

The School receives funding from the state government source and must comply with the concomitant requirements of such funding source entity. However, the School is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since its Board of Trustees has decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Basis of Presentation and Basis of Accounting

Government-wide Statements

GASB Statement Number 34 mandates government wide financial statements of net assets and activities, which are presented on the measurement and accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. It also requires that certain fixed assets be recorded at cost less accumulated depreciation, and outstanding debt be included in the statement of net assets.

The School's basic financial statements include both government-wide (reporting the School as a whole with the exception of the student activity fund) and fund financial statements (reporting the School's major funds). The School's general fund and special revenue funds are classified as governmental activities.

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function. The School does not charge indirect expenses to programs or functions. Program revenue includes grants received from Federal Award programs. Revenue that is not classified as program revenue is presented as general revenue.

Fund Financial Statements

These statements provide information about the School's funds, including a separate statement for the School's agency fund (the student activity fund).

The accounts of the School are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures.

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Generally accepted accounting principles require that the general fund be reported as a major fund and that all other governmental funds whose assets, liabilities, revenue, or expenditures exceed 10% or more of the total for all government funds also be reported as major funds. Accordingly, the School reports the following major governmental funds:

Governmental and Major Funds

1. *General Fund* is the School's general operating fund and is used to account for all financial resources except those required to be accounted for in other funds.
2. School *Grants Fund* is a special revenue fund that accounts for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School maintains its accounting records for all governmental funds on the modified accrual basis of accounting. This method provides for recognizing expenditures at the time liabilities are incurred, while revenue is recorded when "measurable and available" to finance expenditures of the fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The School considers all revenue available if it is collected within 60 days after year-end. Most major sources of revenue reported in governmental funds are susceptible to accrual under the modified accrual basis of accounting.

Interfund Receivables and Payables

During the course of operations, transactions or loans may occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

As of June 30, 2012, the School reported an interfund receivable with a corresponding interfund payable of \$71,736 for amounts due to the general fund by the grants fund.

Cash and Cash Equivalents

The School has one bank accounts at a financial institution located in Nevada. The cash held by the financial institution is insured up to the Federal Deposit Insurance Corporation (FDIC) insurance limits of \$250,000 for interest bearing accounts and fully insured for non-interest bearing accounts as of June 30, 2012. There is unlimited coverage for non-interest bearing accounts through December 31, 2012. At June 30, 2012, the School's cash deposits were fully insured with no uncollateralized portion present. At June 30, 2012, the School had cash balances in the amounts of \$2,375,563.

Custodial credit risk is the risk that the School may not be able to recover the value of the deposits that are in the possession of an outside party.

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Cash and Cash Equivalents (Continued)

The School does not have a formal policy for custodial credit risk. As of June 30, 2012, the School has not experienced any losses in bank accounts and believes it is not exposed to any significant credit risk.

Capital Assets

Capital assets purchased or acquired are reported at historical cost. Donated assets are recorded at their fair market value on the date donated. Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives as follows:

Computer and office equipment	5 years
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Accounts Receivable

The accounts receivable balance consists mainly of amounts due from the State of Nevada for the revenue allocated for the school year not yet received. For the amounts that were not collected within 60 days after year end and were related to the current fiscal year, the balance was not recorded on the governmental fund of the School. The accounts receivable balance on the government-wide financial statements includes an allowance of \$0 as the amount is deemed fully collectible. At June 30, 2012, the school has an accounts receivable balance of \$1,057,366.

Compensated Absences

It is the School's policy to permit employees to accumulate up to twelve sick days and two personal days per school year. Unused sick days and personal days may not be carried forward to future years. Additionally, 11-month employees will be paid all school holidays and breaks.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Due to State and Local Governments

Revenue from government grants is recorded to the extent of the expenditures incurred under the grant. Any funds received in excess of the expenditures are recorded as due to state and local governments.

Accounting Standards Codification

The School adopted GASB issued Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards ("GASBS 56"). The objective of GASBS 56 is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles—related party transactions, going concern considerations, and subsequent events.

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 - BUDGETARY INFORMATION

Per NRS 386.550(1) (n) and 354.598, charter schools are not legally required to adopt a formal budget or otherwise comply with the provisions of chapter 354 of the NRS codes, which dictates the budgeting requirements. As such, no budget information is presented.

NOTE 3 - CONCENTRATION OF CREDIT RISK

During the 2003 Nevada Legislative session, legislation was enacted that permitted the creation of a statewide collateral pool that would provide sufficient collateral guarantying the public deposits of Nevada state and local agencies. The statewide program is centralized and coordinated by the Office of the State Treasurer. Under the pool, participating financial institutions are required to maintain collateral securities having a fair market value that is at least 102 percent of the amount of the aggregate uninsured ledger balances of public money held by the depository. State and local agency participation is voluntary. Financial institutions that participate require a signed collateral security agreement and approval by the State Treasurer. The School's banking institution is a participant and the School joined the statewide collateral pool in August, 2009.

NOTE 4 - CAPITAL ASSETS

Capital asset activity during 2011-2012 was as follows:

	Balance June 30, 2011	Addition	Deletions	Balance June 30, 2012
Cost of assets				
Computer and equipment	\$ 96,812	\$ -	\$ -	\$ 96,812
Leasehold improvement	\$ 5,973	\$ -	\$ -	\$ 5,973
Total	<u>\$ 102,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,785</u>
Accumulated depreciation				
Computer and equipment	\$ (53,156)	\$ (19,362)	\$ -	\$ (72,518)
Leasehold improvement	\$ (1,095)	\$ (1,185)	\$ -	\$ (2,280)
Total	<u>\$ (54,251)</u>	<u>\$ (20,547)</u>	<u>\$ -</u>	<u>\$ (74,798)</u>
			Net assets	<u>27,987</u>

Depreciation expense for the fiscal year ended June 30, 2012 were as follows:

Regular programs	<u>\$ 20,547</u>
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NOTE 5 - OPERATING LEASES

The School leased office space from Sigma Mechanical Engineering Consultants, Inc for administrative offices under a three-year operating lease that began on August 1, 2007. On August 13, 2010, the School started leasing office space from 8965 Eastern LLC under a five-year operating lease.

Office Locations
Las Vegas, NV
New York, NY
Pune, India
Beijing, China



De Joya Griffith

Certified Public Accountants and Consultants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the board of Nevada Virtual Academy
Las Vegas, Nevada

We have audited the financial statements of the governmental activities, and each major fund of Nevada Virtual Academy, as of and for the year ended June 30, 2012, which collectively comprise Nevada Virtual Academy's basic financial statements, and have issued our report thereon dated October 10, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nevada Virtual Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nevada Virtual Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Nevada Virtual Academy's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Nevada Virtual Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of Nevada Virtual Academy's financial statements that is more than inconsequential will not be prevented or detected by Nevada Virtual Academy's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Nevada Virtual Academy's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nevada Virtual Academy'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*.

Nevada Virtual Academy
October 10, 2012
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This report is intended solely for the information and use of management within the entity, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

De Joya Griffith, LLC

Henderson, Nevada
October 10, 2012



**NEVADA VIRTUAL
ACADEMY**

**FINANCIAL STATEMENTS
June 30, 2011**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Nevada Virtual Academy
Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities, and each major fund of Nevada Virtual Academy (the School), as of and for the fiscal year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Nevada Virtual Academy's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of Nevada Virtual Academy as of June 30, 2011, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2011 on our consideration of Nevada Virtual Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

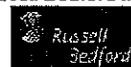
The management's discussion and analysis and budgetary comparison information on pages 2 through 4 and page 16 through 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

De Joya Griffith & Company, LLC
Henderson, Nevada

October 21, 2011

De Joya Griffith & Company, LLC
2580 Anthem Village Drive, Henderson, NV 89052
Telephone (702) 563-1600 • Facsimile (702) 920-8049

Member Firm with
Russell Bedford International



Nevada Virtual Academy
Management's Discussion and Analysis (Unaudited)
June 30, 2011

The following discussion and analysis of the Nevada Virtual Academy provides an overview of the School's financial activities for the year ended June 30, 2011. As management of Nevada Virtual Academy (the School), we encourage readers to consider the information presented here in conjunction with the financial statements and notes. This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the School as a whole and present a longer-term view of the School's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements report the School's operations in more detail than the government-wide statements.

Financial Highlights

The School's net assets total \$63,018. Capital assets include computers and office equipment of \$102,785, less accumulated depreciation of \$54,250. Total revenue is \$17,436,856, of which \$17,025,386 is from the State of Nevada. Expenses total \$17,436,856.

Overview of the Financial Statements

The School's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information.

Government-Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. Changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements:

A fund is established to account for a specific activity or purpose. The School only has a governmental fund type. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the governmental fund financial statements focus on near-term spendable resources, and the governmental activities on the government-wide financial statements have a longer term focus, a reconciliation of the differences between the two is provided following the fund financial statement's balance sheet and statement of revenues, expenditures and changes in fund balances, respectively.

Nevada Virtual Academy
Management's Discussion and Analysis (Unaudited)
June 30, 2011

Overview of the Financial Statements (continued)

Notes to the Basic Financial Statements:

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

The School as a whole

One important question asked about the School's finances is, "Is the School better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting (and report depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net assets (the difference between total assets and total liabilities) over time is one indicator of whether the School's financial health is improving or deteriorating. However, you need to consider other non-financial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs and changes in the economy to assess the overall health of the School.

The School's financial position has changed since fiscal year ending June 30, 2010. Capital assets decreased 23% due to depreciation of the capital assets. Current assets and liabilities increased due to timing of payments for receivables from State of Nevada and payables between the School and K12 Incorporated.

The School's net assets were as follows:

	2011	2010	Change	Percentage
Current assets	\$ 3,225,722	\$ 1,434,638	\$ 1,791,084	125%
Capital assets-net	48,535	63,018	(14,484)	-23%
Noncurrent assets	9,370	12,898	(3,528)	-27%
Total assets	3,283,627	1,510,554	1,773,072	117%
Current liabilities	3,220,609	1,447,536	1,773,072	122%
Total liabilities	3,220,609	1,447,536	1,773,072	122%
Net assets	\$ 63,018	\$ 63,018	-	0%

Nevada Virtual Academy
Management's Discussion and Analysis (Unaudited)
June 30, 2011

The School as a whole (continued)

The School's revenues were as follows:

	2011	2010	Change	Percentage
Program revenue				
State sources	\$ 17,025,386	\$ 12,008,677	\$ 5,016,709	42%
Federal sources	386,235	-	386,235	na
Other sources	25,235	1,041	24,194	2324%
Total revenue	\$ 17,436,856	\$ 12,009,718	\$ 5,427,138	45%

Due to the increased number of students, state revenue increased 42%. As a result of the American Recovery Reinvestment Act of 2009, the School had received a \$386,235 grant from federal sources in the school year. Other sources are interest earned from cash accounts and summer school program.

