

CALIFORNIA MONTESSORI PROJECT

**Independent Auditor's Report
and Financial Statements
For the Year Ended
June 30, 2017**

**CALIFORNIA MONTESSORI PROJECT – SAN JUAN
CALIFORNIA MONTESSORI PROJECT – CAPITOL
CALIFORNIA MONTESSORI PROJECT – ELK GROVE
CALIFORNIA MONTESSORI PROJECT – SHINGLE SPRINGS**



CALIFORNIA MONTESSORI PROJECT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Montessori Project
Carmichael, CA

Report on the Financial Statements

We have audited the accompanying financial statements of California Montessori Project (the Schools), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows and functional expenses 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 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 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 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 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 on page one present fairly, in all material respects, the financial position of the Schools as of June 30, 2017, 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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Schools' financial statements as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2017 on our consideration of the Schools' 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 solely 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 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 Schools' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP
Glendora, CA
December 11, 2017

CALIFORNIA MONTESSORI PROJECT
STATEMENT OF FINANCIAL POSITION
June 30, 2017

Assets

Current assets

Cash on hand and in banks	\$ 4,973,393
Accounts receivable:	
Federal and state governments	2,253,754
Deposits and prepaid assets	<u>136,685</u>
Total current assets	7,363,832

Non-current assets

Property, plant and equipment, net	<u>21,341,595</u>
Total assets	\$ <u>28,705,427</u>

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 704,227
Compensated absences	124,923
Amounts held for others	430,486
Notes payable, current portion	<u>279,491</u>
Total current liabilities	<u>1,539,127</u>

Non-current liabilities

Notes payable, net of current portion	<u>9,255,518</u>
Total non-current liabilities	<u>9,255,518</u>

Net assets

Unrestricted - capital assets, net of related debt	11,806,586
Unrestricted	5,335,695
Temporarily restricted	<u>768,501</u>
Total net assets	<u>17,910,782</u>
Total liabilities and net assets	\$ <u>28,705,427</u>

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

CALIFORNIA MONTESSORI PROJECT

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues			
Revenue from state sources:			
State aid	\$ 13,464,926	\$ -	\$ 13,464,926
Other state revenue	<u>1,885,862</u>	<u>-</u>	<u>1,885,862</u>
Total revenue from state sources	15,350,788	-	15,350,788
Revenue from federal sources	439,330	-	439,330
Revenue from local sources:			
In-lieu property tax	4,939,657	-	4,939,657
Interest	12,570	-	12,570
Other local revenue	<u>2,303,424</u>	<u>161,973</u>	<u>2,465,397</u>
Total revenue from local sources	<u>7,255,651</u>	<u>161,973</u>	<u>7,417,624</u>
Total revenues	23,045,769	161,973	23,207,742
Expenses			
Program services:			
Instruction	14,112,193	-	14,112,193
Instruction-related services	3,819,956	-	3,819,956
Pupil services	569,090	-	569,090
Support services:			
General administration	1,865,500	-	1,865,500
Plant services	2,179,556	-	2,179,556
Interest	191,207	-	191,207
Depreciation	<u>834,154</u>	<u>-</u>	<u>834,154</u>
Total expenses	<u>23,571,656</u>	<u>-</u>	<u>23,571,656</u>
Change in net assets	(421,707)	57,793	(363,914)
Net assets - beginning of year	<u>17,563,988</u>	<u>710,708</u>	<u>18,274,696</u>
Net assets - end of year	<u>\$ 17,142,281</u>	<u>\$ 768,501</u>	<u>\$ 17,910,782</u>

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

CALIFORNIA MONTESSORI PROJECT

STATEMENT OF CASH FLOWS For the Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (363,914)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	834,154
(Increase) decrease in operating assets:	
Accounts receivable - Federal and state governments	425,410
Deposits and prepaid expenses	245,436
Increase (decrease) in operating liabilities:	
Accounts payable	(223,986)
Amounts held for others	67,481
Net cash flows from operating activities	<u>984,581</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property, plant and equipment	<u>(1,570,729)</u>
Net cash flows from investing activities	<u>(1,570,729)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayment of notes payable	<u>(274,192)</u>
Net cash flows from financing activities	<u>(274,192)</u>

Net change in cash and cash equivalents	(860,340)
Cash and cash equivalents at the beginning of the year	<u>5,833,733</u>
Cash and cash equivalents at the end of the year	<u>\$ 4,973,393</u>

SUPPLEMENTAL INFORMATION:

Interest paid during the fiscal year	<u>\$ 191,207</u>
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The accompanying notes are an integral part of these financial statements.

