



Melissa Manriquez
Deputy Clerk

Pima County Clerk of the Board

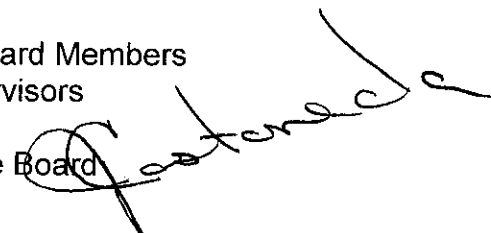
Julie Castañeda

Administration Division
130 W. Congress, 5th Floor
Tucson, AZ 85701
Phone: (520)724-8449 • Fax: (520) 222-0448

Management of Information & Records Division
1640 East Benson Highway
Tucson, Arizona 85714
Phone: (520) 351-8454 • Fax: (520) 791-6666

MEMORANDUM

TO: Honorable Chairman and Board Members
Pima County Board of Supervisors

FROM: Julie Castañeda, Clerk of the Board 

DATE: January 21, 2020

RE: Petition for Relief of Real Property Taxes – Institute for Transformative Education, dba Changemaker High School

Pursuant to A.R.S. §42-11104(G), Institute for Transformative Education, dba Changemaker High School, filed a petition on December 31, 2019, for relief of their Real Property Taxes as follows:

Pending Tax Payments:

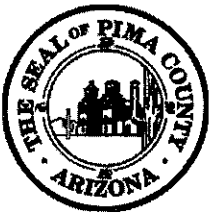
<u>Parcel No.</u>	<u>Year</u>	<u>Taxes due</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
130-14-4500-1	2019	\$ 53,148.02	\$2,125.92	\$0.00	\$ 55,273.94
130-14-4500-2	2019	\$ 53,148.02	\$ 0.00	\$0.00	\$ 53,148.02
Total		\$106,296.04	\$2,125.92	\$0.00	\$108,421.96

The Assessor's review of this property indicates that the petition would have been granted the exemption.

/jc

Attachments

- Notice of Hearing
- Treasurer's Tax Report
- Assessor's Review Form
- Institute for Transformative Education, dba Changemaker High School submission



Melissa Manriquez
Deputy Clerk

Pima County Clerk of the Board

Julie Castañeda

Administration Division
130 W. Congress, 5th Floor
Tucson, AZ 85701
Phone: (520) 724-8449 • Fax: (520) 222-0448

Management of Information & Records Division
1640 East Benson Highway
Tucson, Arizona 85714
Phone: (520) 351-8454 • Fax: (520) 791-6666

January 14, 2020

Institute for Transformative Education, dba Changemaker High School
Attn: Mr. Vicente R. Fuentes, Jr, Director of Finance and Operations
1300 S. Belvedere Avenue
Tucson, AZ 85711

RE: Petition for Relief of Taxes – Parcel No. 130-14-4500

Dear Mr. Fuentes:

Please be advised that your Petition for Relief of Real Property Taxes for tax year 2019, has been scheduled before the Pima County Board of Supervisors on Tuesday, January 21, 2020, at 9:00 a.m., or thereafter, at the following location:

Pima County Administration Building
Board of Supervisors Hearing Room
130 West Congress, 1st Floor
Tucson, AZ 85701

If you have any questions regarding this hearing, please contact this office at 724-8449.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Castañeda", is written over a horizontal line.

Julie Castañeda
Clerk of the Board

/jc



PIMA COUNTY TREASURER'S OFFICE

Beth Ford, CPA
Pima County Treasurer

240 North Stone Avenue
Tucson AZ, 85701-1199
(520) 724-8341

ACCOUNT BALANCE

INSTITUTE FOR TRANSFORMATIVE EDUCATION
1300 S BELVEDERE AVE
TUCSON AZ 85711-5701

ACCOUNT: 130144500
PROPERTY TYPE: Real Estate
PROPERTY LOCATION: 1300 S BELVEDERE AV
LEGAL DESC: WESTERN INSTITUTE FOR LEADERSHIP DEVELOPMENT
SQ20120900312 BLOCK 1

Account Balance as of January 13, 2020

Tax Year	Cert No	Interest Date	Interest Percent	Amount	Interest Due	Fees Due	Penalties Due	Total Due
2019 - 1		11/2/2019	16.0	53,148.02	2,125.92	0.00	0.00	55,273.94
2019 - 2		5/2/2020	16.0	53,148.02	0.00	0.00	0.00	53,148.02
Totals				\$106,296.04	\$2,125.92	\$0.00	\$0.00	\$108,421.96

If you have any questions about the items on this statement, please contact our offices.



Melissa Manriquez
Deputy Clerk

Pima County Clerk of the Board

Julie Castañeda

Administration Division
130 W. Congress, 5th Floor
Tucson, AZ 85701
Phone: (520)724-8449 • Fax: (520) 222-0448

Management of Information & Records Division
1640 East Benson Highway
Tucson, Arizona 85714
Phone: (520) 351-8454 • Fax: (520) 791-6666

Petition to the Board of Supervisors - Review Form

Pursuant to ☒ A.R.S. §42-11104(G) (educational/library property) or
☐ A.R.S. §42-11109(E) (religious property)

Taxpayer Institute for Transformative Education/Changemaker High School

For tax year(s) 2019 - Parcel No. 130-14-4500

- 1) Did the organization file an affidavit as required by A.R.S. §42-11153?
☐ Yes ☒ No
- 2) Was the affidavit filed on or before March 1 of the tax year as required by A.R.S. §42-11153?
☐ Yes ☒ No
- 3) If the affidavit had been filed timely, would the Assessor have granted the exemption?
☒ Yes ☐ No
- 4) If the answer to Number 3 is "No", why was the exemption denied?
☐ The required ownership of the property was not in effect during the time period required by statute.
☐ The property was not being used for the exempt purpose during the time period required by statute.
☐ The requesting church, educational or library property did not furnish the required documents requested by the Assessor at the time of application per A.R.S. §42-11152(3)&(B)
☐ Other:

Completed by: Justina Olivares Date: 01/09/2020

c: Honorable Bill Staples, Pima County Assessor

Aileen Padilla

From: Vicente Fuentes <[REDACTED]>
Sent: Tuesday, December 31, 2019 5:50 AM
To: COB_mail
Cc: Mac Woods; Luis A. Perales
Subject: PETITION FOR PROPERTY TAX WAIVER
Attachments: PETITION TO PIMA CO BOD FOR EXEMPTION OF PROPERTY TAX 12-31-19.pdf

This message and sender come from outside Pima County. If you did not expect this message, proceed with caution. Verify the sender's identity before performing any action, such as clicking on a link or opening an attachment.

DEAR OFFICE OF THE PIMA COUNTY CLERK,

Attached you will find the required documents part of the petition to seek exemption from property taxes for INSTITUTE FOR TRANSFORMATIVE EDUCATION dba CHANGEMAKER HIGH SCHOOL, a 501©(3) non-profit recognized as an Arizona Charter School,

Property Address: 1300 S. Belvedere Ave., Tucson, AZ. 85711

Please let me know if there is anything else needed.

Vicente R. Fuentes Jr., M.B.A.
Director Of Finance and Operations
Institute for Transformative Education dba Changemaker High School

DEC 31 19 08 06 POC KCF H12



Pima County Board of Supervisors

PETITION FOR REDEMPTION OF PROPERTY TAX EXEMPTION WAIVER Pursuant to A.R.S. §42-11153(B) and BOS Policy C4.3

Date: 12-31-19

TAX YEAR: 2019

Name and Address of Applicant:

FUENTES VICENTE

Last Name

First Name

1300 S BELVEDERE AVE

TUCSON

AZ

85711

Address

City

State

Zip

Mailing address, if different from above:

Address

City

State

Zip

Phone Number

Email Address

Parcel/Roll Number or License: **130-14-4500**

Exemption type: ☐ Personal: (select one) ☐ Disabled ☐ Widow/Widower

☒ Non-Profit Organization

INSTITUTE FOR TRANSFORMATIVE EDUCATION, OPERATOR OF CHANGEMAKER HIGH SCHOOL, AN ARIZONA CHARTER SCHOOL

Name of Organization

My affidavit for property tax exemption was not filed before the March 1st deadline.