The School's expenses were as follows:

	2011	2010	Change	Percentage
Regular instruction	\$ 14,186,040	\$ 9,792,730	\$ 4,393,310	45%
General administration	2,486,248	1,998,905	487,343	24%
Operations and maintenance of plant services	739,112	187,153	551,959	295%
Student support	5,000	100	4,900	0%
Depreciation	20,456	17,834	2,622	15%
	\$ 17,436,856	\$ 11,996,722	\$ 5,440,134	45%

Due to the increased number of students, total expenses increased 45%. Considering revenue increased 45%, the increase of expenses is reasonable.

The future of the School

The School's enrollment has grown since its inception. The School added Grades 10 through 12 in the 2009-2010 school year, and enrollment continues to grow. Enrollment is expected to increase to about 3,500 students in the 2011-2012 school year up from approximately 2,600 students in the 2010-2011 school year.

Request for information

The financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Nevada Virtual Academy at 8965 South Eastern Ave, Suite 330, Las Vegas, NV 89123, and telephone number (702) 407-1825.

**Nevada Virtual Academy
Statement of Net Assets
For the fiscal year ended June 30, 2011**

ASSETS

Current assets	
Cash	\$ 1,194,075
Accounts receivable	2,002,747
Prepaid expenses	28,900
Total current assets	<u>3,225,722</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	48,535
Deposits	9,370
Total noncurrent assets	<u>57,905</u>
Total assets	3,283,627

LIABILITIES

Current liabilities	
Accounts payable	181,246
Due to K12	2,950,638
Accrued expenses	88,725
Deferred revenue	<u>-</u>
Total current liabilities	<u>3,220,609</u>
Total liabilities	<u>3,220,609</u>

NET ASSETS

Invested in capital assets	48,535
Unrestricted	<u>14,483</u>
Total net assets	<u>\$ 63,018</u>

The accompanying notes are an integral part of the financial statements

**Nevada Virtual Academy
Statement of Activities
For the fiscal year ended June 30, 2011**

	<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES	
Instruction:	
Regular instruction	\$ 14,186,040
Support services:	
General administration	2,486,248
Operations and maintenance of plant services	739,112
Student support	5,000
Depreciation	<u>20,456</u>
Totals	<u>\$ 17,436,856</u>
 PROGRAM REVENUE	
Operating grants	
Special instruction	<u>386,235</u>
Total operating grants	386,235
 GENERAL REVENUE	
Distributive school account	17,025,386
Other	<u>25,235</u>
Total general revenue	<u>17,050,621</u>
 CHANGE IN NET ASSETS	
NET ASSETS, beginning of the year	-
NET ASSETS, end of the year	<u>63,018</u>
	<u>\$ 63,018</u>

The accompanying notes are an integral part of the financial statements

**Nevada Virtual Academy
Balance Sheet -
Governmental Funds
For the fiscal year ended June 30, 2011**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 1,102,102	\$ 91,973	\$ 1,194,075
Accounts receivable	1,975,785	26,962	2,002,747
Prepaid expenses	28,900	-	28,900
Deposits	9,370	-	9,370
Total assets	<u>\$ 3,116,157</u>	<u>\$ 118,935</u>	<u>\$ 3,235,092</u>
LIABILITIES			
Accounts payable	\$ 94,510	\$ 86,736	\$ 181,246
Due to K12	2,950,638		2,950,638
Accrued expenses	56,526	32,199	88,725
Deferred revenue	-	-	-
Total liabilities	<u>3,101,674</u>	<u>118,935</u>	<u>3,220,609</u>
FUND EQUITY			
Fund equity			
Unreserved and undesignated	14,483	-	14,483
Total fund equity	<u>14,483</u>	<u>-</u>	<u>14,483</u>
Total liabilities and fund equity	<u>\$ 3,116,157</u>	<u>\$ 118,935</u>	<u>\$ 3,235,092</u>
RECONCILIATION TO THE STATEMENT OF NET ASSETS			
Total fund balance reported above			\$ 14,483
Add net capital assets not reported			<u>48,535</u>
Net assets			<u>\$ 63,018</u>

The accompanying notes are an integral part of the financial statements

**Nevada Virtual Academy
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
For the Fiscal Year Ended June 30, 2011**

REVENUES	General Fund	Grants Fund	Total
State sources	\$ 17,025,386	\$ -	\$ 17,025,386
Federal sources		386,235	386,235
Other sources	25,235		25,235
Total revenues	17,050,621	386,235	17,436,856
EXPENDITURES			
Programs			
Regular programs	13,861,812	324,228	14,186,040
Total programs expenditures	13,861,812	324,228	14,186,040
Support services			
General administration	2,485,732	516	2,486,248
Operating and maintenance of plant services	682,621	56,491	739,112
Student support	-	5,000	5,000
Total support services	3,168,353	62,007	3,230,360
Capital outlay	5,973	-	5,973
Total expenditures	17,036,138	386,235	17,422,373
Net change in fund balance	14,483	-	14,483
Fund balance, beginning of year	50,022	-	50,022
Fund balance, end of year	\$ 64,505	\$ -	\$ 64,505

The accompanying notes are an integral part of the financial statements

Nevada Virtual Academy
Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2011

Reconciliation to the Statement of Activities

Net change of fund balance in the governmental funds statement	\$ 14,483
Expenses on the statement of activities not included in the governmental funds statement:	
Depreciation expense	(20,456)
Expenditures reported in the governmental funds statements not included in the statement of activities:	
Capital outlay	<u>5,973</u>
Change in net assets reported on the statement of activities	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Nevada Virtual Academy (School) have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Reporting Entity

Nevada Virtual Academy is a charter school established in 2007 under Nevada Revised Statute 386.500. The School's mission is to provide students, grades K-12, an educational alternative to the public schools. Instruction is provided in the core courses of study including English, Math, Science, History, Art, and Music. The School has chosen K12 Incorporated (K12) as its sole curriculum provider. K12 provides the School's management, as well as the accounting, operations and record keeping.

The School receives funding from the state government source and must comply with the concomitant requirements of such funding source entity. However, the School is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since its Board of Trustees has decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

B. Basis of Presentation and Basis of Accounting

Government-wide Statements

GASB Statement Number 34 mandates government wide financial statements of net assets and activities, which are presented on the measurement and accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. It also requires that certain fixed assets be recorded at cost less accumulated depreciation, and outstanding debt be included in the statement of net assets.

The School's basic financial statements include both government-wide (reporting the School as a whole with the exception of the student activity fund) and fund financial statements (reporting the School's major funds). The School's general fund and special revenue funds are classified as governmental activities.

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function. The School does not charge indirect expenses to programs or functions. Program revenue includes grants received from Federal Award programs. Revenue that is not classified as program revenue is presented as general revenue.

Fund Financial Statements

These statements provide information about the School's funds, including a separate statement for the School's agency fund (the student activity fund).

The accounts of the School are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures.

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Generally accepted accounting principles require that the general fund be reported as a major fund and that all other governmental funds whose assets, liabilities, revenue, or expenditures exceed 10% or more of the total for all government funds also be reported as major funds. Accordingly, the School reports the following major governmental funds:

Governmental and Major Funds

1. *General Fund* is the School's general operating fund and is used to account for all financial resources except those required to be accounted for in other funds.
2. *School Grants Fund* is a special revenue fund that accounts for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School maintains its accounting records for all governmental funds on the modified accrual basis of accounting. This method provides for recognizing expenditures at the time liabilities are incurred, while revenue is recorded when "measurable and available" to finance expenditures of the fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers all revenue available if it is collected within 60 days after year-end. Most major sources of revenue reported in governmental funds are susceptible to accrual under the modified accrual basis of accounting.

C. Cash

The School maintains its cash in institutions insured by the Federal Deposit Insurance Corporation (FDIC). This government corporation insured balances up to \$100,000 through October 13, 2008. As of October 14, 2008 all non-interest bearing transaction deposit accounts at an FDIC-insured institution, including all personal and business checking deposit accounts that do not earn interest, are fully insured for the entire amount in the deposit account. This unlimited insurance coverage is temporary and will remain in effect for participating institutions until December, 2012.

Effective October 3, 2008, for all other deposit accounts, the basic limit on federal deposit insurance coverage was temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2013. This temporary increase was made permanent effective July 21, 2010.

At June 30, 2011, the School had cash balances in the amounts of \$1,194,075 on the books, and \$1,363,961 in the bank. The School has not experienced any losses in bank accounts and believes it is not exposed to any significant credit risk.

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Capital Assets

Capital assets purchased or acquired are reported at historical cost. Donated assets are recorded at their fair market value on the date donated. Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives as follows:

Computer and office equipment	5 years
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E. Compensated Absences

It is the School's policy to permit employees to accumulate up to twelve sick days and two personal days per school year. Unused sick days and personal days may not be carried forward to future years. Additionally, 11-month employees will be paid all school holidays and breaks.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Due to State and Local Governments

Revenue from government grants is recorded to the extent of the expenditures incurred under the grant. Any funds received in excess of the expenditures are recorded as due to state and local governments.

H. Accounting Standards Codification

The School adopted GASB issued Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards ("GASBS 56"). The objective of GASBS 56 is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles—related party transactions, going concern considerations, and subsequent events.

NOTE 2 - BUDGETARY INFORMATION

The School is required by the State of Nevada Department of Education (Department) to adopt a final budget not later than May 1 of each year under Nevada Administrative Code (NAC) 386.370, but is not required by the Department to augment the budget during the year. Further, the School is not required under NRS 386.550 to adopt a final budget pursuant to NRS 354.598 or otherwise comply with any provisions of Chapter 354 of the NRS. In essence, augmentation of the School's budget is neither required nor prohibited.

NOTE 3 - CONCENTRATION OF CREDIT RISK

During the 2003 Nevada Legislative session, legislation was enacted that permitted the creation of a statewide collateral pool that would provide sufficient collateral guarantying the public deposits of Nevada state and local agencies. The statewide program is centralized and coordinated by the Office of the State Treasurer. Under the pool, participating financial

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 – CONCENTRATION OF CREDIT RISK (continued)

institutions are required to maintain collateral securities having a fair market value that is at least 102 percent of the amount of the aggregate uninsured ledger balances of public money held by the depository. State and local agency participation is voluntary. Financial institutions that participate require a signed collateral security agreement and approval by the State Treasurer. The School's banking institution is a participant and the School joined the statewide collateral pool in August, 2009.