CALIFORNIA MONTESSORI PROJECT

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2017

	Program Services			Management and General				Total	
	Instruction- related		Pupil services	General			Interest		Depreciation
	Instruction	services		administration	Plant services	-			
Salaries and wages	\$ 9,456,660	\$ 2,779,000	\$ 471,322	\$ 955,725	\$ 97,408	-	-	\$ 13,760,115	
Pension expense	793,862	124,292	22,909	23,149	2,313	-	-	966,525	
Other employee benefits	838,757	274,483	27,382	95,280	5,496	-	-	1,241,398	
Payroll taxes	295,813	132,358	22,505	60,757	7,495	-	-	518,928	
Management fees	-	-	-	-	-	-	-	-	
Legal expenses	-	-	-	-	-	-	-	-	
Accounting expenses	-	-	-	-	-	-	-	-	
Other fees for services	995,315	82,692	11,015	473,143	2,220	-	-	1,564,385	
Advertising and promotion expenses	1,640	-	-	-	-	-	-	1,640	
Office expenses	-	254,253	-	52,852	-	-	-	307,105	
Printing and postage expenses	-	-	-	-	-	-	-	-	
Information technology expenses	-	-	-	-	-	-	-	-	
Occupancy expenses	-	52,245	13,486	10,054	1,971,496	-	-	2,047,281	
Travel expenses	211,769	40,123	-	43,884	-	-	-	295,776	
Conference and meeting expenses	93,586	2,377	-	1,981	-	-	-	97,944	
Interest expense	-	-	-	-	-	191,207	-	191,207	
Depreciation expense	-	-	-	-	-	-	834,154	834,154	
Insurance expense	-	-	-	101,839	-	-	-	101,839	
Instructional materials	1,333,546	35,686	471	37,961	5,245	-	-	1,412,909	
Other expenses	91,245	42,447	-	8,875	87,883	-	-	230,450	
	<u>\$14,112,193</u>	<u>\$ 3,819,956</u>	<u>\$ 569,090</u>	<u>\$ 1,865,500</u>	<u>\$ 2,179,556</u>	<u>\$ 191,207</u>	<u>\$ 834,154</u>	<u>\$ 23,571,656</u>	

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

CALIFORNIA MONTESSORI PROJECT

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – The California Montessori Project Inc., A California Charter School, (the Schools) was formed to provide a Montessori based educational program to every child in the State of California. The Schools were originally granted one charter in 2000 by the Wheatland School District with six (6) campuses within boundaries of four (4) school districts (the Districts).

American River Campus	San Juan Unified School District
Carmichael Campus	San Juan Unified School District
Orangevale Campus	San Juan Unified School District
Capitol Campus	Sacramento Unified School District
Elk Grove Campus	Elk Grove Unified School District
Shingle Springs Campus	Buckeye Unified School District

During the year 2006-2007, separate charter petitions were approved for the establishment of the California Montessori Project campuses as four separate charters (the Schools) of the Districts in accordance with Education Code Section 47605. The American River Campus, Orangevale, and Carmichael Campus are under one charter agreement, and they operate at three separate school sites within the geographical boundaries of San Juan Unified School District. The other three charter school campuses each operate at a single site within the boundaries of their sponsoring District. The American River Campus site is currently located in Fair Oaks, the Orangevale site is currently located in Orangevale and the Carmichael Campus site is currently located in Carmichael. The central administration offices are located at the Carmichael Campus site.