This is a request that the waiver of the property tax exemption be redeemed by the Pima County Board of Supervisors under A.R.S. §42-11153(B). **NOTE: If taxes have become due, this application will not be processed and is hereby denied in conformance with Statute A.R.S. §42-11153(B) and Pima County Board of Supervisors Policy C4.3.**

Signed,

Please return this form to:
Pima County Clerk of the Board of Supervisors
130 W. Congress St., 5th Floor
Tucson, AZ 85701
or
Email to: COB_mail@pima.gov

Clerk of the Board's Use Only

Approved at the Board of Supervisor's Meeting:

Date: _____

Clerk's Signature: _____

This Approved redemption waiver should be included with your application to the Assessor's Office.

NON-PROFIT AND RELIGIOUS ORGANIZATIONS

Property Tax Information and Questionnaire form

CLAIMS FOR EXEMPTIONS FROM PROPERTY TAXES AND/OR PERSONAL PROPERTY TAXES PURSUANT TO A.R.S. Title 42, Chapter 11, Article 3 - EXEMPTIONS

**COPIES OF THE FOLLOWING DOCUMENTS
MUST BE SUBMITTED WHEN MAKING APPLICATION**

I.R.S. TAX EXEMPTION LETTER BY-LAWS

ARTICLES OF INCORPORATION FINANCIAL REPORT

LETTER OF SPECIFIC INTENT – DATE PROPERTY WAS ACQUIRED,
DETAILS OF ALL ACTIVITIES CONDUCTED ON SITE.

AN INVENTORY OF PERSONAL PROPERTY WHEN APPLYING FOR
PERSONAL PROPERTY EXEMPTION ONLY

IF PROPERTY OR BUILDING IS BEING HELD PRIMARILY FOR RELIGIOUS
WORSHIP, SUBMIT A MINIMUM OF **THREE** DOCUMENTS THAT SHOW
INTENT.

EXEMPTION APPLICATIONS WILL BE ACCEPTED FROM JANUARY 2ND UNTIL
MARCH 1ST. APPLICATIONS WILL NOT BE ACCEPTED AFTER MARCH 1ST
UNLESS THEY ARE ACCOMPANIED BY AN APPROVED REDEMPTION OF WAIVER
LETTER FROM THE CLERK OF THE BOARD.

**Failure to file a claim for property tax exemption within this time period waives all
rights for the exemption for that calendar year.**

DIRECT ALL CORRESPONDENCE AND INQUIRIES TO:

PIMA COUNTY ASSESSOR'S OFFICE
EXEMPTION SECTION
240 N Stone Ave
Tucson, Arizona 85701

724-7500

**COMPLETE THE QUESTIONNAIRE ON THE BACK OF THIS
FORM**

NON-PROFIT AND RELIGIOUS ORGANIZATIONS

Property Tax Information and Questionnaire form

QUESTIONNAIRE FOR PROPERTY TAX EXEMPTION

ALL QUESTIONS MUST BE ANSWERED TO BE CONSIDERED FOR EXEMPTION

1. Name & Address of Organization:
Institute For Transformative Education (operates Changemaker High School, a charter school)
1300 S. Belvedere Ave.
Tucson, AZ 85711
2. Under which section of Title 42, Chapter 11, Article 3 does your organization claim exemption? ARS 42-11104(C)(4)(1)
(Arizona Revised Statutes can be found at: www.azleg.gov)
3. Are there any type of business activities such as snack bars, cafés or restaurants operating on the premises? Yes ☐ No ☒
4. Is the organization exempt from Federal and/or State income taxes?
Yes ☒ No ☐
5. Is the Organization a 501 (C)? Yes ☒ which type 3. No ☐
5. Give day, month, and year deed/title was acquired by applicant.
Day 31 Month 08 Year 2018
6. Claimant is: Owner/Operator ☒ Owner only ☐ Operator only ☐
7. Exemption is claimed on:
All land ☒ Buildings & Improvements ☒ Personal Property ☐
8. Is any portion of the property used as a place of residence? Yes ☐ No ☒
If yes, state number of individuals occupying the premises and the duration of the occupancy. _____
9. Does applicant receive any income? (other than free will offerings in connection with this property) Yes ☒ No ☐
10. Is any portion of the property being leased or rented to a non-profit and/or a for-profit organization(s)? Yes ☒ No ☐. If yes, please list the name(s) of the organization(s) Prescott College (A Non-Profit 501(C)(3) Post Secondary Institution)
Mexicayotl Academy Inc. (A Non-Profit 501 (C)(3) k-8 Arizona Charter School)
11. List date of occupancy: Month 08 Day 01 Year 2012.

EXEMPTION TYPE: A.R.S. 42-11104(C)(1)

AFFIDAVIT FOR ORGANIZATIONAL TAX EXEMPTION

Pursuant to A.R.S. §§ 42-11101 through 42-11155

ORGANIZATION NAME: INSTITUTE FOR TRANSFORMATIVE
EDUCATION DBA CHANGEMAKER HIGH SCHOOL

Mailing Address:

1300 S. Belvedere Ave.
Tucson, AZ 85711

CONTACT INFORMATION (Address if different than Applicant)		
NAME: Vicente Fuentes		
ADDRESS: 1300 S BELVEDERE AVE		
CITY: TUCSON	STATE: AZ	ZIP CODE: 85711
TELEPHONE # FOR APPLICANT: 5206152200		
Contact Email: vfuentes@changemakerhighschool.org		
NOTES:		

EXEMPTION TYPE:

RELIGIOUS ORGANIZATION	<input type="checkbox"/>	NON-PROFIT ORGANIZATION	<input checked="" type="checkbox"/>
CHARITABLE ORGANIZATION	<input checked="" type="checkbox"/>	EDUCATIONAL PROPERTY	<input checked="" type="checkbox"/>
VETERANS ORGANIZATION	<input type="checkbox"/>	CEMETERY	<input type="checkbox"/>
OTHER (SPECIFY TYPE)	<input type="checkbox"/>		<input type="checkbox"/>

NOTE: SIGNATURE MUST BE NOTARIZED OR SIGNED IN THE PRESENCE OF ASSESSOR'S OFFICE PERSONNEL

[illegible]

STATE OF ARIZONA / PIMA COUNTY

I HEREBY CERTIFY UNDER PENALTY OF PERJURY THAT I HAVE
READ OVER THE FOREGOING FACTS BEFORE SUBSCRIBING MY
NAME HERETO AND THAT ALL MATTERS HEREIN STATED ARE
TRUE TO THE BEST OF MY KNOWLEDGE.

X PROPERTY OWNER / AGENT

12-31-19

DATE _____

☒ **DEPUTY ASSESSOR / NOTARY**

COMMISSION EXPIRES



LETTER OF SPECIFIC INTENT

DECEMBER 27, 2019

TO WHOM IT MAY CONCERN,

This Letter of Specific Intent explains when the School (defined below) acquired ownership of the School Site (defined below) and details all the activities conducted at the School Site.

The Institute for Transformative Education is an Arizona nonprofit corporation that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (the "School"). On August 31, 2018, the School acquired the property and buildings located at 1300 S. Belvedere Ave., Tucson, Arizona 85711 (the "School Site").

The School's primary use of the School Site is to operate a public charter school; however, the entire School Site is used for education purposes. The School itself operates Changemaker High School, an Arizona charter school authorized by the Arizona State Board for Charter Schools pursuant to A.R.S. § 15-183, which prepares students in grades 9-12 to be solution-minded agents of change. To provide the Tucson community with a kindergarten through college pipeline on one campus, the School provides two other educational institutions with space at the School Site:

- A. Prescott College, an Arizona nonprofit corporation that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code for the purpose of providing educational services to students of the School and students of Prescott College; and
- B. Mexicayotl Academy, Inc., an Arizona nonprofit corporation that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and operates Mexicayotl Academy, an Arizona charter school authorized by the Arizona State Board for Charter Schools pursuant to A.R.S. § 15-183.