NOTE 4 - CAPITAL ASSETS

Capital asset activity during 2010-2011 was as follows:

	Balance June 30, 2010	Addition	Deletions	Balance June 30, 2011
Cost of assets				
Computer and equipme	\$ 96,812	\$ -	\$ -	\$ 96,812
Leasehold improvemen	\$ -	\$ 5,973	\$ -	\$ 5,973
Total	<u>\$ 96,812</u>	<u>\$ 5,973</u>	<u>\$ -</u>	<u>\$ 102,785</u>
Accumulated depreciation				
Computer and equipme	\$ (33,794)	\$ (19,361)	\$ -	\$ (53,155)
Leasehold improvemen	\$ -	\$ (1,095)	\$ -	\$ (1,095)
Total	<u>\$ (33,794)</u>	<u>\$ (20,456)</u>	<u>\$ -</u>	<u>\$ (54,250)</u>

Depreciation expense was charged to function as follows:

Regular programs	\$ 20,456
------------------	-----------

NOTE 5 - OPERATING LEASES

The School leased office space from Sigma Mechanical Engineering Consultants, Inc for administrative offices under a three-year operating lease that began on August 1, 2007. The School moved to a new office space in August 2010. On August 13, 2010, the School started leasing office space from 8965 Eastern LLC under a five-year operating lease.

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 - OPERATING LEASES (continued)

The future minimum lease payments for these leases are as follows:

Year Ended June 30	Amount
2012	\$ 146,504
2013	161,930
2014	170,738
2015	179,546
2016	20,872
Thereafter	-
Total	\$ 679,590

Total rental costs for the year ended June 30, 2011 was \$147,280. The school leases computers for students from K12. Leasing expense totals \$1,265,829 for the year ended June 30, 2011.

NOTE 6 - RETIREMENT PLAN

The School is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a defined benefit cost-sharing multiple-employer program, and all full-time employees are covered under the system. The School has no liability for unfunded obligations of the system as provided by NRS 286.110.

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits and death benefits.

Monthly benefit allowances for regular members are computed at 2.5% of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement with a ceiling of 75% of the average compensation. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his/her life and various optional monthly payments to a named beneficiary after his/her death. Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service or any age with 30 years of service. A member who retires on or after July 1, 1977, or is an active member whose effective date of membership is before July 1, 1985, and who has 36 years of service is entitled to a benefit of up to 90% of his/her average compensation. When members are eligible for the earlier retirement due to the increased service years, the ceiling limitation on monthly benefit allowances increases from the normal 75% to a maximum of 90% of average compensation. Regular members become fully vested as to benefits upon completion of 5 years of service.

Member contribution rates, which are actuarially determined, are established by NRS 286.421 for public employees enrolled in the contribution plan. The contribution rate during fiscal year 2010-2011 was 21.5% for employees on all covered payroll. The school contribution for the year ended June 30, 2011 was \$357,310.

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 7 – RELATED PARTY TRANSACTIONS

During the period ended June 30, 2011, the School paid K12 \$10,092,558 to provide curriculum, instructional materials and technology services in the delivery of direct regular instruction. In addition, the School paid K12 \$2,201,643 to provide the School with administration services in support of the educational program.

During the fiscal years ended June 30, 2011, K12 committed to issue accommodation credits as necessary to ensure the School would not end the year with an accumulated deficit. During its early years of operation it is not unusual for a school to incur costs in excess of funding received. In consideration of such a situation, credits have been issued in the amount of \$2,290,042, for the year ended June 30, 2011, reflected in the amounts shown above.

Note 8 – SUBSEQUENT EVENTS

We have evaluated the existence of both recognized and unrecognized subsequent events through October 21, 2011, the date the financial statements were available to be issued. In August 2011, the School entered into a lease expansion agreement with 8965 Eastern LLC and added 1,223 square feet to the office located at 8965 South Eastern Avenue, Las Vegas, NV 89123.

Note 9 – COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

The school conformed to all significant statutory constraints on the financial administration during the fiscal year.

SUPPLEMENTARY INFORMATION

**Nevada Virtual Academy
 Budget Comparison Schedule
 General Fund - GAAP Basis (unaudited)
 For the year ended June 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
All sources	\$ 19,056,123	\$ 19,056,123	\$ 17,050,621	\$ (2,005,502)
Total revenue	<u>19,056,123</u>	<u>19,056,123</u>	<u>17,050,621</u>	<u>(2,005,502)</u>
EXPENDITURES				
Regular programs	14,722,000	14,722,000	13,861,812	860,188
Total programs expenditures	<u>14,722,000</u>	<u>14,722,000</u>	<u>13,861,812</u>	<u>860,188</u>
Undistributed expenditures				
Support services				
General administration	3,345,851	3,345,851	2,485,732	(1,503,100)
Operation and maintenance of plant services	982,632	982,632	682,621	(682,621)
Student support	-	-	-	-
Total support services	<u>4,328,483</u>	<u>4,328,483</u>	<u>3,168,353</u>	<u>(2,185,721)</u>
Capital outlay	-	-	5,973	(5,973)
Total expenditures	<u>19,050,483</u>	<u>19,050,483</u>	<u>17,036,138</u>	<u>2,014,345</u>
Excess (deficiency) of revenue over expenditures	5,640	5,640	14,483	8,843
FUND BALANCE, beginning of year	<u>50,022</u>	<u>50,022</u>	<u>50,022</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 55,662</u>	<u>\$ 55,662</u>	<u>\$ 64,505</u>	<u>\$ 8,843</u>

The accompanying notes are an integral part of the financial statements

**Nevada Virtual Academy
 Budget Comparison Schedule
 Grants Fund - GAAP Basis (unaudited)
 For the year ended June 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
All sources	\$ 467,636	\$ 467,636	\$ 386,235	\$ (81,401)
Total revenue	467,636	467,636	386,235	(81,401)
EXPENDITURES				
Regular programs	405,629	405,629	324,228	81,401
Total programs expenditures	405,629	405,629	324,228	81,401
Undistributed expenditures				
Support services				
General administration	516	516	516	-
Operation and maintenance of plant services	56,491	56,491	56,491	-
Student support	5,000	5,000	5,000	-
Total support services	62,007	62,007	62,007	-
Capital outlay				
Total expenditures	467,636	467,636	386,235	81,401
Excess (deficiency) of revenue over expenditures				
	-	-	-	-
FUND DEFICIT, beginning of year	-	-	-	-
FUND DEFICIT, end of year	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements

**Nevada Virtual Academy
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF EDUCATION Pass through the State of Nevada Department of Education State Fiscal Stabilization Fund	84.027	8900271	386,235
Total expenditures			<u>\$ 386,235</u>

The accompanying notes are an integral part of this schedule.

**Nevada Virtual Academy
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2011**

NOTE 1. BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal grant activity of Nevada Virtual Academy and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, no amount was provided to subrecipients.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND INTERNAL CONTROL**

De Joya Griffith & Company, LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS



**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**

To the board of Nevada Virtual Academy
Las Vegas, Nevada

We have audited the financial statements of the governmental activities, and each major fund of Nevada Virtual Academy, as of and for the year ended June 30, 2011, which collectively comprise Nevada Virtual Academy's basic financial statements, and have issued our report thereon dated October 21, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nevada Virtual Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nevada Virtual Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Nevada Virtual Academy's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Nevada Virtual Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of Nevada Virtual Academy's financial statements that is more than inconsequential will not be prevented or detected by Nevada Virtual Academy's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Nevada Virtual Academy's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

De Joya Griffith & Company, LLC
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Member Firm with
Russell Bedford International





Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nevada Virtual Academy'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*.

This report is intended solely for the information and use of management within the entity, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

De Joya Griffith & Company, LLC
Henderson, Nevada

October 21, 2011

De Joya Griffith & Company, LLC
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**NEVADA VIRTUAL
ACADEMY**

FINANCIAL STATEMENTS

June 30, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Nevada Virtual Academy
Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities, and each major fund of Nevada Virtual Academy (the School), as of and for the fiscal year ended June 30, 2010, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Nevada Virtual Academy's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of Nevada Virtual Academy as of June 30, 2010, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2010 on our consideration of Nevada Virtual Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 4 and 16 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Reeves Evans McBride & Zhang LLP

Las Vegas, Nevada

August 26, 2010

Nevada Virtual Academy
Management's Discussion and Analysis (Unaudited)
June 30, 2010

The following discussion and analysis of the Nevada Virtual Academy provides an overview of the School's financial activities for the year ended June 30, 2010. As management of Nevada Virtual Academy (the School), we encourage readers to consider the information presented here in conjunction with the financial statements and notes. This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the School as a whole and present a longer-term view of the School's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements report the School's operations in more detail than the government-wide statements.

Financial Highlights

The School's net assets total \$63,018. Capital assets include computers and office equipment of \$96,812, less accumulated depreciation of \$33,794. Total revenue is \$12,009,718, of which \$12,008,677 is from the State of Nevada. Expenditures total \$11,996,722.

Overview of the Financial Statements

The School's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information.

Government-Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. Changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements:

A fund is established to account for a specific activity or purpose. The School only has a governmental fund type. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the governmental fund financial statements focus on near-term spendable resources, and the governmental activities on the government-wide financial statements have a longer term focus, a reconciliation of the differences between the two is provided following the fund financial statement's balance sheet and statement of revenues, expenditures and changes in fund balances, respectively.

Nevada Virtual Academy
Management's Discussion and Analysis (Unaudited)
June 30, 2010

Overview of the Financial Statements (continued)

Notes to the Basic Financial Statements:

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

The School as a whole

One important question asked about the School's finances is, "Is the School better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting (and report depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net assets (the difference between total assets and total liabilities) over time is one indicator of whether the School's financial health is improving or deteriorating. However, you need to consider other non-financial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs and changes in the economy to assess the overall health of the School.

The School's net assets were as follows:

	2010	2009	Change	Percentage
Current assets	\$ 1,434,638	\$ 257,888	\$ 1,176,750	456.30%
Capital assets-net	63,018	50,022	12,996	25.98%
Noncurrent assets	12,898	5,558	7,340	132.06%
Total assets	1,510,554	313,468	1,197,086	381.88%
Current liabilities	1,447,536	263,446	1,184,090	449.46%
Total liabilities	1,447,536	263,446	1,184,090	449.46%
Net assets	\$ 63,018	\$ 50,022	\$ 12,996	25.98%

The School's financial position has changed since fiscal year ending 6/30/2009. Capital assets increased 26% due to the expansion and increased number of students. Current assets and liabilities increased due to timing of payments for receivables from State of Nevada and payables between the School and K12 Management.