The Schools are funded principally through the California Department of Education and the Districts. The Schools are governed by a Governing Board consisting of teachers, parents, District Superintendents or designees, Montessori community members, business community members, charter community members, and public members from the community at large.

The Districts have granted the charters through June 30, 2019 for Shingle Springs and through June 30, 2021 for the other campuses, subject to amendment and renewal. The charters may be revoked by the Districts only for material violations of the charters, failure to meet student outcomes identified in the charters, failure to meet generally accepted standards of fiscal management, or violation of any provisions of the law.

Each School also has a memorandum of understanding with the sponsoring District whereby the Schools pay the District 1% of the Schools' per pupil Local Control Funding Formula revenues to provide administrative oversight.

Cash and Cash Equivalents – The Schools' cash and cash equivalents include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

CALIFORNIA MONTESSORI PROJECT

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting – The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Functional Allocation of Expenses – Costs of providing the Schools’ programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Basis of Presentation – The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Financial Accounting Standards Board.

Net Asset Classes – The Schools report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Net assets of the Schools are defined as:

- Unrestricted: All resources over which the governing board has discretionary control to use in carrying on the general operations of the Schools.
- Temporarily restricted: These net assets are restricted by donors to be used for specific purposes. The Schools temporarily restricted net assets as of June 30, 2017 are comprised of the following:

California Clean Energy Jobs Act	\$ 464,526
Other grants	6,600
Prop 55 Facilities Funding	<u>297,375</u>
Total temporarily restricted net assets	<u>\$ 768,501</u>

- Permanently restricted: These net assets are permanently restricted by donors and cannot be used by the Schools. The Schools do not currently have any permanently restricted net assets.

Receivables – Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2017. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

CALIFORNIA MONTESSORI PROJECT

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, Plant and Equipment – Property, plant and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation is provided on a straight-line basis over the estimated useful life of the asset.

Contributed Assets and Services – Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair values in the period received.

Property Taxes – Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agencies of the Schools are required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

Compensated Absences – Accumulated unpaid employee vacation benefits are recognized as a liability of the Schools. The compensated absences liability is reported on the statement of financial position. Employees of the Schools are paid for days or hours worked based upon Board approved schedules which include vacation. Sick leave is accumulated without limit for each employee at the equivalent rate of one day for each full month of service. Sick leave with pay is provided when employees are absent for health reasons.

Revenue Recognition – Amounts received from the California Department of Education are recognized as revenue by the Schools based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as temporarily restricted. Restricted contributions that are received and released in the same period are reported as unrestricted revenue. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair market value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

CALIFORNIA MONTESSORI PROJECT

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes – California Montessori Project is a non-profit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Schools file informational returns in the U.S. federal jurisdiction, and the state of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Evaluation of Subsequent Events – The Schools have evaluated subsequent events through December 11, 2017 the date these financial statements were available to be issued.

NOTE 2: CONCENTRATION OF CREDIT RISK

The Schools maintain bank accounts with numerous institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, cash in these accounts may exceed the insured amounts. The Schools have not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash in banks.

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in the accompanying financial statements is presented net of accumulated depreciation. The Schools capitalize all expenditures for land, buildings and equipment in excess of \$10,000. Depreciation expense was \$834,154 for the year ended June 30, 2017.

A summary of changes in property, plant and equipment as of June 30, 2017 are as follows:

	June 30, 2016	Additions	Retirements	June 30, 2017
Land	\$ 1,296,658	\$ -	\$ -	\$ 1,296,658
Building	10,873,374	10,198,890	-	21,072,264
Leasehold improvements	145,798	10,500	-	156,298
Construction in progress	9,547,915	-	(9,547,915)	-
Equipment	177,728	961,586	-	1,139,314
Less accumulated depreciation	(1,436,453)	(886,486)	-	(2,322,939)
Property, plant and equipment, net	<u>\$ 20,605,020</u>	<u>\$ 10,284,490</u>	<u>\$ (9,547,915)</u>	<u>\$ 21,341,595</u>