This unique partnership empowers the School to provide the community with a high-quality and seamless "K-20" educational experience right in their backyard.

Please contact me at 520-615-2200 or email at yfuentes@changemakerhighschool.org if any questions should arise.

A handwritten signature in black ink, appearing to read "V. Fuentes".

Vicente R. Fuentes
Director of Finance and Operations
Institute for Transformative Education

Changemaker High School

1300 S. Belvedere Avenue, Tucson, AZ 85711 •
520.615.2200 • www.ChangemakerHighSchool.org

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: MAY 08 2012

INSTITUTE FOR TRANSFORMATIVE
EDUCATION
C/O FRAZER RYAN GOLDBERG & ARNOLD LLP
SUSAN WARD HARRIS
3101 N CENTRAL AVENUE STE 1600
PHOENIX, AZ 85012

Employer Identification Number:
27-2888606

DLN:

17053349370031

Contact Person:

ALICE T LI

ID# 95032

Contact Telephone Number:

(877) 829-5500

Accounting Period Ending:

June 30

Public Charity Status:

170(b)(1)(A)(ii)

Form 990 Required:

Yes

Effective Date of Exemption:

June 10, 2010

Contribution Deductibility:

Yes

Addendum Applies:

Yes

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Letter 947 (DO/CG)



**ARTICLES OF INCORPORATION
OF THE
INSTITUTE FOR TRANSFORMATIVE EDUCATION**

1. **Name.** The name of this nonprofit corporation is the INSTITUTE FOR TRANSFORMATIVE EDUCATION.

2. **Purpose.** This Corporation is organized exclusively for charitable, educational and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.

3. **Use of Earnings.** No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purposes. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these articles, the Corporation shall not carry on any other activities not permitted to be carried on: (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code; or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code, or corresponding section of any future federal tax code.

4. **Initial Activity.** Consistently with its stated purposes, the corporation initially intends to promote education and social welfare by forming and maintaining a charter high school to benefit, improve, and educate the youth of America.

5. **Statutory Agent.** The name and address of the initial statutory agent of the corporation is Celestino Fernandez, PhD, 2851 North Country Club Road, Tucson, Arizona 85716.

6. **Nonmembership Corporation.** The corporation shall have no members.

7. **Board of Directors.** The initial board shall consist of two (2) directors. The initial directors and their addresses are:

Celestino Fernandez, PhD
9397 East Sanctuary Place
Tucson, Arizona 85749

Rosie Garcia
3557 North Tin Star Place
Tucson, Arizona 85745

Hereafter, the number to serve on, and the time and manner of elections to, the board of directors shall be fixed by the Bylaws.

AZ CORPORATION COMMISSION
FILED

JUN 10 2010

FILE NO. 16080280

8. **Officers.** The officers, who serve at the pleasure of the board of directors, are:

Celestino Fernandez, PhD	President
Rosie Garcia	Secretary-Treasurer

9. **Incorporators.** The names and addresses of the incorporators are:

Celestino Fernandez, PhD
9397 East Sanctuary Place
Tucson, Arizona 85749

Rosie Garcia
3557 North Tin Star Place
Tucson, Arizona 85745

10. **Devolution of Assets on Dissolution.** Upon the dissolution of the Corporation, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not disposed of shall be disposed of by the Superior Court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

11. **Indemnification.** The corporation shall indemnify each person identified in Section 10-3850, 2, 5, and 7, Definitions, Arizona Revised Statutes, to the fullest extent permissible under those subsections or the indemnification provisions of any successor or amended statute or as provided in the Bylaws of the corporation or by agreement.

12. **Director Liability.** A director of this corporation shall not be personally liable to the corporation or its members for monetary damages for breach of fiduciary duty as a director. This article shall not eliminate or limit the liability of a director for any conduct described in clauses (a) through (d) of Section 10-3202.B.1, Arizona Revised Statutes. If the Arizona Corporation Law is amended to authorize further elimination or limitation of the liability of a director, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Arizona Corporation Law as so amended. Any repeal or modification of this article shall not increase the liability of a director of the corporation arising out of acts or omissions occurring before the repeal or modification becomes effective.

13. **Private Foundation.** Notwithstanding other provisions, if this corporation becomes a private foundation, as defined in Section 509 of the Internal Revenue Code of 1986, as amended, while it is a private foundation, the corporation:

(a) shall not engage in any act of self-dealing as defined in Section 4941(d) thereof;

(b) shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 thereof;

(c) shall not retain any excess business holdings as defined in Section 4943(c) thereof;

(d) shall not make any investment in such manner as to subject it to tax under Section 4944 thereof;

(e) shall not make any taxable expenditures as defined in Section 4945(d) thereof.

14. **Discrimination Not Permitted.** In rendering its functions and in exercising its purposes, the corporation shall not practice or permit discrimination on the basis of sex, gender identity, sexual orientation, age, race, ethnicity, national origin, citizenship, religious belief, creed, marital/familial status, veteran status, or physical handicap or disability.


EXECUTED this 9th day of June, 2010.


Celestino Fernandez, PhD


Rosie Garcia

**ACCEPTANCE OF APPOINTMENT
BY STATUTORY AGENT**

The undersigned acknowledges and accepts appointment as statutory agent of INSTITUTE FOR TRANSFORMATIVE EDUCATION effective this 9th day of June, 2010.


Celestino Fernandez, PhD
2851 North Country Club Road,
Tucson, Arizona 85716

JUN-10-2010 11:18AM FROM-EVERYVOICE

C

520-615-2112

T-982 P.002/005 F-232

CERTIFICATE OF DISCLOSURE

A.R.S. §10-202(D) (for-profits and financial institutions) or §10-3202(D) (nonprofits)

Institute For Transformative Education**EXACT CORPORATE NAME**

A. Has any person (i) who is currently an officer, director, trustee, incorporator, or (ii) (for-profits and financial institutions only) who controls or holds over 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation been:

1. Convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
2. Convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
3. Subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:
 - (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction; or
 - (b) Involved the violation of the consumer fraud laws of that jurisdiction; or
 - (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction?

Yes _____ No XB. IF YES, the following information MUST be attached:

1. Full name, prior name(s) and aliases, if used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7-year period).
5. Date and location of birth.
6. The nature and description of each conviction or judicial action, including the date and location, the court and public agency involved and file or cause number of case.

C. Has any person (i) who is currently an officer, director, trustee, incorporator, or (ii) (for-profits and financial institutions only) who controls or holds over twenty per cent of the issued and outstanding common shares or twenty per cent of any other proprietary, beneficial or membership interest in the corporation served in any such capacity or held a twenty per cent interest in any other corporation in any jurisdiction on the bankruptcy or receivership of the other corporation?

Yes _____ No X

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

1. Name and address of the other corporation.
2. Full name (including aliases) and address of each person involved.
3. State(s) in which the other corporation:
 - (a) was incorporated.
 - (b) has transacted business.
4. Dates of corporate operation.
5. Case information for bankruptcy or receivership (date, case number, court).

Under penalties of law, the undersigned incorporator(s)/officer(s)/director(s) declare(s) that I(we) have examined this Certificate, including any attachments, and to the best of my(our) knowledge and belief it is true, correct and complete, and hereby declare as indicated above.
THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY Celestino FernandezBY Rosie GarciaPRINT NAME Celestino Fernandez, PhDPRINT NAME Rosie GarciaTITLE Incorporator DATE 6-9-10 TITLE Incorporator DATE 6-9-10

ARIZONA CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. If within sixty days any person becomes an officer, director, trustee or (for-profits or financial institutions) person controlling or holding over 10% of the issued and outstanding shares or 10% of any other proprietary, beneficial, or membership interest in the corporation and the person was not included in this disclosure, the corporation must file a SUPPLEMENTAL certificate signed by at least one duly authorized officer of the corporation.