Nevada Virtual Academy
Management's Discussion and Analysis (Unaudited)
June 30, 2010

The School as a whole (continued)

The School's revenues were as follows:

	2010	2009	Change	Percentage
Program revenue				
State sources	\$ 12,008,677	\$ 3,719,621	\$ 8,289,056	222.85%
Federal sources	-	673,627	(673,627)	-100.00%
Other sources	1,041	147	894	608.16%
Total revenue	\$ 12,009,718	\$ 4,393,395	\$ 7,616,323	173.36%

Due to the increased number of students, state revenue increased 223%. As a result of the American Recovery Reinvestment Act of 2009, the School had received a \$612,403 grant from federal sources in the prior year. The School did not receive federal funding this year. Other sources are interest earned from cash accounts.

The School's expenses were as follows:

	2010	2009	Change	Percentage
Regular instruction	\$ 9,792,730	\$ 3,418,362	\$ 6,374,368	186.47%
General administration	1,998,905	721,514	1,277,391	177.04%
Operations and maintenance of plant services	187,153	190,703	(3,550)	-1.86%
Student support	100	-	100	0.00%
Depreciation	17,834	12,794	5,040	39.39%
	\$ 11,996,722	\$ 4,343,373	\$ 7,653,349	176.21%

Due to the increased number of students, total expenses increased 176%. Considering revenue increased 173%, the increase of expenses is reasonable.

The future of the School

The School's enrollment has grown since its inception. The School added Grades 10 through 12 in the 2009-2010 school year, and enrollment keeps increasing. Enrollment is expected to increase to about 2,700 students in the 2010-2011 school year up from approximately 1,700 students in the 2009-2010 school year.

Request for information

The financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Nevada Virtual Academy at 8965 South Eastern Ave, Suite 330, Las Vegas, NV 89123, and telephone number (702) 407-1825.

**Nevada Virtual Academy
Statement of Net Assets
For the fiscal year ended June 30, 2010**

ASSETS	
Current assets	
Cash	\$ 109,736
Accounts receivable	1,308,108
Prepaid expenses	16,794
Total current assets	<u>1,434,638</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	63,018
Deposits	12,898
Total noncurrent assets	<u>75,916</u>
Total assets	1,510,554
LIABILITIES	
Current liabilities	
Accounts payable	40,574
Due to K12	1,358,445
Accrued expenses	39,925
Deferred revenue	8,592
Total current liabilities	<u>1,447,536</u>
Total liabilities	<u>1,447,536</u>
NET ASSETS	
Invested in capital assets	63,018
Unrestricted	<u>-</u>
Total net assets	<u>\$ 63,018</u>

The accompanying notes are an integral part of the financial statements

**Nevada Virtual Academy
Statement of Activities
For the fiscal year ended June 30, 2010**

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Net (Expense) Revenue</u>
		<u>Operating Grants and Contributions</u>	
GOVERNMENTAL ACTIVITIES			
Instruction:			
Regular instruction	\$ 9,792,730	\$ -	\$ (9,792,730)
Support services:			
General administration	1,998,905	-	(1,998,905)
Operations and maintenance of plant services	187,153	-	(187,153)
Student support	100	-	(100)
Depreciation	17,834	-	(17,834)
Totals	<u>\$ 11,996,722</u>	<u>\$ -</u>	<u>(11,996,722)</u>
GENERAL REVENUE			
Distributive school account			12,008,677
Other			1,041
Total general revenue			<u>12,009,718</u>
CHANGE IN NET ASSETS			
NET ASSETS, beginning of the year			12,996
NET ASSETS, end of the year			<u>50,022</u>
			<u>\$ 63,018</u>

The accompanying notes are an integral part of the financial statements

**Nevada Virtual Academy
Balance Sheet -
Governmental Funds
For the fiscal year ended June 30, 2010**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 109,736	\$ -	\$ 109,736
Accounts receivable	1,308,108	-	1,308,108
Prepaid expenses	16,794	-	16,794
Deposits	12,898	-	12,898
Total assets	<u>\$ 1,447,536</u>	<u>\$ -</u>	<u>\$ 1,447,536</u>
LIABILITIES			
Accounts payable	\$ 40,574	\$ -	\$ 40,574
Due to K12	1,358,445	-	1,358,445
Accrued expenses	39,925	-	39,925
Deferred revenue	8,592	-	8,592
Total liabilities	<u>1,447,536</u>	<u>-</u>	<u>1,447,536</u>
FUND EQUITY			
Fund equity			
Unreserved and undesignated	-	-	-
Total fund equity (deficit)	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 1,447,536</u>	<u>\$ -</u>	<u>\$ 1,447,536</u>
RECONCILIATION TO THE STATEMENT OF NET ASSETS			
Total fund balance reported above			\$ -
Add net capital assets not reported			<u>63,018</u>
Net assets			<u>\$ 63,018</u>

The accompanying notes are an integral part of the financial statements

**Nevada Virtual Academy
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
For the Fiscal Year Ended June 30, 2010**

REVENUES	General Fund	Grants Fund	Total
State sources	\$ 12,008,677	\$ -	\$ 12,008,677
Federal sources	-	-	-
Other sources	1,041	-	1,041
Total revenues	12,009,718	-	12,009,718
EXPENDITURES			
Programs			
Regular programs	9,792,730	-	9,792,730
Total programs expenditures	9,792,730	-	9,792,730
Support services			
General administration	1,998,905	-	1,998,905
Operating and maintenance of plant services	187,153	-	187,153
Student support	100	-	100
Total support services	2,186,158	-	2,186,158
Capital outlay	30,830	-	30,830
Total expenditures	12,009,718	-	12,009,718
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

Nevada Virtual Academy
Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2010

Reconciliation to the Statement of Activities

Net change of fund balance in the governmental funds statement	\$ -
Expenses on the statement of activities not included in the governmental funds statement:	
Depreciation expense	(17,834)
Expenditures reported in the governmental funds statements not included in the statement of activities:	
Capital outlay	<u>30,830</u>
Change in net assets reported on the statement of activities	<u>\$ 12,996</u>

The accompanying notes are an integral part of the financial statements

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Nevada Virtual Academy (School) have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Reporting Entity

Nevada Virtual Academy is a charter school established in 2007 under Nevada Revised Statute 386.500. The School's mission is to provide students, grades K-12, an educational alternative to the public schools. Instruction is provided in the core courses of study including English, Math, Science, History, Art, and Music. The School has chosen K12, Incorporated (K12) as its sole curriculum provider. K12 provides the School's management, as well as the accounting, operations and record keeping.

The School receives funding from the state government source and must comply with the concomitant requirements of such funding source entity. However, the School is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since its Board of Trustees has decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

B. Basis of Presentation and Basis of Accounting

Government-wide Statements

GASB Statement Number 34 mandates government wide financial statements of net assets and activities, which are presented on the measurement and accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. It also requires that certain fixed assets be recorded at cost less accumulated depreciation, and outstanding debt be included in the statement of net assets.

The School's basic financial statements include both government-wide (reporting the School as a whole with the exception of the student activity fund) and fund financial statements (reporting the School's major funds). The School's general fund and special revenue funds are classified as governmental activities.

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function. The School does not charge indirect expenses to programs or functions. Program revenue includes grants received from Federal Award programs. Revenue that is not classified as program revenue is presented as general revenue.

Fund Financial Statements

These statements provide information about the School's funds, including a separate statement for the School's agency fund (the student activity fund).

The accounts of the School are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures.

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Generally accepted accounting principles require that the general fund be reported as a major fund and that all other governmental funds whose assets, liabilities, revenue, or expenditures exceed 10% or more of the total for all government funds also be reported as major funds. Accordingly, the School reports the following major governmental funds:

Governmental and Major Funds

1. *General Fund* is the School's general operating fund and is used to account for all financial resources except those required to be accounted for in other funds.
2. School *Grants Fund* is a special revenue fund that accounts for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School maintains its accounting records for all governmental funds on the modified accrual basis of accounting. This method provides for recognizing expenditures at the time liabilities are incurred, while revenue is recorded when "measurable and available" to finance expenditures of the fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers all revenue available if it is collected within 60 days after year-end. Most major sources of revenue reported in governmental funds are susceptible to accrual under the modified accrual basis of accounting.

C. Cash

The School maintains its cash in institutions insured by the Federal Deposit Insurance Corporation (FDIC). This government corporation insured balances up to \$100,000 through October 13, 2008. As of October 14, 2008 all non-interest bearing transaction deposit accounts at an FDIC-insured institution, including all personal and business checking deposit accounts that do not earn interest, are fully insured for the entire amount in the deposit account. This unlimited insurance coverage is temporary and will remain in effect for participating institutions until December, 2010, with the possibility of an additional 12-month extension.

Effective October 3, 2008, for all other deposit accounts, the basic limit on federal deposit insurance coverage was temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2013. This temporary increase was made permanent effective July 21, 2010.

At June 30, 2010, the School had cash balances in the amounts of \$109,736 on the books, and \$228,729 in the bank. The School has not experienced any losses in said account and believes it is not exposed to any significant credit risk.

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Capital Assets

Capital assets purchased or acquired are reported at historical cost. Donated assets are recorded at their fair market value on the date donated. Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives as follows:

Computer and office equipment	5 years
-------------------------------	---------

E. Compensated Absences

It is the School's policy to permit employees to accumulate up to twelve sick days and two personal days per school year. Unused sick days and personal days may not be carried forward to future years. Additionally, 11-month employees will be paid all school holidays and breaks.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Due to State and Local Governments

Revenue from government grants is recorded to the extent of the expenditures incurred under the grant. Any funds received in excess of the expenditures are recorded as due to state and local governments.

H. Accounting Standards Codification

The School adopted GASB issued Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards ("GASBS 56"). The objective of GASBS 56 is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles—related party transactions, going concern considerations, and subsequent events.

NOTE 2 - BUDGETARY INFORMATION

The School is required by the State of Nevada Department of Education (Department) to adopt a final budget not later than May 1 of each year under Nevada Administrative Code (NAC) 386.370, but is not required by the Department to augment the budget during the year. Further, the School is not required under NRS 386.550 to adopt a final budget pursuant to NRS 354.598 or otherwise comply with any provisions of Chapter 354 of the NRS. In essence, augmentation of the School's budget is neither required nor prohibited.

NOTE 3 - CONCENTRATION OF CREDIT RISK

During the 2003 Nevada Legislative session, legislation was enacted that permitted the creation of a statewide collateral pool that would provide sufficient collateral guarantying the public deposits of Nevada state and local agencies. The statewide program is centralized and coordinated by the Office of the State Treasurer. Under the pool, participating financial

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3 – CONCENTRATION OF CREDIT RISK (continued)

institutions are required to maintain collateral securities having a fair market value that is at least 102 percent of the amount of the aggregate uninsured ledger balances of public money held by the depository. State and local agency participation is voluntary. Financial institutions that participate require a signed collateral security agreement and approval by the State Treasurer. The School's banking institution is a participant and the School joined the statewide collateral pool in August, 2009.