CALIFORNIA MONTESSORI PROJECT

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

NOTE 4: NOTES PAYABLE

The Elk Grove Campus and the Shingle Springs Campus have each entered into agreements under the Charter School Facilities Program of the California School Finance Authority. Under these agreements, each school was awarded funding for facilities of which 50% was in the form of a 30 year loan. Each loan carries an interest rate of 3% and requires principal and interest payments to commence one year after the completion of the project. The Elk Grove Campus project was completed in fiscal year 2013-2014. The Shingle Springs project was completed in fiscal year 2016-2017. No interest accrues prior to the completion of the project. The total amount of the awards for the Elk Grove Campus and the Shingle Springs Campus was \$9,299,178 and \$10,544,098, respectively. As of June 30, 2017, the loan balance was \$4,412,122 for the Elk Grove Campus and \$5,122,887 for the Shingle Springs Campus.

Future maturities under notes payable are as follows:

Year Ended June 30	
2018	\$ 279,491
2019	285,100
2020	290,825
2121	296,666
2022	302,625
Thereafter	8,080,302
Total	<u>\$ 9,535,009</u>

NOTE 5: EMPLOYEE RETIREMENT

Multi-employer Defined Benefit Pension Plan

Qualified employees are covered under multi-employer defined benefit pension plans maintained by agencies of the State of California.

The risks of participating in these multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature, and (c) if the Schools choose to stop participating in the multi-employer plan, they may be required to pay a withdrawal liability to the plan. The Schools have no plans to withdraw from this multi-employer plan.

CALIFORNIA MONTESSORI PROJECT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 5: EMPLOYEE RETIREMENT

State Teachers' Retirement System (STRS)

Plan Description

The Schools contribute to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2016, total STRS plan net assets are \$181 billion, the total actuarial present value of accumulated plan benefits is \$333 billion, contributions from all employers totaled \$3.4 billion, and the plan is 63.7% funded. The Schools did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.20% of their salary and those hired after are required to contribute 9.205% of their salary. The Schools are required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020–21. The required employer contribution rate for year ended June 30, 2017 was 12.58% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

The Schools' contributions to STRS for the past three years are as follows:

Year Ended June 30,	Required Contribution	Percent Contributed
2015	\$ 550,113	100%
2016	\$ 788,953	100%
2017	\$ 966,525	100%

CALIFORNIA MONTESSORI PROJECT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 6: OPERATING LEASES

The Schools have various operating leases for facilities and equipment, some with lease terms in excess of one year. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the Schools will cancel any of the agreements prior to the expiration date. Current lease expense for the year under these agreements was \$1,268,266. Future minimum lease payments are as follows:

Year Ended <u>June 30,</u>	
2018	\$ 1,479,382
2019	397,852
2020	397,852
2021	<u>397,852</u>
Total	<u>\$ 2,672,938</u>

NOTE 7: CONTINGENCIES

The Schools have 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 required reimbursement would not be material.

SUPPLEMENTARY INFORMATION

Tentative Report -
For Discussion Purposes Only
Subject to Revision

CALIFORNIA MONTESSORI PROJECT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE For the Year Ended June 30, 2017

The California Montessori Project is a charter management organization located in the Sacramento and El Dorado Counties and is sponsored by various Districts. During the current fiscal year, the Schools maintained six school sites covering kindergarten through eighth grade. The Schools were originally granted a charter in 2000 by the Wheatland School District with six (6) campuses within boundaries of four (4) school districts (the Districts).

American River Campus	San Juan Unified School District
Carmichael Campus	San Juan Unified School District
Orangevale Campus	San Juan Unified School District
Capitol Campus	Sacramento Unified School District
Elk Grove Campus	Elk Grove Unified School District
Shingle Springs Campus	Buckeye Unified School District

During the year 2006-2007, the charter petitions were approved for the establishment of the California Montessori Project campuses as four separate charters (the Schools) of the Districts in accordance with Education Code Section 47605. The American River Campus, Orangevale, and Carmichael Campus are under one charter agreement, and they operate at three separate school sites within the geographical boundaries of San Juan Unified School District. The American River Campus site is currently located in Fair Oaks, the Orangevale site is currently located in Orangevale, and the Carmichael Campus site is currently located in Carmichael. The other three charter school campuses each operate at a single site within the boundaries of their sponsoring District. The central administration offices are located at the Carmichael Campus site.