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.

FINANCIAL INSTITUTIONS: MUST BE SIGNED BY TWO (2) DULY AUTHORIZED OFFICERS OR DIRECTORS OF THE CORPORATION.

**BYLAWS
OF
INSTITUTE FOR TRANSFORMATIVE EDUCATION**

Section 1. Organization

1.1 Name. The name of the corporation is the Institute for Transformative Education, an Arizona nonprofit corporation.

1.2 Principal Office. The principal office of the corporation shall be 2851 North Country Club Road, Tucson, Arizona, 85716 and additional offices may be maintained at such other places within the State of Arizona as the Board of Directors may from time to time designate.

1.3 Fiscal Year. The fiscal year of the corporation shall be July 1st through June 30th.

1.4 Purpose and Initial Business.

(a) These bylaws are formed and adopted by the corporation to govern and facilitate its business as a nonprofit corporation operated exclusively for charitable, scientific, and educational purposes under Chapters 19 and 26 through 40 of Title 10 of the Arizona Revised Statutes and as a tax-exempt organization under sections 501(a) and 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any future law) (the "Code"), and section 43-1201.4 of the Arizona Revised Statutes (or the corresponding provisions of any future law). Notwithstanding any other language in these Bylaws, the purposes will be limited exclusively to exempt purposes within the meaning of § 501(c)(3) of the Code.

(b) The character of the business and affairs that the corporation initially intends to conduct in the State of Arizona is to:

(i) Form and operate a charter school under the provisions of Arizona Revised Statutes sections 15-181 *et seq.* which shall be known as the Western Institute for Leadership Development ("Western Institute") or by such other name as the Board may approve by a majority vote. The mission of the Western Institute is to prepare students for college, career, civic engagement and leadership. This supportive, inclusive learning community will provide a culture of rigor and relevance, addressing real-world problems with creativity and innovation. Students, teachers, and community members will collaborate as partners in neighborhood and community development, and strive to continuously improve the practices of leadership and life-long learning. The Western Institute will operate in the spirit of Every Voice in Action Foundation's mission: to ignite and support youth voice, infusing the community with the unique perspectives of young people.

(ii) Do and perform such acts as may be necessary or appropriate in carrying out the foregoing purposes of the corporation and, in connection therewith, exercise any of the powers granted to nonprofit corporations by the laws of the State of Arizona consistent with the corporation's status as a corporation (i) which is exempt from federal income tax under sections 501(a) and 501(c)(3) of the Code, and state income tax under section 43-1201.4 of the Arizona Revised Statutes (or the corresponding provisions of any future law) and (ii) to which contributions are deductible under sections 170(a), 170(b)(1)(A), 170(c), 2055(a), and 2522(a) of the Code.

1.5 Prohibited Activities.

(a) No substantial part of the activities of the corporation shall be carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in, any political campaign on behalf of any candidate for public office (including the publishing or distribution of statements).

(b) No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its exempt purposes.

(c) The corporation shall not carry on any other activities not permitted to be carried on by a corporation (i) which is exempt from federal income tax under sections 501(a) and 501(c)(3) of the Code (or the corresponding provisions of any future law), and state income tax under section 43-1201.4 of the Arizona Revised Statutes (or the corresponding provisions of any future law) or (ii) to which contributions are deductible under sections 170(a), 170(b)(1)(A), 170(c), 2055(a), and 2522(a) of the Code (or the corresponding provisions of any future law).

(d) Anything herein to the contrary notwithstanding, if the corporation is a private foundation as defined in section 509 of the Code, the corporation shall not engage in any act of self-dealing, as defined in section 4941(d) of the Code (or the corresponding provisions of any future law); nor distribute any of the income of the corporation in such a manner as to subject it to tax under section 4942 of the Code (or the corresponding provisions of any future law); nor retain any excess business holdings, as defined in section 4943(c) of the Code (or the corresponding provisions of any future law); nor make any investments in such manner as to subject the corporation to tax under section 4944 of the Code (or the corresponding provisions of any future law); nor make any taxable expenditures, as defined in section 4945(d) of the Code (or the corresponding provisions of any future law).

1.6 No Members. This shall not be a membership corporation and shall not have members. All rights, powers and responsibilities of this corporation shall be vested in the Board of Directors.

Section 2. Board of Directors

2.1 Number, Qualification, and Election. The management of the affairs of the corporation shall be vested initially in a board of two (2) directors. The initial board of directors may vote to expand the board to a board consisting of three (3) to five (5) directors. Thereafter, the number of directors shall be fixed from time to time by the board. Directors shall be elected by the then serving directors. The directors shall be selected based upon breadth of experience, appropriateness of skills, and the willingness and ability to participate effectively in fulfilling the board's responsibilities. At the first annual meeting of the Board of Directors after the date on which the Western Institute first enrolls students, the Board of Directors shall be expanded by two additional directors. The two additional directors shall be students currently attending the Western Institute (the "Student Directors").

2.2 Powers and Duties. The Board of Directors shall have the power and duties necessary for the administration of the affairs of the corporation and may do all such acts and things as are not prohibited by law, the Articles of Incorporation, or these bylaws, including hiring and evaluation of the school's principal/director, setting school policy and legal and financial oversight.

2.3 Classes and Terms.

(a) Each Student Director shall serve a one year term. At each annual meeting of the Board of Directors beginning with the first annual meeting after Western Institute first enrolls students, two students of Western Institute shall be elected as Student Directors.

(b) Except as otherwise provided in subsection 2.3(a), the term of each director shall be three years and the directors shall be divided into two classes. The terms of office of the directors of each such class shall be staggered so that the directors in one class of directors are elected in one year and the directors in the other class of directors are elected in the following year. With the exception of the elections of directors occurring before the first annual meeting, no more than three directors shall be elected in a year, except when a vacancy on the board must be filled. In the event of a change in the number of directors, the staggering of terms shall be preserved. At the first election of directors, the three directors making up the first class of directors shall be elected to serve for three years, and the two directors making up the second class of directors shall be elected to serve for two years. A nominee receiving the votes of a majority of the then serving directors shall be elected to the Board of Directors of the corporation.

(c) No director shall serve more than two consecutive terms. For purposes of this section 2.3(c), any term which began before the first annual meeting shall be disregarded in determining the number of terms served by a director.

2.4 Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly pursuant to an annual calendar adopted by the Board of Directors at the annual meeting for the previous fiscal year.

2.5 Annual Meeting. The annual meeting of the Board of Directors shall be held at the fourth quarter meeting. At such annual meeting, the newly elected directors shall meet with existing directors for the purpose of organization, the election of officers, and the transaction of other business. At the annual meeting, the board will adopt the meeting calendar for the succeeding fiscal year.

2.6 Special Meetings. Special meetings of the board may be called by the president or by a majority of the members of the board. Unless otherwise specified in the notice thereof, any and all business may be transacted at a special meeting.

2.7 Notice of Meetings. Prior to the date that the charter for the operation of Western Institute is approved by the Arizona State Board for Charter Schools ("Charter Date"), no notice of the regular or annual meeting of the Board of Directors need be given. Unless properly waived, notice of any special meetings of the Board of Directors, stating the time and in general terms the purpose or purposes thereof, shall be communicated to all of the directors at least 10 days prior to such meeting, to either their email addresses of the last known physical address of each director as the same appears on the records of the corporation. On and after the Charter Date, public notice of all regular, annual or special meetings of the Board of Directors shall be given in accordance with the Open Meeting Law.