NOTE 4 - CAPITAL ASSETS

Capital asset activity during 2009-2010 was as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Cost of assets				
Computer and equipment	\$ 65,982	\$ 30,830	\$ -	\$ 96,812
Total	<u>\$ 65,982</u>	<u>\$ 30,830</u>	<u>\$ -</u>	<u>\$ 96,812</u>
Accumulated depreciation				
Computer and equipment	\$ (15,960)	\$ (17,834)	\$ -	\$ (33,794)
Total	<u>\$ (15,960)</u>	<u>\$ (17,834)</u>	<u>\$ -</u>	<u>\$ (33,794)</u>

Depreciation expense was charged to function as follows:

Regular programs	\$ 17,834
	<u>\$ 17,834</u>

NOTE 5 - OPERATING LEASES

The School leases office space from Sigma Mechanical Engineering Consultants, Inc for administrative offices under a three-year operating lease that began on August 1, 2007.

On August 1, 2010, the School started leasing office space from 8965 Eastern LLC under a five-year operating lease.

The School leases a copier under a four-year operating lease that began in August, 2007.

The future minimum lease payments for these leases are as follows:

Year Ended June 30	Amount
2011	\$ 95,461
2012	149,123
2013	162,214
2014	171,022
2015	179,830
Thereafter	15,047
Total lease payments	<u>\$ 772,697</u>

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 - OPERATING LEASES (continued)

Total rental costs for the year ended June 30, 2010 was \$85,638. The school leases computers for students from K12 Management Inc. Leasing expense totals \$875,610 for the year ended June 30, 2010.

NOTE 6 - RETIREMENT PLAN

The School is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a defined benefit cost-sharing multiple-employer program, and all full-time employees are covered under the system. The School has no liability for unfunded obligations of the system as provided by NRS 286.110.

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits and death benefits.

Monthly benefit allowances for regular members are computed at 2.5% of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement with a ceiling of 75% of the average compensation. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his/her life and various optional monthly payments to a named beneficiary after his/her death. Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service or any age with 30 years of service. A member who retires on or after July 1, 1977, or is an active member whose effective date of membership is before July 1, 1985, and who has 36 years of service is entitled to a benefit of up to 90% of his/her average compensation. When members are eligible for the earlier retirement due to the increased service years, the ceiling limitation on monthly benefit allowances increases from the normal 75% to a maximum of 90% of average compensation. Regular members become fully vested as to benefits upon completion of 5 years of service.

Member contribution rates, which are actuarially determined, are established by NRS 286.421 for public employees enrolled in the contribution plan. The contribution rate during fiscal year 2009-2010 was 21.5% for employees on all covered payroll. The school contribution for the year ended June 30, 2010 was \$236,876.

Note 7 - RELATED PARTY TRANSACTIONS

During the period ended June 30, 2010, the School paid K12 \$6,416,426 to provide curriculum, instructional materials and technology services in the delivery of direct regular instruction. In addition, the School paid K12 \$1,665,551 to provide the School with administration services in support of the educational program.

During the fiscal years ended June 30, 2009 and 2010, K12 committed to issue accommodation credits as necessary to ensure the School would not end the year with an accumulated deficit. During its early years of operation it is not unusual for a school to incur costs in excess of funding received. In consideration of such a situation, credits have been issued in the amount of \$730,574, for the year ended June 30, 2010, reflected in the amounts shown above.

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 8 – SUBSEQUENT EVENTS

We have evaluated the existence of both recognized and unrecognized subsequent events through August 26, 2010, the date the financial statements were available to be issued. In August 2010, the School entered into a new lease with 8965 Eastern LLC and moved its administrative offices to 8965 South Eastern Avenue, Las Vegas, NV 89123.

Note 9 – COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE
CODE

The school conformed to all significant statutory constraints on the financial administration during the fiscal year.

SUPPLEMENTARY INFORMATION

**Nevada Virtual Academy
 Budget Comparison Schedule
 General Fund - GAAP Basis
 For the year ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
All sources	\$ 10,378,547	\$ 10,378,547	\$ 12,009,718	\$ 1,631,171
Total revenue	<u>10,378,547</u>	<u>10,378,547</u>	<u>12,009,718</u>	<u>1,631,171</u>
EXPENDITURES				
Regular programs	9,315,861	9,315,861	9,792,730	(476,869)
Total programs expenditures	<u>9,315,861</u>	<u>9,315,861</u>	<u>9,792,730</u>	<u>(476,869)</u>
Undistributed expenditures				
Support services				
General administration	906,736	906,736	1,998,905	(1,092,169)
Operation and maintenance of plant services	155,950	155,950	187,153	(31,203)
Student support			100	(100)
Total support services	<u>1,062,686</u>	<u>1,062,686</u>	<u>2,186,158</u>	<u>(1,123,472)</u>
Capital outlay	-	-	30,830	(30,830)
Total expenditures	<u>10,378,547</u>	<u>10,378,547</u>	<u>12,009,718</u>	<u>(1,631,171)</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND INTERNAL CONTROL**

**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**

To the board of Nevada Virtual Academy
Las Vegas, Nevada

We have audited the financial statements of the governmental activities, and each major fund of Nevada Virtual Academy, as of and for the year ended June 30, 2010, which collectively comprise Nevada Virtual Academy's basic financial statements, and have issued our report thereon dated August 26, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nevada Virtual Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nevada Virtual Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Nevada Virtual Academy's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Nevada Virtual Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of Nevada Virtual Academy's financial statements that is more than inconsequential will not be prevented or detected by Nevada Virtual Academy's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Nevada Virtual Academy's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

REEVES, EVANS, MCBRIDE, & ZHANG, LLP

accountants and consultants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nevada Virtual Academy'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*.

This report is intended solely for the information and use of management within the entity, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Reeves Evans McBride & Zhang LLP

Las Vegas, Nevada

August 26, 2010

**NEVADA VIRTUAL
ACADEMY**

FINANCIAL STATEMENTS

June 30, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Board of Nevada Virtual Academy
Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities, and each major fund of Nevada Virtual Academy, as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Nevada Virtual Academy's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of Nevada Virtual Academy as of June 30, 2009, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2009 on our consideration of Nevada Virtual Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 17 through 19 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nevada Virtual Academy's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of the additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Reeves Evans McBride & Zhang LLP

Las Vegas, Nevada

October 19, 2009

Nevada Virtual Academy
Management's Discussion and Analysis (Unaudited)
June 30, 2009

The following discussion and analysis of the Nevada Virtual Academy provides an overview of the School's financial activities for the year ended June 30, 2009. As management of Nevada Virtual Academy (the School), we encourage readers to consider the information presented here in conjunction with the financial statements and notes. This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the School as a whole and present a longer-term view of the School's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements report the School's operations in more detail than the government-wide statements.

Financial Highlights

The School's net assets total \$50,022. Capital assets include computers and office equipment of \$65,982, less accumulated depreciation of \$15,960. Total revenue is \$4,393,395, which includes \$65,251 attributed to a federal grant and special education district improvement grant for expenditures incurred during the year, and \$612,403 from U.S. Department of Education due to American Recovery Reinvestment Act of 2009.

Overview of the Financial Statements

The School's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information.

Government-Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. Changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements:

A fund is established to account for a specific activity or purpose. The School only has a governmental fund type. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the governmental fund financial statements focus on near-term spendable resources, and the governmental activities on the government-wide financial statements have a longer term focus, a reconciliation of the differences between the two is provided following the fund financial statement's balance sheet and statement of revenues, expenditures and changes in fund balances, respectively.

Nevada Virtual Academy
Management's Discussion and Analysis (Unaudited)
June 30, 2009

Overview of the Financial Statements (continued)

Notes to the Basic Financial Statements:

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

The School as a whole

One important question asked about the School's finances is, "Is the School better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting (and report depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net assets (the difference between total assets and total liabilities) over time is one indicator of whether the School's financial health is improving or deteriorating. However, you need to consider other non-financial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs and changes in the economy to assess the overall health of the School.

The School's net assets were as follows:

	2009	2008	Change	Percentage
Current assets	\$ 257,888	\$ 248,092	\$ 9,796	3.95%
Capital assets-net	50,022	24,398	25,624	105.03%
Noncurrent assets	5,558	5,558	-	0.00%
Total assets	313,468	278,048	35,420	12.74%
Current liabilities	263,446	278,048	(14,602)	-5.25%
Total liabilities	263,446	278,048	(14,602)	-5.25%
Net assets	\$ 50,022	\$ -	\$ 50,022	

The School's financial position has changed since fiscal year ending 6/30/2008. Capital assets increased 105% due to the expansion of the grades and increased number of students.

Nevada Virtual Academy
Management's Discussion and Analysis (Unaudited)
June 30, 2009

The School's revenues were as follows:

	2009	2008	Change	Percentage
Program revenue				
State sources	\$ 3,719,621	\$ 1,786,110	\$1,933,511	108.25%
Federal sources	673,627	142,539	531,088	372.59%
Other sources	147	15,122	(14,975)	-99.03%
Total revenue	<u>\$ 4,393,395</u>	<u>\$ 1,943,771</u>	<u>\$2,449,624</u>	126.02%

Due to the increased number of students, state revenue increased 108%. Due to the American Recovery Reinvestment Act of 2009, the School received \$612,403 from the federal source. Last year other sources are mainly the startup fund from K12, and this year was interest earned from cash accounts.

The School's expenses were as follows:

	2009	2008	Change	Percentage
Regular instruction	\$ 3,418,362	\$ 1,389,768	\$2,028,594	145.97%
General administration	721,514	214,532	506,982	236.32%
Operations and maintenance of plant services	190,703	319,154	(128,451)	-40.25%
Student support	-	3,235	(3,235)	-100.00%
Depreciation	12,794	3,166	9,628	304.11%
	<u>\$ 4,343,373</u>	<u>\$ 1,929,855</u>	<u>\$2,413,518</u>	125.06%

Due to the increased number of students, total expenses increased 125%. Considering revenue increased 126%, the increase of expenses is reasonable.

The future of the School

The School's enrollment has grown since its inception. The School added Grades 10 through 12 in the 2009-2010 school year. Enrollment is expected to increase to about 2,000 students in the 2009-2010 school year up from 600+ students in the 2008-2009 school year.

Request for information

The financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Nevada Virtual Academy at 187 E. Warm Springs Road, Suite C, Las Vegas, Nevada 89119, and telephone number (702) 407-1825.