The charter number for each campus is as follows:

American River Campus	Charter number: 776
Carmichael Campus	Charter number: 776
Orangevale Campus	Charter number: 776
Capitol Campus	Charter number: 775
Elk Grove Campus	Charter number: 777
Shingle Springs Campus	Charter number: 774

The Districts have granted the charters through June 20, 2019 for Shingle Springs and through June 30, 2021 for all the other campuses, subject to amendment and renewal. The charters may be revoked by the Districts only for material violations of the charters, failure to meet student outcomes identified in the charters, failure to meet generally accepted standards of fiscal management, or violation of any provisions of the law.

The Schools are governed by a Governing Board consisting of teachers, parents, District Superintendents or designees, Montessori community members, business community members, charter community members, and public members from the community at large.

CALIFORNIA MONTESSORI PROJECT

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (continued)
For the Year Ended June 30, 2017**

The Board of Directors and the Administrator as of June 30, 2017 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>3 year -Term Expires</u>
Rob Henderson	Business Representative (Chairperson)	June 2018
Andrea Ridge	Parent Representative – San Juan (Vice Chair)	June 2018
Dave Nelson	Business Representative	June 2020
Jenny Savakus	Community Representative (CFO)	June 2018
Sara Meece	Teacher Representative	June 2018
Wes Pepper	Charter Representative	June 2018
Scott Porter	Parent Representative – Elk Grove	June 2020
Rick Parks	Parent Representative – Capitol	June 2017
Katie Farrell	Parent Representative – Shingle Springs	June 2017
Tamika L'Ecluse	Montessori Representative	June 2018
Carrie Klagenberg	Governing Board Secretary	TBD

ADMINISTRATOR

Gary Bowman Executive Director

Tentative Report
For Discussion
Subject to Revision

CALIFORNIA MONTESSORI PROJECT

**SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2017**

Grade Level	Minutes Requirement	Instructional Minutes	Traditional	Status
			Calendar Days	
San Juan				
Kindergarten	36,000	52,350	180	In Compliance
Grade 1	50,400	56,430	180	In Compliance
Grade 2	50,400	56,430	180	In Compliance
Grade 3	50,400	56,430	180	In Compliance
Grade 4	54,000	57,090	180	In Compliance
Grade 5	54,000	57,090	180	In Compliance
Grade 6	54,000	57,090	180	In Compliance
Grade 7	54,000	61,470	180	In Compliance
Grade 8	54,000	61,470	180	In Compliance
Capitol				
Kindergarten	36,000	51,690	180	In Compliance
Grade 1	50,400	56,430	180	In Compliance
Grade 2	50,400	56,430	180	In Compliance
Grade 3	50,400	56,430	180	In Compliance
Grade 4	54,000	56,430	180	In Compliance
Grade 5	54,000	56,430	180	In Compliance
Grade 6	54,000	56,430	180	In Compliance
Grade 7	54,000	61,170	180	In Compliance
Grade 8	54,000	61,170	180	In Compliance
Elk Grove				
Kindergarten	36,000	52,020	180	In Compliance
Grade 1	50,400	56,760	180	In Compliance
Grade 2	50,400	56,760	180	In Compliance
Grade 3	50,400	56,760	180	In Compliance
Grade 4	54,000	56,760	180	In Compliance
Grade 5	54,000	56,760	180	In Compliance
Grade 6	54,000	56,760	180	In Compliance
Grade 7	54,000	59,130	180	In Compliance
Grade 8	54,000	59,130	180	In Compliance
Shingle Springs				
Kindergarten	36,000	49,650	180	In Compliance
Grade 1	50,400	56,760	180	In Compliance
Grade 2	50,400	56,760	180	In Compliance
Grade 3	50,400	56,760	180	In Compliance
Grade 4	54,000	56,760	180	In Compliance
Grade 5	54,000	56,760	180	In Compliance
Grade 6	54,000	56,760	180	In Compliance
Grade 7	54,000	57,090	180	In Compliance
Grade 8	54,000	57,090	180	In Compliance

See independent auditor's report and the notes to the supplementary information.