2.8 Place of Meeting. The directors shall hold their meetings within or without the state of Arizona as the Board of Directors from time to time may determine. Unless otherwise determined, such meetings shall be held at the principal office of the corporation. Meetings of the Board of Directors, whether regular or special, may be held by means of conference telephone or similar equipment by means of which all persons participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person at such meeting.

2.9 Quorum. A majority of the directors on the Board of Directors shall constitute a quorum for the transaction of business. Interested directors, as that term is defined in the board's Conflict of Interest Policy, may be counted in determining the presence of a quorum at a meeting of the Board of Directors which authorizes, approves or ratifies a contract or transaction which is subject to the board's Conflict of Interest Policy. In the event of a vacancy on the Board of Directors, a quorum shall consist of a majority of

the number of directors then in office. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by the Articles of Incorporation, these bylaws, or by law. A meeting at which a quorum is initially present may continue and transact business notwithstanding the withdrawal of directors provided that at least a majority of the directors then in office are present, and provided further, that any action is approved by at least a majority of the directors then holding office, or such greater number as is required by the Articles of Incorporation, these bylaws, or by law.

2.10 Chairperson. At all meetings of the Board of Directors, the president, or in his or her absence the vice president, shall preside.

2.11 Action Without Meeting. Prior to the Charter Date, any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action taken, shall be distributed by the chairperson of the Board of Directors and signed by all of the directors. This provision shall be deemed to have been repealed and become void on the Charter Date.

2.12 Compliance with Open Meeting Law. On and after the Charter Date, all meetings of the Board of Directors shall comply with Arizona's Open Meeting Law, A.R.S. §§ 38-431 through 38-431.09, and a quorum of the members of the Board of Directors shall not discuss, propose or take any legal action except at a public meeting held in compliance with the Open Meeting Law. In order to facilitate compliance with the Open Meeting Law, all members of the Board of Directors shall receive training on the Open Meeting Law within three months of their election to the Board of Directors.

2.13 Compensation. By resolution of the Board of Directors, each director may be paid his or her expenses, if any, of attendance at each meeting of the Board of Directors or of any committee, and may be paid a fixed and reasonable sum for attendance at each such meeting, as shall be approved by a majority of the Board of Directors. No such payment shall preclude any director from serving the corporation in any other capacity and receiving customary compensation for said services as approved by the Board of Directors in compliance with its Conflict of Interest Policy.

2.14 Removal. Any director may be removed from office without assigning any cause by a majority vote of the directors then in office at either a regular meeting or at a special meeting called for that purpose.

2.15 Proxies and Voting. At any meeting of the directors, every director entitled to vote may vote in person. No proxies will be permitted. Each director shall have one vote except that the Student Directors shall have no vote on any matters related to the compensation or benefits provided to or the hiring, firing or sanctioning of the principal or head of school of the Western Institute.

2.16 Vacancies. In case of any vacancy among the directors through death, resignation, disqualification, or other cause, or in the case of a vacancy arising from the increase in the number of directors, the other directors, by affirmative vote of a majority thereof, may fill any such vacancy.

Section 3. Special Committees

3.1 Executive Committee. The Board of Directors may appoint from its own members an executive committee which shall have such number of members as it shall designate, and which shall include the president, vice president and secretary-treasurer to act on behalf of the Board of Directors, except when the board is in session. The executive committee shall have and exercise such powers of the Board of Directors with respect to the conduct of such business of the corporation as shall be determined by the Board of Directors' rules for the conduct of the business of the executive committee.

3.2 Other Committees. From time to time, the Board of Directors may appoint other committees or task forces for any purpose, which shall have such power and operate for the period of time as shall be specified in the resolution of appointment.

Section 4. Officers

4.1 Designation. The principal officers of the corporation shall be a president, and a secretary-treasurer, and such other officers including but not limited to a vice president as may from time to time be appointed, each of whom shall be elected by the Board of Directors from the members of the Board of Directors at the annual meeting of the Board of Directors. No individual may hold more than one office and no Student Director may hold any office.

4.2 Election. The officers of the corporation shall be elected at the annual meeting of the Board of Directors, and each such officer shall hold office for a term of one year and shall be subject to removal at any time, with or without cause, by an affirmative vote of a majority of the board.

4.3 Vacancies. A vacancy in any office may be filled by the Board of Directors, and the officer so elected shall hold office until his or her successor is duly elected and qualified, or until his or her earlier death, resignation or removal.

4.4 Compensation. The officers of the corporation shall be entitled to such compensation for their services as the Board of Directors may fix from time to time.

4.5 President. The president shall be the chief executive officer of the corporation. The president shall preside as chairperson at all meetings of the Board of Directors and in the event of a tie vote of the Board of Directors as to any motion, the vote of the president shall be the decisive vote to approve or disapprove the pending motion.

The president may, from time to time, call special meetings of the Board of Directors whenever he or she shall deem it proper to do so and shall do so when a majority of the Board of Directors shall request him or her in writing to do so. The president may sign and execute all authorized contracts, other instruments, or obligations in the name of the corporation. The president may sign all authorized checks in the name of the corporation. Subject to the Board of Directors, the president shall have general charge of the business and affairs of the corporation. The president shall do and perform such other duties and have such other powers as from time to time may be assigned to him or her by the Board of Directors. If the president is unable to act, the vice president will do so on an interim basis.

4.6 Vice President. If the board shall elect a vice president, then the vice president shall, in the event of the president's absence or inability to act, have all the powers of the president. The vice president shall perform such other duties as the Board of Directors shall delegate to him or her.

4.7 Secretary-treasurer. The secretary-treasurer shall keep the minutes of all proceedings of the board. The secretary-treasurer shall attend to the giving and serving of all notices for the corporation when directed by the president. The secretary-treasurer may sign with the president, in the name of the corporation, all contracts authorized by the board, and shall have authority to affix the seal of the corporation thereto. Such person shall have charge of all such books and records as the board may direct. The secretary-treasurer shall, in general, perform all the duties incident to the office of the secretary subject to the control of the board. In addition, the secretary-treasurer shall have the custody of all the funds and securities of the corporation which may come into such individual's hands. The secretary-treasurer may endorse on behalf of the corporation for collection, checks, promissory notes, and other obligations, and shall deposit the same to the credit of the corporation in such bank or banks or depositories as the Board of Directors may designate. The secretary-treasurer may sign receipts and vouchers for payments made to the corporation. The secretary-treasurer may sign checks made by the corporation and pay out and dispose of the same under the direction of the board. The secretary-treasurer may sign, with the president or such other person or persons as may be designated by the board, all authorized promissory notes and bills of exchange of the corporation; whenever required by the board, he or she shall render a statement of his or her cash accounts. The secretary-treasurer shall enter regularly in books of the corporation, to be kept by him or her for that purpose, full and accurate accounts of all monies received and paid on account of the corporation. The secretary-treasurer shall be responsible for having prepared and timely filing all necessary tax forms with the Internal Revenue Service and the State of Arizona, including, without limitation, IRS Form 990, Return of Organization Exempt From Income Tax. Such person shall perform all duties incident to the position of treasurer subject to the control of the board. The powers and duties of the secretary-treasurer may be exercised and performed by any of the other officers, as the board may direct.

Section 5. Possession, Ownership, and Exercise of Membership Rights in Other Entities

The corporation may possess and own membership rights in other nonprofit, tax-exempt corporations and for profit entities and exercise all such rights incident thereto, including, without limitation, the voting rights granted to the owner of such memberships; provided, however, that the purposes and operations of such other entities shall further the exempt purposes and operation of the corporation; shall be incidental to the primary purposes of the corporation; and shall not be prohibited under subsection 1.5 of these bylaws.

Section 6. Distributions and Disbursements. The Board of Directors may, in furtherance of the corporation's charitable, scientific, and educational purposes when needs therefore have been determined and with appropriate provisions to assure use solely for such purposes, direct distributions to such organizations, persons, governments, or governmental agencies as in the opinion of the Board of Directors can best carry out such purposes or help create new qualified charitable, scientific, and educational organizations to carry out such purposes. All determinations of distributions and disbursements under this section shall be by the affirmative vote of a majority of the Board of Directors.

