

**CAMARILLO ACADEMY OF
PROGRESSIVE EDUCATION**

ANNUAL FINANCIAL REPORT

JUNE 30, 2012

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
Camarillo, California

We have audited the accompanying statement of financial position of Camarillo Academy of Progressive Education (CAPE) (the Charter School) (A California Non-Profit Public Benefit Corporation) as of June 30, 2012, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Charter School's management. 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, 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 Educational Agencies 2011-12*, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Charter School as of June 30, 2012, and the changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Vannink, Tinn, Day & Co., LLP

Rancho Cucamonga, California
November 15, 2012

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

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012

ASSETS

Current Assets

Cash	\$ 1,668,110	
Accounts receivable	937,373	
Prepaid expenses	<u>15,401</u>	
Total Current Assets		\$ 2,620,884

Non-Current Assets

Fixed assets	50,421	
Less: Accumulated depreciation	<u>12,326</u>	
Total Non-Current Assets		<u>38,095</u>

Total Assets		<u>\$ 2,658,979</u>
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LIABILITIES

Current Liabilities

Accounts payable	\$ 331,092	
Deferred revenue	<u>50</u>	
Total Current Liabilities		\$ 331,142

NET ASSETS

Unrestricted

Undesignated	<u>2,327,837</u>	
Total Net Assets		<u>2,327,837</u>
Total Liabilities and Net Assets		<u>\$ 2,658,979</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, 2012

REVENUES

Revenue limit sources	
State apportionment	\$ 1,511,006
In-lieu property taxes	1,346,458
Federal revenue	2,276
State revenue	663,529
Local revenues	43,970
Interest	11,296
Total Revenue	<u>3,578,535</u>

EXPENSES

Program services	
Teacher salaries and benefits	2,068,422
Other instructional salaries and benefits	110,674
Other student services	181,040
Educational programs	37,014
Student supplies	35,299
Depreciation	6,661
Equipment	49,303
Subtotal	<u>2,488,413</u>
Management and general	
Clerical salaries and benefits	312,990
District supervisory fee	30,864
Occupancy	30,328
Insurance	14,928
Operating expenses	264,860
Subtotal	<u>653,970</u>
Total Expenses	<u>3,142,383</u>

INCREASE IN UNRESTRICTED NET ASSETS	436,152
NET ASSETS, BEGINNING OF YEAR	<u>1,891,685</u>
NET ASSETS, END OF YEAR	<u><u>\$ 2,327,837</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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in unrestricted net assets	
Adjustments to reconcile increase in net assets to net cash provided by operating activities	\$ 436,152
Depreciation expense	6,661
Changes in operating assets and liabilities	
Increase in accounts receivable	19,662
Decrease (Increase) in prepaid expenditures	(9,820)
(Decrease) Increase in deferred revenue	50
Increase in accounts payable	219,600
Net Cash Provided by Operating Activities	<u>672,305</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	<u> </u>
Net Cash Used by Investing Activities	<u> </u>

NET INCREASE IN CASH	668,546
CASH, BEGINNING OF YEAR	<u>999,564</u>
CASH, END OF YEAR	<u><u>\$ 1,668,110</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, 2012**

NOTE 1 - ORGANIZATION AND MISSION

The Camarillo Academy of Progressive Education (CAPE) 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

CAPE located at 777 Aileen Street, Camarillo, opened on September 5, 2007, and currently serves 571 students in grades kindergarten through eight. CAPE 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by CAPE 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, 2012. In addition, the CAPE 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 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.

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."

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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. 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 2009 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 CAPE considers all highly liquid investments with an initial maturity of three months or less 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, 2012, 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.

Fixed Assets

It is the CAPE'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. As of June 30, 2012, depreciation expense was \$6,661.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Deferred Revenue

Deferred revenue arises when resources are received by the CAPE prior to the incurrence of qualifying expenditures. In subsequent periods, when the obligation in which the resources were received are met, or when the CAPE has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and revenue is recognized.