CALIFORNIA MONTESSORI PROJECT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2017**

Charter	Grades	Second Period Report		Annual Report	
		Classroom Based	Total	Classroom Based	Total
San Juan	Grades TK/K-3	714.23	714.23	710.92	710.92
	Grades 4-6	383.66	383.66	381.92	381.92
	Grades 7-8	138.88	138.88	139.45	139.45
	Totals	<u>1,236.77</u>	<u>1,236.77</u>	<u>1,232.29</u>	<u>1,232.29</u>
Capitol	Grades TK/K-3	163.32	163.32	163.50	163.50
	Grades 4-6	103.04	103.04	102.66	102.66
	Grades 7-8	43.44	43.44	43.32	43.32
	Totals	<u>309.80</u>	<u>309.80</u>	<u>309.48</u>	<u>309.48</u>
Elk Grove	Grades TK/K-3	276.14	276.14	274.01	274.01
	Grades 4-6	123.97	123.97	122.34	122.34
	Grades 7-8	34.46	34.46	34.48	34.48
	Totals	<u>434.57</u>	<u>434.57</u>	<u>430.83</u>	<u>430.83</u>
Shingle Springs	Grades TK/K-3	214.42	214.42	214.12	214.12
	Grades 4-6	142.03	142.03	142.01	142.01
	Grades 7-8	80.48	80.48	80.42	80.42
	Totals	<u>436.93</u>	<u>436.93</u>	<u>436.55</u>	<u>436.55</u>
Grand Total		<u>2,418.07</u>	<u>2,418.07</u>	<u>2,409.15</u>	<u>2,409.15</u>

See independent auditor's report and the notes to the supplementary information.

CALIFORNIA MONTESSORI PROJECT

**RECONCILIATION OF ANNUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

	<u>San Juan</u>	<u>Capitol</u>	<u>Elk Grove</u>	<u>Shingle Springs</u>
June 30, 2017 annual financial report net assets	\$ 3,300,827	\$ 1,307,018	\$ 6,708,235	\$ 7,209,737
Adjustments and reclassifications:				
Increasing (decreasing) net assets:				
Cash on hand and in banks	(216,703)	66,210	446,082	31,632
Accounts receivable - Federal and state governments	-	-	(4,152)	-
Intracompany accounts receivable	477,619	-	-	477,619
Deposits and prepaid assets	-	(46,866)	-	-
Property, plant and equipment, net	35,413	(9,968)	(333,101)	(168,501)
Accounts payable	(256,758)	(35,545)	(41,495)	(79,446)
Intracompany payable	-	-	-	-
Compensated absences	-	-	(12,632)	-
Amounts held for others	(28,155)	29,380	(106,520)	(121,508)
Notes payable	-	-	23,147	62,201
Total adjustments and reclassifications:	<u>11,416</u>	<u>3,211</u>	<u>(28,671)</u>	<u>201,997</u>
June 30, 2017 audited financial statement net assets	<u>\$ 3,312,243</u>	<u>\$ 1,310,229</u>	<u>\$ 6,679,564</u>	<u>\$ 7,411,734</u>

See independent auditor's report and the notes to the supplementary information.