Section 7. Indemnification

7.1 Indemnification. Except as otherwise provided in these Bylaws, the corporation shall indemnify an individual made a party to a proceeding because either the individual is or was a director against liability incurred in the proceeding if all of the following conditions exist:

- (a) The individual's conduct was in good faith;
- (b) The individual reasonably believed:
 - (i) In the case of conduct in an official capacity with the corporation, that the conduct was in the corporation's best interests;
 - (ii) In all other cases, that the conduct was at least not opposed to the corporation's best interests.
- (c) In the case of any criminal proceedings, the individual had no reasonable cause to believe the conduct was unlawful; or,
- (d) The director engaged in conduct for which broader indemnification has been made permissible or obligatory the corporation's Articles of Incorporation.

7.2 Exclusions. Except insofar as permitted by law, the corporation shall not indemnify a director either:

(a) In connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation;

(b) In connection with any other proceeding charging improper personal benefit to the director, whether or not involving actions in the director's official capacity, in which the director was adjudged liable on the basis that personal benefit was improperly received by the director.

7.3 Limitation. Indemnification permitted in connection with a proceeding by or in the right of the corporation is limited to reasonable expenses incurred in connection with the proceeding.

7.4 Determination and Authorization of Indemnification. The corporation may not indemnify a director pursuant to Section 7.1 unless authorized in the specific case after a determination has been made that indemnification of the director is permissible in the circumstances because the director has met the standard of conduct set forth in Sections 7.1(a) and (b). The determination shall be made either by the Board of Directors by a majority vote of the directors not at the time parties to the proceeding, or by special legal counsel selected by a majority of the disinterested directors, or by majority vote of the Board of Directors if there are no disinterested directors. Special legal counsel shall have no liability whatsoever for a determination made pursuant to this paragraph. Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those entitled to select counsel.

7.5 Indemnification of Officers. The corporation shall indemnify and advance expenses to an officer of the corporation who is a party to a proceeding because the individual is or was an officer of the corporation as follows:

(a) To the same extent as a director;

(b) If the individual is an officer but not a director, to the further extent as may be provided by a resolution of the Board of Directors or contract, except for:

(i) Liability in connection with a proceeding by or in the right of the corporation other than for reasonable expenses incurred in connection with the proceeding; or,

(ii) Liability arising out of conduct that constitutes receipt by the officer of a financial benefit to which the officer is not entitled, an intentional infliction of harm on the corporation, or an intentional violation of criminal law.

7.6 Advance for Expenses Incurred in a Proceeding. The corporation may pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of final disposition of the proceeding if both of the following conditions exist:

(a) The director furnishes to the corporation a written affirmation of the director's good faith belief that the director has met the standard of conduct described in Sections 7.1(a) and (b) or that the proceeding involves conduct for which liability has been eliminated under the Articles of Incorporation.

(b) The director furnishes the corporation with a written undertaking, executed personally or on the director's behalf, to repay the advance if the director is not entitled to mandatory indemnification under A.R.S. § 10-3852 and it is ultimately determined that the director did not meet the standard of conduct.

7.7 Insurance. The corporation shall purchase and maintain liability insurance on behalf of any person who is or was a director or officer of the corporation.

Section 8. Books and Records

All books, records, receipts, returns, minutes, and other data of the corporation, including the minutes of board meetings, shall remain the permanent property of the corporation. There shall be two copies of all records kept. One copy shall be retained at the offices of the corporation, and one copy retained by the presiding secretary-treasurer. All such data shall be available at the principal office of the corporation for inspection at any reasonable time by any director of the corporation.

Section 9. Conflicts of Interest

The application of the provisions of these Bylaws, with respect to the determination of transactions between the Corporation and interested persons, shall be governed by any conflict of interest policy or similar documents ("Conflict of Interest Policy") adopted or approved, from time to time, by the Board of Directors. The Secretary shall maintain a copy of all Conflict of Interest Policies, a record of the persons approving each such policy, and any other documentations required by the Conflict of Interest Policy.

Section 10. Amendment and Repeal

These bylaws may be amended, or may be repealed and new bylaws adopted in place thereof, by a two-thirds vote in favor thereof by the Board of Directors in such instance as the board may determine to be advisable. Unless properly waived, notice of any meeting at which any action concerning the bylaws is proposed shall be communicated to all directors at least 10 days prior to such meeting, and in the same manner prescribed for giving notice of special meetings of the Board of Directors. Such notice shall state in general terms the nature of any proposed action concerning the bylaws.

These bylaws are adopted as of the 16th day of June, 2010.

Institute for Transformative Education,
an Arizona nonprofit corporation

By 
Celestino Fernandez, PhD, President

ATTESTED:

By 
Rosie Garcia, Secretary-treasurer

2019 ANNUAL REPORT

ENTITY INFORMATION

ENTITY NAME: INSTITUTE FOR TRANSFORMATIVE EDUCATION
ENTITY ID: 16080280
ENTITY TYPE: Domestic Nonprofit Corporation
CHARACTER OF BUSINESS: EDUCATIONAL
AUTHORIZED SHARES:
ISSUED SHARES:

STATUTORY AGENT INFORMATION

STATUTORY AGENT NAME: SANTOS M LEON JR
PHYSICAL ADDRESS: 1300 S Belvedere Ave, TUCSON, AZ 85711
MAILING ADDRESS:

KNOWN PLACE OF BUSINESS

Att: Director of Operations and Finance, 1300 S BELVEDERE AVE , TUCSON, AZ 85711

PRINCIPAL OFFICE ADDRESS

PRINCIPAL INFORMATION

CEO (Chief Executive Officer): Luis Perales - 1300 S BELVEDERE AVE, TUCSON, AZ 85711, USA - - Date of Taking Office:
Director: Vicente Fuentes - 1300 S BELVEDERE AVE, TUCSON, AZ 85711, USA - - Date of Taking Office:
Officer: CHRISTOPHER BOYD - 1300 S BELVEDERE AVE, TUCSON, AZ 85711, USA - - Date of Taking Office: 01/18/2018
Officer: JOSE HOYOS - 1300 S BELVEDERE AVE, TUCSON, AZ 85711, USA - - Date of Taking Office: 09/14/2015
Officer: SANTOS M LEON JR - 1300 S BELVEDERE AVE, TUCSON, AZ 85711, USA - - Date of Taking Office: 06/19/2013
President: NATALIE CARRILLO - 1300 S BELVEDERE AVE, TUCSON, AZ 85711, USA - - Date of Taking Office: 01/30/2017

SIGNATURE

CEO (Chief Executive Officer): Luis Perales - 06/27/2019

FELONY JUDGEMENT QUESTIONS

Has any person (a) who is currently an officer, director, trustee, or incorporator, or (b) who controls or holds over ten per cent of the issued and outstanding common shares or ten percent of any other proprietary, beneficial or membership interest in the corporation been:

Convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the signing of this certificate? NO

Convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the signing of this certificate? NO

Subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the signing of this certificate, involving any of the following: NO

The violation of fraud or registration provisions of the securities laws of that jurisdiction;

The violation of the consumer fraud laws of that jurisdiction;

The violation of the antitrust or restraint of trade laws of that jurisdiction?