Nevada Virtual Academy
Statement of Net Assets
For the fiscal year ended June 30, 2009

ASSETS	
Current assets	
Cash	\$ 245,744
Accounts receivable	664
Prepaid expenses	11,480
Total current assets	<u>257,888</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	50,022
Deposits	5,558
Total noncurrent assets	<u>55,580</u>
Total assets	313,468
LIABILITIES	
Current liabilities	
Accounts payable	31,218
Due to K12	120,456
Accrued expenses	88,215
Due to state and local governments	23,557
Total current liabilities	<u>263,446</u>
Total liabilities	<u>263,446</u>
NET ASSETS	
Invested in capital assets	50,022
Unrestricted	<u>-</u>
Total-net assets	<u>\$ 50,022</u>

The accompanying notes are an integral part of the financial statements

Nevada Virtual Academy
Statement of Activities
For the fiscal year ended June 30, 2009

	<u>Expenses</u>	<u>Program Revenue</u>	
		Operating Grants and Contributions	Net (Expense) Revenue
GOVERNMENTAL ACTIVITIES			
Instruction:			
Regular instruction	\$ 3,418,362	\$ 65,251	\$ (3,353,111)
Support services:			
General administration	721,514	-	(721,514)
Operations and maintenance of plant services	190,703	-	(190,703)
Student support	-	-	-
Depreciation	12,794	-	(12,794)
Totals	<u>\$ 4,343,373</u>	<u>\$ 65,251</u>	(4,278,122)
GENERAL REVENUE			
Distributive school account			4,327,997
Other			147
Total general revenue			<u>4,328,144</u>
CHANGE IN NET ASSETS			
NET ASSETS, beginning of the year			50,022
NET ASSETS, end of the year			<u>50,022</u>

The accompanying notes are an integral part of the financial statements

**Nevada Virtual Academy
Balance Sheet -
Governmental Funds
For the fiscal year ended June 30, 2009**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 244,771	\$ 973	\$ 245,744
Accounts receivable	664	-	664
Prepaid expenses	11,480	-	11,480
Deposits	5,558	-	5,558
Total assets	<u>\$ 262,473</u>	<u>\$ 973</u>	<u>\$ 263,446</u>
LIABILITIES			
Accounts payable	\$ 31,218	\$ -	\$ 31,218
Due to K12	120,456	-	120,456
Accrued expenses	88,215	-	88,215
Due to state and local governments	22,584	973	23,557
Total liabilities	<u>262,473</u>	<u>973</u>	<u>263,446</u>
FUND EQUITY			
Fund equity			
Unreserved and undesignated	-	-	-
Total fund equity (deficit)	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund equity (deficit)	<u>\$ 262,473</u>	<u>\$ 973</u>	<u>\$ 263,446</u>
RECONCILIATION TO THE STATEMENT OF NET ASSETS			
Total fund balance reported above			\$ -
Add net capital assets not reported			<u>50,022</u>
Net assets			<u>\$ 50,022</u>

The accompanying notes are an integral part of the financial statements

Nevada Virtual Academy
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
For the Fiscal Year Ended June 30, 2009

REVENUES	General Fund	Grants Fund	Total
State sources	\$ 3,715,594	\$ 4,027	\$ 3,719,621
Federal sources	612,403	61,224	673,627
Other sources	147	-	147
Total revenues	4,328,144	65,251	4,393,395
EXPENDITURES			
Programs			
Regular programs	3,416,882	1,480	3,418,362
Total programs expenditures	3,416,882	1,480	3,418,362
Support services			
General administration	722,562	(1,048)	721,514
Operating and maintenance of plant services	162,888	27,815	190,703
Student support	-	-	-
Total support services	885,450	26,767	912,217
Capital outlay	1,414	37,004	38,418
Total expenditures	4,303,746	65,251	4,368,997
Net change in fund balance	24,398	-	24,398
Fund deficit, beginning of year	(24,398)	-	(24,398)
Fund balance, end of year	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements

**Nevada Virtual Academy
Statement of Revenues, Expenditures, and Changes in Fund Deficit (continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2009**

Reconciliation to the Statement of Activities

Net change of fund balance in the governmental funds statement	\$ 24,398
Expenses on the statement of activities not included in the governmental funds statement	
Depreciation expense	(12,794)
Expenditures reported in the governmental funds statements not included in the statement of activities	
Capital outlay	<u>38,418</u>
Change in net assets reported on the statement of activities	<u>\$ 50,022</u>

The accompanying notes are an integral part of the financial statements

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Nevada Virtual Academy (School) have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Reporting Entity

Nevada Virtual Academy is a charter school established in 2007 under Nevada Revised Statute 386.500. The School's mission is to provide students, grades K-12, an educational alternative to the public schools. Instruction is provided in the core courses of study including English, Math, Science, History, Art, and Music. The School has chosen K12, Incorporated (K12) as its sole curriculum provider. K12 provides the School's management, as well as the accounting, operations and record keeping.

The School receives funding from the state government source and must comply with the concomitant requirements of such funding source entity. However, the School is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since its Board of Trustees has decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

B. Basis of Presentation and Basis of Accounting

Government-wide Statements

GASB Statement Number 34 mandates government wide financial statements of net assets and activities, which are presented on the measurement and accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. It also requires that certain fixed assets be recorded at cost less accumulated depreciation, and outstanding debt be included in the statement of net assets.

The School's basic financial statements include both government-wide (reporting the School as a whole with the exception of the student activity fund) and fund financial statements (reporting the School's major funds). The School's general fund and special revenue funds are classified as governmental activities.

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function. The School does not charge indirect expenses to programs or functions. Program revenue includes grants received from Federal Award programs. Revenue that is not classified as program revenue is presented as general revenue.

Fund Financial Statements

These statements provide information about the School's funds, including a separate statement for the School's agency fund (the student activity fund).

The accounts of the School are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Generally accepted accounting principles require that the general fund be reported as a major fund and that all other governmental funds whose assets, liabilities, revenue, or expenditures exceed 10% or more of the total for all government funds also be reported as major funds. Accordingly, the School reports the following major governmental funds:

Governmental and Major Funds

1. *General Fund* is the School's general operating fund and is used to account for all financial resources except those required to be accounted for in other funds.
2. *School Grants Fund* is a special revenue fund that accounts for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School maintains its accounting records for all governmental funds on the modified accrual basis of accounting. This method provides for recognizing expenditures at the time liabilities are incurred, while revenue is recorded when "measurable and available" to finance expenditures of the fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers all revenue available if it is collected within 60 days after year-end. Most major sources of revenue reported in governmental funds are susceptible to accrual under the modified accrual basis of accounting.

C. Cash

The School maintains its cash in bank deposit account which, at times, may exceed federal insured limits. The cash balance at June 30, 2009 is \$245,744 on the books. The School has not experienced any losses in such account and believes it is not exposed to any significant credit risk.

D. Capital Assets

Capital assets purchased or acquired are reported at historical cost. Donated assets are recorded at their fair market value on the date donated. Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives as follows:

Computer and office equipment	5 years
-------------------------------	---------

E. Compensated Absences

It is the School's policy to permit employees to accumulate up to twelve sick days and two personal days per school year. Unused sick days and personal days may not be carried forward to future years. Additionally, 11-month employees will be paid all school holidays and breaks.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Due to state and local governments

Revenue from government grants is recorded to the extent of the expenditures incurred under the grant. Any funds received in excess of the expenditures are recorded as due to state and local governments. Distributive School Account (DSA) revenue received in excess of revenue recognized will be returned to the state, and therefore was recorded as due to state and local governments as well.

H. New pronouncement

In December 2008, FASB Staff Position (FSP) No. FAS132(R)-1 amends FASB Statement No. 132 (revised 2003), *Employers' Disclosures about Pensions and Other Postretirement Benefits*, to provide guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan, effective for fiscal years ending after December 15, 2009. This FSP also includes a technical amendment to Statement 132(R) that requires a nonpublic entity to disclose net periodic benefit cost for each annual period for which a statement of income is presented. The School uses PERS system, which is Public Employees Retirement System of Nevada, and the management believes that this FSP does not affect how the retirement benefit is presented.

NOTE 2 - BUDGETARY INFORMATION

The School is required by the State of Nevada Department of Education (Department) to adopt a final budget not later than May 1 of each year under Nevada Administrative Code (NAC) 386.370, but is not required by the Department to augment the budget during the year. Further, the School is not required under NRS 386.550 to adopt a final budget pursuant to NRS 354.598 or otherwise comply with any provisions of Chapter 354 of the NRS. In essence, augmentation of the School's budget is neither required nor prohibited.

NOTE 3 - CONCENTRATION OF CREDIT RISK

At June 30, 2009, the School had cash balances in the amounts of \$245,744 on the books and \$283,265 in the bank. The accounts are maintained in institutions insured by the Federal Deposit Insurance Corporation (FDIC). Effective October 3, 2008, the basic limit on federal deposit insurance coverage was temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009.

During the 2003 Nevada Legislative session, legislation was enacted that permitted the creation of a statewide collateral pool that would provide sufficient collateral guarantying the public deposits of Nevada state and local agencies. The statewide program is centralized and coordinated by the Office of the State Treasurer. Under the pool, participating financial institutions are required to maintain collateral securities having a fair market value that is at least 102 percent of the amount of the aggregate uninsured ledger balances of public money held by the depository. State and local agency participation is voluntary. Financial institutions that participate require a signed collateral security agreement and approval by the State Treasurer. The School's banking institution is a participant and the School joined the statewide collateral pool in August, 2009.

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4 - CAPITAL ASSETS

Capital asset activity during 2008-2009 was as follows:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Cost of assets				
Computer and equipment	27,564	\$ 38,418	\$ -	\$ 65,982
Total	<u>\$ 27,564</u>	<u>\$ 38,418</u>	<u>\$ -</u>	<u>\$ 65,982</u>
Accumulated depreciation				
Computer and equipment	(3,166)	\$(12,794)	\$ -	\$ (15,960)
Total	<u>\$ (3,166)</u>	<u>\$(12,794)</u>	<u>\$ -</u>	<u>\$ (15,960)</u>

Depreciation expense was charged to function as follows:

Regular programs	<u>\$ 12,794</u>
	<u>\$ 12,794</u>

NOTE 5 - OPERATING LEASES

The School leases office space from Sigma Mechanical Engineering Consultants, Inc for administrative offices under a three-year operating lease that began on August 1, 2007.

The School leases a copier under a four-year operating lease that began in August, 2007.

The future minimum lease payments for these leases are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2010	\$ 73,514
2011	14,721
2012	244
2013	0
2014	0
Thereafter	0
Total lease payments	<u>\$ 88,479</u>

Total rental costs for the year ended June 30, 2009 was \$81,447. The school leases computers for students from K12 Management Inc. Leasing expense totals \$223,310 for the year ended June 30, 2009.

