

**CAMARILLO ACADEMY OF
PROGRESSIVE EDUCATION**

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)

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INDEPENDENT AUDITORS' REPORT

Governing Board
Camarillo Academy of Progressive Education
(A California Non-Profit Public Benefit Corporation)
Camarillo, California

Report on the Financial Statements

We have audited the accompanying financial statements of Camarillo Academy of Progressive Education (the Charter School) (A California Non-Profit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2014, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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; and *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-2014*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Charter School'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 Charter School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014, on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

Vannink, Tein, Day & Co., LLP

Rancho Cucamonga, California
November 21, 2014

FINANCIAL STATEMENTS

CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

ASSETS

Current Assets

Cash	\$ 2,834,960	
Accounts receivable	561,552	
Prepaid expenses	<u>29,117</u>	
Total Current Assets		\$ 3,425,629

Non-Current Assets

Fixed assets	146,259	
Less: Accumulated depreciation	<u>39,171</u>	
Total Non-Current Assets		<u>107,088</u>

Total Assets		<u>\$ 3,532,717</u>
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LIABILITIES

Current Liabilities

Accounts payable	543,982	
Deferred revenue	<u>73,627</u>	
Total Current Liabilities		\$ 617,609

NET ASSETS

Unrestricted

Undesignated	<u>2,915,108</u>	
Total Net Assets		<u>2,915,108</u>
Total Liabilities and Net Assets		<u>\$ 3,532,717</u>

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

CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES

Local Control Funding Formula	\$ 3,343,619
State revenue	297,423
Local revenues	110,391
Interest	2,138
Total Revenue	<u>3,753,571</u>

EXPENSES

Program services	
Teacher salaries and benefits	2,166,751
Other instructional salaries and benefits	140,267
Other student services	187,284
Educational programs	29,807
Student supplies	86,947
Depreciation	17,932
Equipment	129,841
Subtotal	<u>2,758,829</u>
Management and general	
Clerical salaries and benefits	413,525
District supervisory fee	33,596
Occupancy	31,266
Insurance	14,582
Operating expenses	281,122
Subtotal	<u>774,091</u>
Total Expenses	<u>3,532,920</u>

INCREASE IN UNRESTRICTED NET ASSETS	220,651
NET ASSETS, BEGINNING OF YEAR	<u>2,694,457</u>
NET ASSETS, END OF YEAR	<u><u>\$ 2,915,108</u></u>

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

CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in unrestricted net assets	\$ 220,651
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation expense	17,932
Changes in operating assets and liabilities	
Decrease in accounts receivable	638,923
Increase in prepaid expenditures	(17,057)
Increase in deferred revenue	73,627
Increase in accounts payable	172,467
Net Cash Provided by Operating Activities	<u>1,106,543</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	<u>(58,206)</u>
Net Cash Used by Investing Activities	<u>(58,206)</u>

NET INCREASE IN CASH	1,048,337
CASH, BEGINNING OF YEAR	<u>1,786,623</u>
CASH, END OF YEAR	<u><u>\$ 2,834,960</u></u>

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

CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - ORGANIZATION AND MISSION

The Camarillo Academy of Progressive Education (the Charter School) is a non-profit public benefit corporation and was approved for a charter by the Oxnard Union High School District on June 20, 2007, for a period of five years ending in 2012. On October 10, 2012, the charter was renewed by Oxnard Union High School District for an additional five years.

Charter school number authorized by the State: 0943

The Charter School located at 777 Aileen Street, Camarillo, opened on September 5, 2007, and currently serves 570 students in grades kindergarten through eight. The Charter School is teaching students with an educational philosophy that expands upon the "Open" philosophy that thrived in Camarillo for over 30 years, first at Bedford Open and then at Los Senderos Open.

Other Related Entities

Joint Powers Agency and Risk Management Pools - The Corporation is associated with the Ventura County Schools Self-Funding Authority (VCSSFA) a Joint Powers Authority (JPA). The JPA does not meet the criteria for inclusion as a component unit of the Corporation. Additional information is presented in Note 12 of the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by the Charter School are described below to enhance the financial statements.

Financial Statement Presentation

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had no temporarily or permanently restricted net assets as of June 30, 2014. In addition, the Charter School is required to present a statement of cash flows.

Accounting Method - Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to the situation when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the *Statement of Activities* as "net assets released from restrictions." During 2013-2014, the Charter School did not receive any donor-restricted contributions.

Income Taxes

The Charter School is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2010 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

Cash

For purposes of the Statement of Cash Flows, the Charter School considers cash on hand and in credit unions to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2014, management has determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

Prepaid Expenses

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has reported prepaid items either when purchased or during the benefiting period.

CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Fixed Assets

It is the Charter School's policy to capitalize individual property and equipment purchases over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Tenant improvement, furniture and equipment are depreciated using the straight-line method, over 2 to 5 years. Depreciation expense for the year ended June 30, 2014, was \$17,932.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the Charter School prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Charter School has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Certain grants received before the eligibility requirements are met are recorded as deferred revenue.

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to the Charter School's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and 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.