BANKRUPTCY QUESTION

Has any person (a) who is currently an officer, director, trustee, incorporator, or (b) who controls or holds over twenty per cent of the issued and outstanding common shares or twenty per cent of any other proprietary, beneficial or membership interest in the corporation, served in any such capacity or held a twenty per cent interest in *any other corporation* (not the one filing this Certificate) on the bankruptcy or receivership *of the other corporation*? NO



**INSTITUTE FOR TRANSFORMATIVE EDUCATION DBA
CHANGEMAKER HIGH SCHOOL**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

YEAR ENDED JUNE 30, 2019

**INSTITUTE FOR TRANSFORMATIVE EDUCATION DBA
CHANGEMAKER HIGH SCHOOL**

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-13
REPORT ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14-15
Schedule of Finding and Response.....	16



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Institute for Transformative Education dba Changemaker High School
Tucson, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of Institute for Transformative Education dba Changemaker High School (ITE), a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

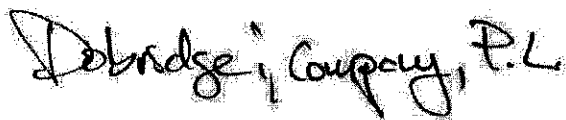
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ITE as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements**Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019, on our consideration of ITE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ITE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ITE's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Dobridge & Company, P.L." in a cursive, stylized font.

Certified Public Accountants
Mesa, Arizona

November 25, 2019

INSTITUTE FOR TRANSFORMATIVE EDUCATION DBA CHANGEMAKER HIGH SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

Current assets:

Cash	\$ 33,609
Cash, restricted	69,800
Due from government	98,176
Prepaid expenses	510
Total current assets	<u>202,095</u>

Fixed assets:

Land	313,222
Buildings and improvements	1,086,778
Vehicles, furniture and equipment	346,479
Less: accumulated depreciation	<u>(351,005)</u>
Total fixed assets	<u>1,395,474</u>

Total assets \$ 1,597,569

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 25,509
Accrued payroll, taxes and related benefits	17,743
Long-term debt, current	<u>33,070</u>
Total current liabilities	<u>76,322</u>

Long-term debt 1,323,925

Total liabilities 1,400,247

Net Assets:

Without donor restrictions	115,624
With donor restrictions	<u>81,698</u>
Net assets	<u>197,322</u>

Total liabilities and net assets \$ 1,597,569

The accompanying notes are an integral part of this statement.

INSTITUTE FOR TRANSFORMATIVE EDUCATION DBA CHANGEMAKER HIGH SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenue and support:			
State Equalization	\$ 934,886	\$ -	\$ 934,886
Classroom Site Funds	-	67,775	67,775
Instructional Improvement Fund	2,578	-	2,578
Government grants and assistance	221,192	-	221,192
Contributions	27,014	-	27,014
Donated use of facility	27,200	-	27,200
Rent	66,892	-	66,892
Food service	4,664	-	4,664
Miscellaneous	744	-	744
Net assets released from restrictions	41,890	(41,890)	-
Total revenue and support	<u>1,327,060</u>	<u>25,885</u>	<u>1,352,945</u>
Expenses:			
Program services			
Ninth through twelfth grade education	897,119	-	897,119
Supporting services			
Management and general	450,689	-	450,689
Total expenses	<u>1,347,808</u>	<u>-</u>	<u>1,347,808</u>
Change in net assets	(20,748)	25,885	5,137
Net assets, beginning of year	<u>136,372</u>	<u>55,813</u>	<u>192,185</u>
Net assets, end of year	<u><u>\$ 115,624</u></u>	<u><u>\$ 81,698</u></u>	<u><u>\$ 197,322</u></u>

The accompanying notes are an integral part of this statement.

INSTITUTE FOR TRANSFORMATIVE EDUCATION DBA CHANGEMAKER HIGH SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	<u>Program Services Ninth Through Twelfth Grade Education</u>	<u>Management And General</u>	<u>Total</u>
Payroll	\$ 316,101	\$ 243,912	\$ 560,013
Payroll related taxes and benefits	57,913	22,901	80,814
Legal	-	11,000	11,000
Accounting	-	28,118	28,118
Purchased services	130,411	10,866	141,277
Instructional supplies	12,475	14,641	27,116
General operations	4,208	18,049	22,257
Rent and related	39,900	13,662	53,562
Repairs and maintenance	58,927	3,100	62,027
Utilities	88,230	4,642	92,872
Travel	2,138	1,866	4,004
Training and related	10,544	4,812	15,356
Transportation	5,973	-	5,973
Advertising and promotion	-	14,881	14,881
Information technology	19,374	32,332	51,706
Insurance	-	15,364	15,364
Food service supplies	30,782	532	31,314
Interest	79,069	5,185	84,254
Depreciation	34,213	1,801	36,014
Donated use of facilities	6,355	334	6,689
Miscellaneous	506	2,691	3,197
Total expenses included in the statement of activities	<u>\$ 897,119</u>	<u>\$ 450,689</u>	<u>\$ 1,347,808</u>

The accompanying notes are an integral part of this statement.

INSTITUTE FOR TRANSFORMATIVE EDUCATION DBA CHANGEMAKER HIGH SCHOOL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

Cash flows from operating activities:

Change in net assets	\$ 5,137
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	36,014
Amortization of issuance costs	2,726
Changes in:	
Due from government	(67,287)
Accounts payable	21,950
Accrued payroll, taxes and related benefits	(14,083)
Net cash used in operating activities	<u>(15,543)</u>

Cash flows from investing activities:

Purchases of land	(313,222)
Purchases of buildings and improvements	(1,086,778)
Purchases of furniture and equipment	(21,334)
Net cash used in investing activities	<u>(1,421,334)</u>

Cash flows from financing activities:

Proceeds from long-term debt	1,400,000
Principal payments on long-term debt	(25,288)
Payments made for issuance costs	(20,443)
Net cash provided by financing activities	<u>1,354,269</u>

Net decrease in cash (82,608)

Cash, beginning of year 186,017

Cash, end of year \$ 103,409

Supplemental disclosure of cash flow information

Cash paid for interest \$ 84,254

The accompanying notes are an integral part of this statement.

INSTITUTE FOR TRANSFORMATIVE EDUCATION DBA CHANGEMAKER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Institute for Transformative Education dba Changemaker High School (ITE) is an Arizona nonprofit corporation, incorporated on June 10, 2010, and provides educational services to students in ninth through twelfth grade. ITE operates in Tucson, Arizona, under a charter contract with the Arizona State Board for Charter Schools (expiring June 30, 2027), which mandates policy and operational guidelines. ITE's mission is to develop student leaders who turn ideas into action.

The significant accounting policies of ITE follow:

Basis of Accounting: The accounts of ITE are maintained, and the financial statements are prepared, in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*. ITE is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: The portion of the net assets of ITE that can be used subject only to the broad limits resulting from the nature of the organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by ITE in the course of its business. ITE has the greatest ability to choose when using these resources.

Net assets with donor restrictions: The portion of the net assets of ITE that is subject to either donor imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit ITE's choices when using these resources because ITE has a fiduciary responsibility to its donors to follow the donor's instructions.

INSTITUTE FOR TRANSFORMATIVE EDUCATION DBA CHANGEMAKER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions: ITE follows the FASB ASC subtopic of revenue recognition for Not-for-Profit Entities. Contributions are recognized when the donor makes a promise to give to ITE that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires because the contributed resources are spent in accordance with the donor's instructions or because of passage of time, net assets with donor restrictions are reclassified to net assets without donor restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service. Conditional contributions are not recognized until the conditions on which they depend have been substantially met.

Use of Estimates: In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Due from Government: Due from government consists mainly of state approved payments to ITE to operate the charter school. Arizona Revised Statutes 15-185(B) and 15-973(B) requires 12 payments of State Equalization assistance to be paid to Arizona charter schools; therefore, ITE has never experienced any losses due to non-payment and has not established an allowance.

Fixed Assets: Generally, fixed assets with a cost of \$1,000 or more and an estimated useful life of one year or more are recorded and stated at cost if purchased, or at their estimated fair value if donated. Donations of property and equipment are recorded as support at their estimated fair value at date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, ITE reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ITE reclassifies such donations with donor restrictions to net assets without donor restrictions at that time.

Depreciation and amortization is provided on the straight-line basis over the estimated useful lives of the respective assets.