NOTE 6 - RETIREMENT PLAN

The School is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a defined benefit cost-sharing multiple-employer program, and all full-time employees are covered under the system. The School has no liability for unfunded obligations of the system as provided by NRS 286.110.

NEVADA VIRTUAL ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6 - RETIREMENT PLAN (CONTINUED)

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits and death benefits.

Monthly benefit allowances for regular members are computed at 2.5% of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement with a ceiling of 75% of the average compensation. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his/her life and various optional monthly payments to a named beneficiary after his/her death. Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service or any age with 30 years of service. A member who retires on or after July 1, 1977, or is an active member whose effective date of membership is before July 1, 1985, and who has 36 years of service is entitled to a benefit of up to 90% of his/her average compensation. When members are eligible for the earlier retirement due to the increased service years, the ceiling limitation on monthly benefit allowances increases from the normal 75% to a maximum of 90% of average compensation. Regular members become fully vested as to benefits upon completion of 5 years of service.

Member contribution rates, which are actuarially determined, are established by NRS 286.421 for public employees enrolled in the contribution plan. The contribution rate during fiscal year 2008-2009 was 20.5% for employees on all covered payroll. The school contribution for the year ended June 30, 2009 was \$11,033.

Note 7 - RELATED PARTY TRANSACTIONS

During the period ended June 30, 2009, the School paid K12 \$2,040,715 to provide curriculum, instructional materials and technology services in the delivery of direct regular instruction. In addition, the School paid K12 \$461,655 to provide the School with administration services in support of the educational program.

During the fiscal year ended June 30, 2009, K12 committed to issue accommodation credits as necessary to ensure the School would not end the year with an accumulated deficit. During its early years of operation it is not unusual for a school to incur costs in excess of funding received. In consideration of such a situation, credits have been issued in the amount of \$1,219,634 reflected in the amounts shown above.

Note 8 - COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

The school conformed to all significant statutory constraints on the financial administration during the fiscal year.

SUPPLEMENTARY INFORMATION

**Nevada Virtual Academy
Budget Comparison Schedule
General Fund - GAAP Basis
For the year ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
All sources	\$ 3,752,101	\$ 3,752,101	\$ 4,328,144	\$ 576,043
Total revenue	<u>3,752,101</u>	<u>3,752,101</u>	<u>4,328,144</u>	<u>576,043</u>
EXPENDITURES				
Regular programs	<u>2,888,254</u>	<u>2,888,254</u>	<u>3,416,882</u>	<u>(528,628)</u>
Total programs expenditures	<u>2,888,254</u>	<u>2,888,254</u>	<u>3,416,882</u>	<u>(528,628)</u>
Undistributed expenditures				
Support services				
General administration	691,597	691,597	722,562	(30,965)
Operation and maintenance of plant services	172,250	172,250	162,888	9,362
Student support			-	-
Total support services	<u>863,847</u>	<u>863,847</u>	<u>885,450</u>	<u>(21,603)</u>
Capital outlay	-	-	1,414	(1,414)
Total expenditures	<u>3,752,101</u>	<u>3,752,101</u>	<u>4,303,746</u>	<u>(551,645)</u>
Excess (deficiency) of revenue over expenditures	-	-	24,398	24,398
FUND DEFICIT, beginning of year	<u>(24,398)</u>	<u>(24,398)</u>	<u>(24,398)</u>	-
FUND DEFICIT, end of year	<u>\$ (24,398)</u>	<u>\$ (24,398)</u>	<u>\$ -</u>	<u>\$ 24,398</u>

The accompanying notes are an integral part of the financial statements

**Nevada Virtual Academy
Budget Comparison Schedule
Grants Fund - GAAP Basis
For the year ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE				
All sources	\$ 68,742	\$ 68,742	\$ 65,251	\$ (3,491)
Total revenue	<u>68,742</u>	<u>68,742</u>	<u>65,251</u>	<u>(3,491)</u>
EXPENDITURES				
Regular programs	1,850	1,850	1,480	370
Total programs expenditures	<u>1,850</u>	<u>1,850</u>	<u>1,480</u>	<u>370</u>
Undistributed expenditures				
Support services				
General administration	-	-	(1,048)	1,048
Operation and maintenance of plant services	66,892	66,892	27,815	39,077
Student support	-	-	-	-
Total support services	<u>66,892</u>	<u>66,892</u>	<u>26,767</u>	<u>40,125</u>
Capital outlay	-	-	37,004	(37,004)
Total expenditures	<u>68,742</u>	<u>68,742</u>	<u>65,251</u>	<u>3,491</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-
FUND DEFICIT, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND DEFICIT, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

**Nevada Virtual Academy
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2009**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF EDUCATION Pass through the State of Nevada Department of Education			
Public Charter School Program	84.282A	082709105	\$ 61,224
State Fiscal Stabilization Fund	84.394A	787935837	612,403
Total expenditures			<u>\$ 673,627</u>

The accompanying notes are an integral part of this schedule.

**Nevada Virtual Academy
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2009**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Nevada Virtual Academy and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, no amount was provided to subrecipients.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND INTERNAL CONTROL**

**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***

To the board of Nevada Virtual Academy
Las Vegas, Nevada

We have audited the financial statements of the governmental activities, and each major fund of Nevada Virtual Academy, as of and for the year ended June 30, 2009, which collectively comprise Nevada Virtual Academy's basic financial statements, and have issued our report thereon dated October 19, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nevada Virtual Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nevada Virtual Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Nevada Virtual Academy's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Nevada Virtual Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of Nevada Virtual Academy's financial statements that is more than inconsequential will not be prevented or detected by Nevada Virtual Academy's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Nevada Virtual Academy's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nevada Virtual Academy'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*.

This report is intended solely for the information and use of management within the entity, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Reeves Evans McBride & Zhang LLC

Las Vegas, Nevada

October 19, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the board of Nevada Virtual Academy
Las Vegas, Nevada

Compliance

We have audited the compliance of Nevada Virtual Academy, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Nevada Virtual Academy's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Nevada Virtual Academy's management. Our responsibility is to express an opinion on Nevada Virtual Academy's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Nevada Virtual Academy'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. Our audit does not provide a legal determination of Nevada Virtual Academy's compliance with those requirements.

In our opinion, Nevada Virtual Academy, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Nevada Virtual Academy is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Nevada Virtual Academy's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Nevada Virtual Academy's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that

there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thomas Davis McBride, CPA

Las Vegas, Nevada

October 19, 2009

**Nevada Virtual Academy
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009**

SUMMARY OF AUDITOR'S RESULTS

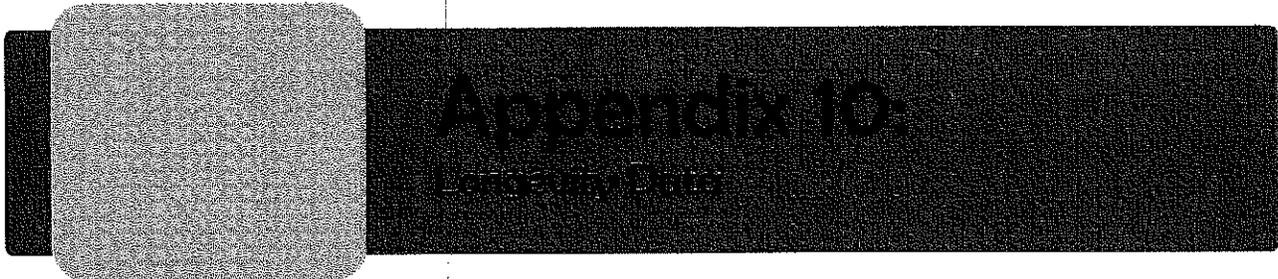
1. The auditor's report expresses an unqualified opinion on the financial statement of Nevada Virtual Academy
2. No significant deficiencies disclosed during the audit of the financial statements are reported in the REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
3. No instances of noncompliance material to the financial statements of Nevada Virtual Academy, which would be required to be reported in accordance with Governmental Auditing Standards, were disclosed during the audit.
4. No significant deficiency in internal control over major federal award programs disclosed during the audit is reported in the REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-13.
5. The Auditor's report on compliance for the major federal award programs for Nevada Virtual Academy expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The program tested as major program is: ARRA State Stabilization Fund CFDA 84.394A
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Nevada Virtual Academy qualified as a low-risk auditee.

FINDINGS-FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None



Appendix 10:
Longevity Data

Nevada Virtual Academy
Student Performance on State Assessments
Examined by Enrollment Date

Findings

The 2012-2013 HSPE Assessment data consistently demonstrate that students who enroll and persist with Nevada Virtual Academy outperform students who are more recently enrolled. The highest mean score in Reading and Science was for those students with the greatest tenure at NVVA who enrolled in 2008-2009 Academic Year. More importantly, in both Reading and Science, the students who had the longer enrollment periods out performed those enrollment groups that followed in every instance. The lowest mean score for the Math, Reading and Science assessments was for those students most recently enrolled (2011-2012). In the Math Assessment, students enrolled during 2009-2010 Academic Year had the highest mean score and those enrolled in the most recent year (2011-2012) had the lowest.

The 2011-2012 CRT Assessment data also provides evidence that students who enroll and persist with NVA outperform those more recently enrolled. The student groups enrolled in the 2008-2009 Academic Year had the highest mean score in all three assessments: Math, Reading and Science. In the Math and Reading Assessment, each student group had a higher score than the more recently enrolled group subsequent to them.

Conclusion

We found clear evidence that students who persist with the Nevada Virtual Academy outperform those who are more recently enrolled. Moreover, in nearly every instance, the longer a student is with NVVA, the better they perform on the State Assessments. We have concerns about the relative sample sizes in the 2008-2009 Enrollment Groups and in many instances, the confidence intervals that accompany these scores are larger than we would like. These data are indicative of higher achievement trends in reading, mathematics, and science for students who remain in this environment over time. We recognize that students who choose to enroll and remain in our school may not be typical relative to students enrolled in a brick and mortar school. However, for these students, we are seeing increasing achievement as measured on the Nevada state accountability assessments.