Unrestricted/Designated Net Assets

Designations of the ending net assets indicate tentative plans for financial resource utilization in a future period. As of June 30, 2014, the Charter School has no designation balance.

CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - CASH

Cash at June 30, 2014, consisted of the following:

	<u>Reported Amount</u>	<u>Bank Balance</u>
Deposits		
Cash on hand and in credit union	<u>\$ 2,834,960</u>	<u>\$ 2,848,661</u>

Cash balances held in banks and credit unions are insured up to \$250,000 and \$500,000 by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Association (NCUA), respectively. The Charter School maintains its cash in bank and credit union deposit accounts that at times may exceed insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2014, the Charter School had \$2,098,661 in excess of insured limits.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2014, consisted of the following:

Local Control Funding Formula	\$ 521,881
Lottery	<u>39,671</u>
Total Accounts Receivable	<u>\$ 561,552</u>

NOTE 5 - PREPAID EXPENSES

Prepaid expenses at June 30, 2014, consisted of the following:

Prepaid rent, insurance, and miscellaneous vendors	<u>\$ 29,117</u>
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CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 - FIXED ASSETS

Fixed assets at June 30, 2014, consisted of the following:

Improvement of sites	\$ 20,081
Computer equipment	42,505
Leasehold improvements	<u>83,673</u>
Subtotal	146,259
Less: accumulated depreciation	<u>(39,171)</u>
Total Fixed Assets	<u>\$ 107,088</u>

During the year ended June 30, 2014, \$17,932 was charged to depreciation expense.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2014, consisted of the following:

Payroll and benefits	\$ 31,589
Compensated absences	338,116
Vendor payables	165,586
Due to grantor	<u>8,691</u>
Total Accounts Payable	<u>\$ 543,982</u>

NOTE 8 - DEFERRED REVENUE

Deferred revenue at June 30, 2014, consisted of the following:

State sources	<u>\$ 73,627</u>
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CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 - OPERATING LEASE

The Charter School renewed a Facilities Use Agreement with Pleasant Valley School District for the sole purpose of operating the Charter School educational programs and related Charter School activities. The term of this agreement are through June 30, 2018. The Pro-Rata Share of Facilities Cost for 2013-2014 was \$31,266 and shall be paid on the first of every month. For the remaining fiscal years, the Pro-Rata Share increases by 3.5 percent annually will be as follows:

Year Ending June 30,	Facility Lease Payments
2015	\$ 32,360
2016	33,493
2017	34,665
2018	35,878
Total	<u>\$ 136,396</u>

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees Retirement System (CalPERS).

CalSTRS

Plan Description

The Charter School contributes to CalSTRS through the Ventura County Office of Education, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the California State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, California, 95605.

CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the Charter School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-2014 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The Charter School's contribution to CalSTRS for the fiscal year ending June 30, 2014, 2013, and 2012, was \$134,114, \$116,736, and \$115,911, respectively, and equal to 100 percent of the required contributions for the year.

CalPERS

Plan Description

The Charter School contributes to the School Employer Pool under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the California Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California, 95811.

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the Charter School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-2014 was 11.442 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The Charter School's contribution to CalPERS for the fiscal year ending June 30, 2014, 2013, and 2012, was \$37,428, \$32,026, and \$28,596, respectively, and equal to 100 percent of the required contributions for the year.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Charter School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$75,093 (5.541 percent of the Charter School's 2011-2012 creditable compensation subject to CalSTRS). Contributions are no longer appropriated in the Annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contributions rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

**CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 11 - CONTINGENCIES

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

Litigation

The Charter School is not currently a party to any legal proceedings.

NOTE 12 - PARTICIPATION IN JOINT POWERS AUTHORITY

The Corporation is a participant in the Ventura County Schools Self-Funding Authority (VCSSFA) for risk management services for workers' compensation insurance and charter school liability insurance. The relationship between the Corporation and the VCSSFA is such that the VCSSFA is not considered a component unit of the Corporation for financial reporting purposes.

The VCSSFA has budgeting and financial reporting requirements independent of member units and the VCSSFA's financial statements are not presented in these financial statements; however, transactions between VCSSFA and the Corporation are included in these statements. Audited financial statements for VCSSFA were not available for fiscal year 2013-2014 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2014, the Corporation made payments of \$56,819 to VCSSFA for services received. At June 30, 2014, the Corporation had no recorded accounts receivable or accounts payable to the VCSSFA.

NOTE 13 - SUBSEQUENT EVENTS

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through November 21, 2014, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial.

SUPPLEMENTARY INFORMATION

**CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2014**

ORGANIZATION

The Camarillo Academy of Progressive Education (the Charter School) (Charter School No. 0943) was granted on June 20, 2007, by the Oxnard Union High School District and opened on September 5, 2007. The Charter School operates one school, grades kindergarten through eight.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM</u>
Richard Busse	President	2014
Brian Roberts	Secretary	2016
Ada Lee Sullivan	Member/Treasurer	2014
Chris Parker	Member	2014
Michelle Keefer	Member	2016

ADMINISTRATION

Maryellen Lang	Director of Education
Doreen Learned	Director of Operations

See accompanying note to supplementary information.

CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2014

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	237	237
Fourth through sixth	190	190
Seventh and eighth	121	121
Total Regular ADA	548	548
Classroom based ADA		
Transitional kindergarten through third	236	236
Fourth through sixth	190	189
Seventh and eighth	121	121
Total Classroom based ADA	547	546

CAPE operated a short-term independent study non-classroom based instruction program.

See accompanying note to supplementary information.

CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2014

Grade Level	1986-87	Reduced 1986-87	2013-14 Actual Minutes	Number of Days		Status
	Minutes Requirement	Minutes Requirement		Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	34,971	35,915	180	N/A	Complied
Grades 1 - 3	50,400	48,960				
Grade 1			52,375	180	N/A	Complied
Grade 2			52,375	180	N/A	Complied
Grade 3			52,375	180	N/A	Complied
Grades 4 - 6	54,000	52,457				
Grade 4			54,600	180	N/A	Complied
Grade 5			54,600	180	N/A	Complied
Grade 6			54,600	180	N/A	Complied
Grades 7 - 8	54,000	52,547				
Grade 7			54,600	180	N/A	Complied
Grade 8			54,600	180	N/A	Complied

See accompanying note to supplementary information.

CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)

RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

FUND BALANCE

Balance, June 30, 2014, Unaudited Actuals	\$ 3,040,544
Decrease in fund balance	
Audit Adjustment	
Accrued absences	<u>(125,436)</u>
Balance, June 30, 2014,	
Audited Financial Statement	<u>\$ 2,915,108</u>

See accompanying note to supplementary information.

**CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)**

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES

Local Education Agency Organization Structure

This schedule provides information about the school operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with provisions of *Education Code* Sections 46200 and 46206. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made through the Ventura County Office of Education to Camarillo Academy of Progressive Education.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 46200 through 46206, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

INDEPENDENT AUDITORS' REPORTS



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

Governing Board
Camarillo Academy of Progressive Education
(A California Non-Profit Public Benefit Corporation)
Camarillo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Camarillo Academy of Progressive Education (the Charter School) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Camarillo Academy of Progressive Education's basic financial statements, and have issued our report thereon dated November 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Camarillo Academy of Progressive Education'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Camarillo Academy of Progressive Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Camarillo Academy of Progressive Education'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Camarillo Academy of Progressive Education'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*.

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 Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Varrink, Tein, Day & Co., LLP

Rancho Cucamonga, California
November 21, 2014



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Camarillo Academy of Progressive Education
(A California Non-Profit Public Benefit Corporation)
Camarillo, California

Report on State Compliance

We have audited Camarillo Academy of Progressive Education's compliance with the types of compliance requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2013-2014* that could have a direct and material effect on each of the Camarillo Academy of Progressive Education's State government programs as noted below for the year ended June 30, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Camarillo Academy of Progressive Education's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-2014*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Camarillo Academy of Progressive Education'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 opinions. Our audit does not provide a legal determination of Camarillo Academy of Progressive Education's compliance with those requirements.

Unmodified Opinion

In our opinion, Camarillo Academy of Progressive Education complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2014.

Other Matters

In connection with the audit referred to above, we selected and tested transactions and records to determine the Camarillo Academy of Progressive Education's compliance with the State laws and regulations applicable to the following items:

	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance Reporting	6	Not Applicable
Teacher Certification and Misassignments	3	Not Applicable
Kindergarten Continuance	3	Not Applicable
Independent Study	23	Not Applicable
Continuation Education	10	Not Applicable
Instructional Time:		
School Districts	10	Not Applicable
Instructional Materials:		
General Requirements	8	Not Applicable
Ratios of Administrative Employees to Teachers	1	Not Applicable
Classroom Teacher Salaries	1	Not Applicable
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Not Applicable
School Accountability Report Card	3	Not Applicable
Juvenile Court Schools	8	Not Applicable
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Not Applicable
After School Education and Safety Program:		
General Requirements	4	Not Applicable
After School	5	Not Applicable
Before School	6	Not Applicable
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Charter Schools:		
Contemporaneous Records of Attendance	8	Yes
Mode of Instruction	1	Yes
Non Classroom-Based Instruction/Independent Study	15	No, see below
Determination of Funding for Non Classroom-Based Instruction	3	Not Applicable
Annual Instruction Minutes Classroom-Based	4	Yes
Charter School Facility Grant Program	1	Not Applicable

We did not perform testing for independent study because ADA was below the threshold required for testing and the Charter School did not operate a full time independent study program.

Varrink, Tim, Day & Co., LLP

Rancho Cucamonga, California
November 21, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)**

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

STATE AWARDS

Type of auditor's report issued on compliance for programs:	<u>Unmodified</u>
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**CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)**

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

**CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

**CAMARILLO ACADEMY OF PROGRESSIVE EDUCATION
(A California Non-Profit Public Benefit Corporation)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no audit findings reported in the prior year's schedule of financial statement findings.