Buildings and improvements	30 years
Vehicles, furniture and equipment	3 - 5 years

INSTITUTE FOR TRANSFORMATIVE EDUCATION DBA CHANGEMAKER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Debt Issuance Costs: Debt issuance costs related to a recognized debt liability are presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts.

Advertising: Advertising costs are expensed as incurred.

Income Taxes: ITE is exempt from federal income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code, and from Arizona income taxes under Section 43-1201(a)(4) of the Arizona Revised Statutes. However, income from certain activities not directly related to ITE's tax-exempt purpose is subject to taxation as unrelated business income. ITE believes that substantially all of its income during year ended June 30, 2019, was related to its exempt purpose.

Expense Allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. ITE's operating costs are allocated based on direct identification when possible, and allocation if a single expense benefits more than one program or function. Expenses that require allocation are allocated on either a personnel-cost or square-footage basis, whichever is more reasonable for the expense.

INSTITUTE FOR TRANSFORMATIVE EDUCATION DBA CHANGEMAKER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. The new standard changes the following aspects of ITE's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single class of net asset called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (see note 3).

ITE has early implemented two additional standards: 1. ASU 2014-09 *Revenue from Contracts with Customers* as this standard is not expected to have a material effect on the financial statement presentation due to the nature of ITE's material revenues. 2. ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Items previously reported as net assets without donor restrictions have been reinterpreted and presentation has been changed to net asset with donor restrictions.

ITE has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented.

Net asset class	June 30, 2018	July 1, 2018
Unrestricted net assets	\$ 192,185	\$ -
Net assets without donor restrictions	-	136,372
Net assets with donor restrictions	-	55,813
Total net assets	<u>\$ 192,185</u>	<u>\$ 192,185</u>

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

ITE monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. ITE has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

Cash	\$ 33,609
Due from government	<u>98,176</u>
Financial assets available	<u>\$ 131,785</u>

INSTITUTE FOR TRANSFORMATIVE EDUCATION DBA CHANGEMAKER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Federal Deposit Insurance Corporation (FDIC) secures accounts in insured institutions up to \$250,000 per depositor. Bank account balances may exceed FDIC insured limits at various times throughout the year. ITE's cash account balances were fully insured by the FDIC at June 30, 2019. ITE has never experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash balances.

NOTE 5 - RESTRICTED CASH

Classroom Site Funds: Restricted cash consists of carryforward balances of Classroom Site Funds. Monies received from the Classroom Site Funds are restricted by Arizona Revised Statutes for teacher compensation increases, performance based bonuses and other employment related costs.

Restricted cash at June 30, 2019, is as follows:

Current portion:	
Classroom Site Funds	\$ <u>69,800</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30, 2019:

Teacher compensation and related benefits	\$ <u>81,698</u>
---	------------------

NOTE 7 - OPERATING LEASE - LESSOR

ITE leases a portion of its property to two different educational organizations through the fiscal year ending June 30, 2024. For the fiscal year ended June 30, 2019, rental revenue was \$66,892. Future minimum operating lease payments to be received are as follows:

Year ending June 30:	
2020	\$ 80,270
2021	80,270
2022	80,270
2023	80,270
2024	<u>4,014</u>
	<u>\$ 325,094</u>

INSTITUTE FOR TRANSFORMATIVE EDUCATION DBA CHANGEMAKER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2019:

On August 31, 2018, ITE purchased their campus for \$1.4 million with proceeds from a loan agreement and promissory note with a financial institution. The promissory note accrues interest at a fixed rate of 6.74% per annum and requires 59 equal monthly payments of principal and interest of \$10,728 and a final balloon payment \$1,209,371 principal and any accrued interest at the maturity date of September 5, 2023.		\$ 1,374,712
Less: issuance costs		<u>(17,717)</u>
Loan, net of issuance costs		<u>1,356,995</u>
Total		1,356,995
Less: current portion of long-term debt		<u>(33,070)</u>
Long-term debt, net of current portion		<u><u>\$ 1,323,925</u></u>

The aggregate future minimum payments on long-term debt as of June 30, 2019, are as follows:

Year ending June 30:

2020	\$ 33,070
2021	35,653
2022	38,417
2023	41,372
2024	<u>1,208,483</u>
	<u><u>\$ 1,356,995</u></u>

INSTITUTE FOR TRANSFORMATIVE EDUCATION DBA CHANGEMAKER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - GOVERNMENT GRANTS AND ASSISTANCE

ITE received the following government grants and assistance during the year ended June 30, 2019:

Reported in government grants and assistance:	
Title I Grants to Local Educational Agencies	\$ 55,176
National School Lunch Program (NSLP)	42,374
Special Education—Grants to States (IDEA, Part B)	15,910
Twenty-First Century Community Learning Centers	70,775
Improving Teacher Quality State Grants	4,932
E-rate	22,103
Title IV	9,922
	<hr/>
Total	<u>\$ 221,192</u>

NOTE 10 - COMMITMENTS AND CONTINGENT LIABILITIES

Compliance: ITE's compliance with certain laws and regulations is subject to review by the State of Arizona, Arizona State Board for Charter Schools and Department of Education. Such reviews could result in adjustments or withholding of State Equalization assistance.

Litigation: ITE is subject to various claims, legal proceedings, and investigations covering a wide range of matters that arise in the ordinary course of business. In the opinion of management all such matters are adequately covered by insurance or by accruals, and if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of ITE if disposed of unfavorably.

NOTE 11 - ECONOMIC DEPENDENCY

Approximately 74% of ITE's revenue for the year ended June 30, 2019, was derived from the State of Arizona through payments of State Equalization, Classroom Site Funds (Proposition 301) and the Instructional Improvement Fund. Funds that are paid from the State of Arizona are subject to funding approval from the state legislature. Changes in state funding levels for charter schools could have a significant impact on ITE's future revenues.

NOTE 12 - SUBSEQUENT EVENTS

ITE has evaluated subsequent events through November 25, 2019, the date which the financial statements were available to be issued, and has concluded that no events have occurred since the year ended June 30, 2019, that would require an adjustment to or disclosure in the financial statements.



Independent Auditors' 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 Directors
of Institute for Transformative Education dba Changemaker High School
Tucson, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Institute for Transformative Education dba Changemaker High School (ITE), a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 25, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist and that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of finding and response as item 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

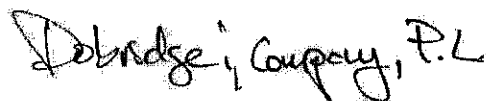
As part of obtaining reasonable assurance about whether ITE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

ITE's Response to Finding

ITE's response to the finding identified in our audit is described in the accompanying schedule of finding and response. ITE's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Certified Public Accountants
Mesa, Arizona

November 25, 2019

**INSTITUTE FOR TRANSFORMATIVE EDUCATION DBA CHANGEMAKER HIGH SCHOOL
SCHEDULE OF FINDING AND RESPONSE
JUNE 30, 2019**

2019-001 Controls Over Expense Cut-Off

Condition:

Material adjustments were necessary to restate accounts payable and related expenses at June 30, 2019.

Criteria:

Arizona Revised Statute 15-914(C) requires that a charter school not subject to a single audit have an audit conducted annually in accordance with generally accepted governmental auditing standards (GAGAS). Financial statements audited under GAGAS must be presented in accordance with generally accepted accounting principles (GAAP). In addition, proper risk management, as detailed by the Committee of Sponsoring Organization's framework, should include the contemporaneous monitoring of internal control activities sufficient to ensure monthly reports contain reliable financial data.

Cause:

Management did not conduct a detailed review of invoices near year end.

Effect:

Prior to the audit adjustments, ITE's financial statements were materially misstated.

Recommendation:

The Business Manager or another responsible ITE official should review invoices near year end to ensure that all liabilities have been recorded in ITE's accounting system. In addition, a review of all invoices on ITE's accounts payable listing should be conducted to ensure all services were received prior to the end of the fiscal year.

Response:

ITE will conduct a review of the accounts payable listing as well as invoices near year end.