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to the CAPE'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, 2012, the CAPE has no designation balance.

NOTE 3 - CASH

Cash at June 30, 2012, consisted of the following:

	<u>Reported Amount</u>	<u>Bank Balance</u>
Deposits		
Cash on hand and in credit union	<u>\$ 1,668,110</u>	<u>\$ 2,190,941</u>

Cash balances held in banks and credit unions are insured up to \$250,000 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, 2012, CAPE had \$1,690,941 in excess of insured limits.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2012, consisted of the following:

Revenue limit sources	
General purpose block grant	\$ 548,440
In-lieu property taxes	107,350
Categorical block grant	<u>84,017</u>
Total Revenue Limit Sources	<u>739,807</u>
Federal receivable	2,507
State receivable	144,700
Lottery	39,761
Local receivable	<u>10,598</u>
Total Accounts Receivable	<u><u>\$ 937,373</u></u>

NOTE 5 - PREPAID EXPENSES

Prepaid expenses at June 30, 2012, consist of the following:

Prepaid rent, insurance, and miscellaneous vendors	<u>\$ 15,401</u>
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NOTE 6 - FIXED ASSETS

Fixed assets at June 30, 2012, consisted of the following

Computer equipment	\$ 30,657
Leasehold improvements	<u>19,764</u>
	50,421
Less: accumulated depreciation	<u>(12,326)</u>
Total Fixed Assets	<u><u>\$ 38,095</u></u>

During the year ended June 30, 2012, \$6,661 was charged to depreciation expense.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2012, consisted of the following:

Payroll and benefits	\$ 36,567
Compensated absences	212,680
Vendor payables	50,783
Due to Oxnard Union High School District	30,855
Due to grantor	<u>207</u>
Total Accounts Payable	<u>\$ 331,092</u>

NOTE 8 - DEFERRED REVENUE

Deferred revenue at June 30, 2012, consisted of the following:

Other local	<u>\$ 50</u>
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NOTE 9 - OPERATING LEASE

The Charter School entered into 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 shall begin as of July 1, 2010 through June 30, 2013. The Pro-Rata Share of Facilities Cost for 2011-2012 is equal to \$30,328 and monthly installments of \$2,527 shall be paid on the first of every month. For the fiscal year 2012-2013 the Pro-Rata Share will be as follows:

Year Ending June 30,	Facility Lease Payments
<u>2013</u>	<u>\$ 31,266</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 7919 Folsom Blvd., Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the CAPE 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 2011-2012 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, 2012, was \$115,911, and is equal to 100 percent of the required contributions for the year.

CalPERS

Plan Description

The CAPE 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.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the CAPE 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 2011-2012 was 10.923 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The CAPE's contribution to CalPERS for the fiscal year ending June 30, 2012, was \$28,596, 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 CAPE. These payments consist of State General Fund contributions to CalSTRS in the amount of \$83,590 (4.855 percent of the Charter's 2009-2010 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.

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 has no outstanding claims or litigation.

NOTE 12 - 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 15, 2012, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions other than those noted below 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, 2012**

ORGANIZATION

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

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM</u>
Chris Parker	President	2012-2014
Ada Lee Sullivan	Secretary	2012-2014
Konni Jo Bryant	Member	2011-2013
Richard Busse	Member	2012-2014
Jill McCrory	Member	2011-2014

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, 2012

	<u>Final Report</u>	
	<u>Revised</u>	
	<u>P2</u>	<u>Annual</u>
<u>Grade Level - Total</u>	<u>Report</u>	<u>Report</u>
Kindergarten	57.40	57.55
Grades 1 - 3 *	179.76	179.56
Grades 4 - 6 *	193.13	192.92
Grades 7 - 8 *	123.54	123.18
Total	<u>553.83</u>	<u>553.21</u>
	<u>P2</u>	<u>Annual</u>
<u>Grade Level - Classroom Based</u>	<u>Report</u>	<u>Report</u>
Kindergarten	57.16	57.11
Grades 1 - 3	179.05	178.75
Grades 4 - 6	192.39	192.56
Grades 7 - 8	123.34	122.95
Total - Classroom based	<u>551.94</u>	<u>551.37</u>
	<u>P2</u>	<u>Annual</u>
<u>Grade Level - Non-Classroom Based</u>	<u>Report</u>	<u>Report</u>
Kindergarten	0.24	0.44
Grades 1 - 3	0.71	0.81
Grades 4 - 6	0.74	0.36
Grades 7 - 8	0.20	0.23
Total - Non-Classroom based	<u>1.89</u>	<u>1.84</u>