CALIFORNIA MONTESSORI PROJECT

**COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2017**

	<u>San Juan</u>	<u>Capitol</u>	<u>Elk Grove</u>	<u>Shingle Springs</u>	<u>Central Admin</u>	<u>Eliminations</u>	<u>Total</u>
<u>Assets</u>							
Current assets							
Cash on hand and in banks	\$ 1,329,736	\$ 904,498	\$ 1,199,234	\$ 1,539,925	\$ -	\$ -	\$ 4,973,393
Accounts receivable:							
Federal and state governments	1,232,296	409,608	379,006	232,844	-	-	2,253,754
Intracompany receivable	477,619	-	-	477,619	-	(955,238)	-
Deposits and prepaid assets	54,598	-	19,315	2,997	59,775	-	136,685
Total current assets	<u>3,094,249</u>	<u>1,314,106</u>	<u>1,597,555</u>	<u>2,253,385</u>	<u>59,775</u>	<u>(955,238)</u>	<u>7,363,832</u>
Non-current assets							
Property, plant and equipment, net	751,444	134,391	9,725,287	10,616,657	113,816	-	21,341,595
Total assets	<u>\$ 3,845,693</u>	<u>\$ 1,448,497</u>	<u>\$ 11,322,842</u>	<u>\$ 12,870,042</u>	<u>\$ 173,591</u>	<u>\$ (955,238)</u>	<u>\$ 28,705,427</u>
<u>Liabilities and Net Assets</u>							
Current liabilities							
Accounts payable	\$ 320,395	\$ 90,588	\$ 112,004	\$ 159,899	\$ 21,341	\$ -	\$ 704,227
Intracompany payable	-	-	-	-	955,238	(955,238)	-
Compensated absences	37,800	20,477	12,632	54,014	-	-	124,923
Amounts held for others	175,255	27,203	106,520	121,508	-	-	430,486
Notes payable, current portion	-	-	127,342	152,149	-	-	279,491
Capital lease obligations, current portion	-	-	-	-	-	-	-
Total current liabilities	<u>533,450</u>	<u>138,268</u>	<u>358,498</u>	<u>487,570</u>	<u>976,579</u>	<u>(955,238)</u>	<u>1,539,127</u>
Non-current liabilities							
Notes payable, net of current portion	-	-	4,284,780	4,970,738	-	-	9,255,518
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>4,284,780</u>	<u>4,970,738</u>	<u>-</u>	<u>-</u>	<u>9,255,518</u>
Net assets							
Unrestricted - capital assets, net of related debt	751,444	134,391	5,313,165	5,493,770	113,816	-	11,806,586
Unrestricted	2,244,936	1,124,231	1,315,292	1,568,040	(916,804)	-	5,335,695
Temporarily restricted	315,863	51,607	51,107	349,924	-	-	768,501
Total net assets	<u>3,312,243</u>	<u>1,310,229</u>	<u>6,679,564</u>	<u>7,411,734</u>	<u>(802,988)</u>	<u>-</u>	<u>17,910,782</u>
Total liabilities and net assets	<u>\$ 3,845,693</u>	<u>\$ 1,448,497</u>	<u>\$ 11,322,842</u>	<u>\$ 12,870,042</u>	<u>\$ 173,591</u>	<u>\$ (955,238)</u>	<u>\$ 28,705,427</u>

See independent auditor's report and the notes to the supplementary information.