Nevada Virtual Academy
2012-2013 HSPE Assessments

	2012-2013 HSPE Math			2012-2013 HSPE Reading			2012-2013 HSPE Science		
	N	Mean	Conf. Int. 95%	N	Mean	Conf. Int. 95%	N	Mean	Conf. Int. 95%
Students Enrolled Start Date in 2008-2009	28	215.39	37.21	26	302.46	44.45	28	294.00	28.10
Students Enrolled Start Date in 2009-2010	46	223.20	17.87	40	299.50	33.59	44	291.61	18.98
Students Enrolled Start Date in 2010-2011	100	219.03	13.57	78	281.45	23.08	92	287.29	12.37
Students Enrolled Start Date in 2011-2012	138	212.54	10.03	110	273.27	18.41	129	279.96	9.41

includes scores of all active students who completed the 2011-2012 HSPE Assessment with continuous enrollment since their Start Date

**Nevada Virtual Academy
2011-2012 CRT Assessments**

	2011-2012 CRT Math			2011-2012 CRT Reading			2011-2012 CRT Science		
	N	Mean	Conf. Int. 95%	N	Mean	Conf. Int. 95%	N	Mean	Conf. Int. 95%
Students Enrolled Start Date in 2008-2009	50	294.98	23.55	50	322.54	23.46	14	348.36	43.82
Students Enrolled Start Date in 2009-2010	120	292.18	12.05	120	311.17	13.35	44	305.61	18.63
Students Enrolled Start Date in 2010-2011	256	281.80	8.85	256	304.96	9.49	73	276.40	16.99
Students Enrolled Start Date in 2011-2012	588	270.95	5.77	587	292.27	6.15	184	282.30	10.83

Includes scores of all active students who completed the 2011-2012 CRT Assessment with continuous enrollment since their Start Date

Appendix 11
Engineering Design Criteria
General Approach

**TO: Nevada Virtual Academy
Governing Board**

BOARD REPORT: IV-BDRPT-01_032613

SUBJECT: Charter School Renewal

PROPOSAL:

It is proposed the Governing Board of the Nevada Virtual Academy approve the NVVA Charter School application.

BACKGROUND:

NVVA is required to submit renewal for the charter school in accordance with *NRS 386.530* and *NAC 386.300(1)* through an application process.

Nevada Virtual Academy (NVVA) was approved by the Nevada Department of Education (NVDOE) as authorized through the Nevada State Board of Education (NSBE) to serve grades 4 through 8 on June 29, 2007, with the approval letter dated June 30, 2007 and subsequently signed by the President of the Committee to Form on July 7, 2007. On August 9, 2008, NVVA requested by charter amendment and was granted by the NSBE to expand education services to grades K through 9. NVVA further submitted a final application to serve grades 10 through 12 which was approved by the NSBE on January 16, 2009. NVVA continues to contract with K12.inc for management and curriculum services. This agreement is approved through June 30, 2013.

BUDGET IMPLICATIONS:

Liability and Financial

RECOMMENDATIONS:

It is recommended the Governing Board:

1. That the resolution be approved as presented.

RESPECTFULLY SUBMITTED:

Caroline McIntosh
NVVA Head of School

PREPARED and PRESENTED BY:

Caroline McIntosh
NVVA Head of School

Approved: *Stephen Walters* Witnessed: *Caroline McIntosh*

Member	Motion	Aye	No	Abstain	Absent
Mr. Don Curry		✓			
Mr. Stephen Walters	<i>Motion</i>	✓			
Mr. William Bukovi		✓			
Mr. Richard Gordon Esq	<i>end</i>	✓			
Mrs. Sharon Kientz					✓
Ms. Heather Haslem					✓
Mr. John Vette		✓			
Motion	Carried (✓) Not Carried ()	Vote, (A 5) (N 0) (ABD)			Tabled ()

ORIGINAL

AGENDA
REGULAR BOARD MEETING
BOARD OF DIRECTORS
Nevada Virtual Academy

Tuesday – March 26, 2013
5:00pm
NVVA Office
8965 S. Eastern Ave. Suite 330
Las Vegas, NV. 89123

*Persons wishing to attend via conference call may do so by calling the Nevada Virtual Academy Office
24 hours in advance at 702-407-1825 for phone number and passcode. Posted 3/21/13*

**INSTRUCTIONS FOR PRESENTATIONS TO
THE BOARD BY PARENTS AND CITIZENS**

The Nevada Virtual Academy (“School”) welcomes your participation at the School’s Board meetings. The purpose of a public meeting of the Board of Directors (“Board”) is to conduct the affairs of the School in public. We are pleased that you are in attendance and hope that you will visit these meetings often. Your participation assures us of continuing community interest in our School. To assist you in the ease of speaking/participating in our meetings, the following guidelines are provided.

1. Agendas are available to all audience members at the door to the meeting, by requesting the agenda from the School’s Office (702-407-1825 ext. 7016) or on the School’s website at: www.nvvacommunity.org
2. “Requests to Speak” forms are available to all audience members who wish to speak on any agenda items or under the general category of “Oral Communications.” Speakers may also request to be placed on “Speakers List” by calling the School’s Office (702-407-1825 ext. 7016) seventy two hours in advance of the meeting.
3. The “Oral Communications” portion is set-aside for members of the audience to raise issues that are not specifically on the agenda. However, due to public meeting laws, the Board can only listen to your issue, not take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed fifteen (15) minutes. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen-requested item.
4. With regard to items that are on the agenda, you may specify that agenda item on your request form and you will be given an opportunity to speak for up to three (3) minutes when the Board discusses that item.
5. When addressing the Board, speakers are requested to state their name and address from the podium and adhere to the time limits set forth.
6. Citizens may request that a topic related to school business be placed on a future agenda by submitting a written request at least seventy-two (72) hours in advance of any regular meeting. Once such an item is properly agenzed and publicly noticed, the Board can respond, interact, and act upon the item.



I. PRELIMINARY

A. CALL TO ORDER

Meeting was called to order by the Board Chair at 5:03 (am/pm)

B. ROLL CALL

Member	Title	Term	Present	Absent	In	Out
Mr. Don Curry	President	2015	✓		5:00	
Mr. Stephen Walters	Vice President	2014	✓		5:00	
Mr. William Bukovi	Secretary/Treasurer	2013	✓		5:00	
Mr. Richard Gordon Esq	Member	2016	✓		5:00	
Ms. Heather Haslem	Member	2015		✓		
Mrs. Sharon Kientz	Member	2014		✓		
Mr. John Vettel	Member	2013	✓		5:00	

C. FLAG SALUTE

II. COMMUNICATIONS

A. ORAL COMMUNICATIONS/PUBLIC COMMENTS: No individual comment shall be for more than three (3) minutes and the total time for this purpose shall not exceed fifteen (15) minutes. Board members may respond to comments however no action can be taken. The Board may give direction to staff following comment. *NONE*

B. APPROVED PRESENTATIONS: Presentations are previously approved by the Board President for the purpose of information, innovation, or student and staff achievement and accomplishments. Board members may respond to presentations however no action can be taken. *NONE*

C. BOARD PRESIDENT ADDRESS AND RECOGNITION *flexible agenda*

D. APPROVAL OF PREVIOUS BOARD MINUTES

Member	Motion	Aye	No	Abstain	Absent
Mr. Don Curry		✓			
Mr. Stephen Walters	<i>Motion</i>	✓			
Mr. William Bukovi		✓			
Mr. Richard Gordon Esq		✓			
Ms. Heather Haslem					✓
Mrs. Sharon Kientz					✓
Mr. John Vettel	<i>2nd</i>	✓			
Motion	Carried (Y)	Not Carried()	Vote, (A5) (N 0) (AB 0)	Tabled()	

E. HEAD OF SCHOOL'S REPORT: Caroline McIntosh

1. Legislative Update - charter school #B205 - performance based;
2. School Enrollment - 4200 students; CRT's start Monday
3. Graduation Schedule - will email out dates & events for next 2 months
4. Teacher & Staff Surveys - shared results & will email out report - professional dev
5. 2013-2014 NVVA Mission Statement discussion - college & career readiness. this summer is the focus

III. CONSENT AGENDA ITEMS

(Information/Public Comment/Action-If discussion is needed on any item then it shall be placed in Scheduled for Action IV)

All matters listed under the consent agenda are considered by the Board to be routine and will be approved/enacted by the Board in one motion in the form listed below. Unless specifically requested by a Board member for further discussion or removed from the agenda, there will be no discussion of these items prior to the Board votes on them. The Head of School recommends approval of all consent agenda items.

- Resignation of licensed personnel:
 - o A. Engel - K8 teacher
- Approval of contracts- licensed personnel:
 - o J. Bolding - SpEd Facilitator; C. DuBose - SpEd Teacher;
 - o S. Wilber - K8 Title I teacher; J. Totten - K8 teacher

Motion to Approve Vettel Second Walters Vote (A 5) (N 0) (Ab 0) passed

IV. SCHEDULED FOR ACTION

(Information/Public Comment/Discussion/Action)

A. BUSINESS

IV-BDRPT-01_032613

Consideration to approve Charter School renewal application per NRS 386.530 and NAC 386.300(1).

Coordinate shared background and presented

Member	Motion	Aye	No	Abstain	Absent
Mr. Don Curry		✓			
Mr. Stephen Walters	<u>motion</u>	✓			
Mr. William Bukovi		✓			
Mr. Richard Gordon Esq	<u>2nd</u>	✓			
Ms. Heather Haslem					✓
Mrs. Sharon Kientz					✓
Mr. John Vettel		✓			
Motion	Carried (✓)	Not Carried()	Vote, (A 5) (N 0) (Ab)		Tabled()

IV-BDRPT-02_032613

Consideration to approve Distance Education Renewal per NRS 388.820-874 and NAC 388.800-860.

Member	Motion	Aye	No	Abstain	Absent
Mr. Don Curry		✓			
Mr. Stephen Walters	<i>motion</i>	✓			
Mr. William Bukovi		✓			
Mr. Richard Gordon Esq		✓			
Ms. Heather Haslem					✓
Mrs. Sharon Kientz					✓
Mr. John Vettel	<i>2nd</i>	✓			
Motion	Carried (✓)	Not Carried()	Vote, (Aye) (No) (AbD)		Tabled()

passed

- B. INSTRUCTION AND CURRICULUM - NONE
- C. PERSONNEL - NONE
- D. PUPIL SERVICES - NONE

V. ITEMS SCHEDULED FOR INFORMATION

- School Balance Sheet: Donna Fiery, NVVA Finance Manager *Donna presented financials*
 - School Credit Card Review: Caroline McIntosh, NVVA Head of School
- Marketing / activity updates: Traci Vikmanis, K12/NVVA Local Development Mgr.

VI. NON-MEETING SESSION

The NVVA Board will retire to discuss items listed. This part of meeting is closed to the general public. Any proposal will be brought forth for action in the general meeting. - NONE

VII. CLOSING PROCEDURES

- A. PUBLIC COMMENTS: No individual comment shall be for more than three (3) minutes and the total time for this purpose shall not exceed fifteen (15) minutes. Board members may respond to comments however no action can be taken. The Board may give direction to staff following comment. - NONE
- B. BOARD DISCUSSION - SUGGESTIONS FOR FUTURE AGENDA ITEMS:
- C. ADJOURNMENT

Motion Walters 2nd Vettel Gordon

Meeting Adjourned at 5:40 (am/pm)