* Includes short-term independent study.

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, 2012**

Grade Level	1982-83	Reduced 1982-83	1986-87	Reduced 1986-87	2011-12	Number of Days		Status
	Actual Minutes	Actual Minutes	Minutes Requirement	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	*	*	36,000	33,531	35,910	180	N/A	Complied
AM and PM	*	*	36,000	33,531	51,945	180	N/A	Complied
Grades 1 - 3								
Grade 1	*	*	50,400	46,944	51,345	180	N/A	Complied
Grade 2	*	*	50,400	46,944	51,345	180	N/A	Complied
Grade 3	*	*	50,400	46,944	51,345	180	N/A	Complied
Grades 4 - 6								
Grade 4	*	*	54,000	50,297	53,850	180	N/A	Complied
Grade 5	*	*	54,000	50,297	53,850	180	N/A	Complied
Grade 6	*	*	54,000	50,297	54,750	180	N/A	Complied
Grades 7 - 8								
Grade 7	*	*	54,000	50,297	54,750	180	N/A	Complied
Grade 8	*	*	54,000	50,297	54,750	180	N/A	Complied

* The Charter School was not operating in 1982-83.

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, 2012**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2012.

See accompanying note to supplementary information.

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

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2012**

NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES

Local Education Agency Organization Structure

This schedule provides information about the charter 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 CAPE and whether the CAPE 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 CAPE and whether the CAPE complied with the provisions of *Education Code* Sections 46200 through 46206.

Charter schools must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements; whichever is greater, 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 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***

Governing Board
Camarillo Academy of Progressive Education
Camarillo, California

We have audited the financial statements of Camarillo Academy of Progressive Education (CAPE) (the Charter School) (A California Non-Profit Public Benefit Corporation) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Charter School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, the California Department of Finance, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vannink, Tein, Day & Co., LLP

Rancho Cucamonga, California
November 15, 2012



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
 Camarillo Academy of Progressive Education
 Camarillo, California

We have audited Camarillo Academy of Progressive Education (CAPE) (the Charter School) (A California Non-Profit Public Benefit Corporation) compliance with the requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies*, applicable to Charter School's government programs as noted below for the year ended June 30, 2012. Compliance with the requirements referred to above is the responsibility of Charter School's management. Our responsibility is to express an opinion on Charter School's compliance based on our audit.

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 2011-2012* 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 Charter School'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 Charter School's compliance with those requirements.

In our opinion, Charter School 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, 2012.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Charter School'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	6	Not Applicable
County offices of education	3	Not Applicable

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
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
Public Hearing Requirement - Receipt of Funds	1	Not Applicable
Juvenile Court Schools	8	Not Applicable
Exclusion of Pupils - Pertussis Immunization	2	Not Applicable
Class Size Reduction Program (including in charter schools):		
General requirements	7	Yes
Option one classes	3	Not Applicable
Option two classes	4	Not Applicable
Districts or charter schools with only one school serving K-3	4	Yes
After School Education and Safety Program:		
General requirements	4	Not Applicable
After school	5	Not Applicable
Before school	6	Not Applicable
Charter Schools:		
Contemporaneous records of attendance	3	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

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.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, the California Department of Finance, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Varrink, Tim, Day & Co., LLP
Rancho Cucamonga, California
November 15, 2012

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, 2012**

FINANCIAL STATEMENTS

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

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>

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

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012**

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, 2012**

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