CALIFORNIA MONTESSORI PROJECT

**COMBINING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

	<u>San Juan</u>	<u>Capitol</u>	<u>Elk Grove</u>	<u>Shingle Springs</u>	<u>Central Admin</u>	<u>Eliminations</u>	<u>Total</u>
UNRESTRICTED NET ASSETS							
Revenues							
Revenue from state sources:							
State aid	\$ 7,027,744	\$ 1,793,190	\$ 2,533,390	\$ 2,110,602	\$ -	\$ -	\$ 13,464,926
Other state revenue	<u>956,135</u>	<u>245,695</u>	<u>343,146</u>	<u>340,886</u>	<u>-</u>	<u>-</u>	<u>1,885,862</u>
Total revenue from state sources	7,983,879	2,038,885	2,876,536	2,451,488	-	-	15,350,788
Revenue from federal sources	224,704	56,286	78,956	79,384	-	-	439,330
Revenue from local sources:							
In-lieu property tax	2,474,646	568,957	723,155	1,172,899	-	-	4,939,657
Interest	-	-	-	-	12,570	-	12,570
Other local revenue	<u>912,414</u>	<u>297,540</u>	<u>356,506</u>	<u>695,584</u>	<u>1,212,554</u>	<u>(1,171,174)</u>	<u>2,303,424</u>
Total revenue from local sources	<u>3,387,060</u>	<u>866,497</u>	<u>1,079,661</u>	<u>1,868,483</u>	<u>1,225,124</u>	<u>(1,171,174)</u>	<u>7,255,651</u>
Total unrestricted revenues	11,595,643	2,961,668	4,035,153	4,399,355	1,225,124	(1,171,174)	23,045,769
Net assets released from restriction	<u>57,630</u>	<u>4,472</u>	<u>26,413</u>	<u>15,665</u>	<u>-</u>	<u>-</u>	<u>104,180</u>
Total unrestricted revenues and net assets released from restriction	<u>11,653,273</u>	<u>2,966,140</u>	<u>4,061,566</u>	<u>4,415,020</u>	<u>1,225,124</u>	<u>(1,171,174)</u>	<u>23,149,949</u>
Expenses							
Program services:							
Instruction	7,129,612	1,911,936	2,510,369	2,537,488	22,788	-	14,112,193
Instruction-related services	1,433,881	499,306	674,003	661,457	551,309	-	3,819,956
Pupil services	273,232	23,724	58,383	106,208	107,543	-	569,090
Support services:							
General administration	1,235,819	256,522	142,505	83,418	1,318,410	(1,171,174)	1,865,500
Plant services	1,306,407	239,155	239,304	247,430	147,260	-	2,179,556
Interest	-	-	86,761	104,446	-	-	191,207
Depreciation	<u>85,661</u>	<u>15,858</u>	<u>339,562</u>	<u>387,747</u>	<u>5,326</u>	<u>-</u>	<u>834,154</u>
Total expenditures	<u>11,464,612</u>	<u>2,946,501</u>	<u>4,050,887</u>	<u>4,128,194</u>	<u>2,152,636</u>	<u>(1,171,174)</u>	<u>23,571,656</u>
Change in unrestricted net assets	<u>188,661</u>	<u>19,639</u>	<u>10,679</u>	<u>286,826</u>	<u>(927,512)</u>	<u>-</u>	<u>(421,707)</u>
TEMPORARILY RESTRICTED NET ASSETS							
Revenues							
Other state revenue	<u>161,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,973</u>
Total temporarily restricted revenues	161,973	-	-	-	-	-	161,973
Net assets released from restriction	<u>(57,630)</u>	<u>(4,472)</u>	<u>(26,413)</u>	<u>(15,665)</u>	<u>-</u>	<u>-</u>	<u>(104,180)</u>
Change in temporarily restricted net assets	<u>104,343</u>	<u>(4,472)</u>	<u>(26,413)</u>	<u>(15,665)</u>	<u>-</u>	<u>-</u>	<u>57,793</u>
Total change in net assets	293,004	15,167	(15,734)	271,161	(927,512)	-	(363,914)
Net assets - beginning of year	<u>3,019,239</u>	<u>1,295,062</u>	<u>6,695,298</u>	<u>7,140,573</u>	<u>124,524</u>	<u>-</u>	<u>18,274,696</u>
Net assets - end of year	<u>\$ 3,312,243</u>	<u>\$ 1,310,229</u>	<u>\$ 6,679,564</u>	<u>\$ 7,411,734</u>	<u>\$ (802,988)</u>	<u>\$ -</u>	<u>\$ 17,910,782</u>

See independent auditor's report and the notes to the supplementary information.

CALIFORNIA MONTESSORI PROJECT

**COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2017**

	<u>San Juan</u>	<u>Capitol</u>	<u>Elk Grove</u>	<u>Shingle Springs</u>	<u>Central Admin</u>	<u>Eliminations</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:							
Change in net assets	\$ 293,004	\$ 15,167	\$ (15,734)	\$ 271,161	#####	\$ -	\$ (363,914)
Adjustments to reconcile change in net assets to net cash flows from operating activities:							
Depreciation	85,661	15,858	339,562	387,747	5,326	-	834,154
(Increase) decrease in operating assets:							
Accounts receivable - Federal and state governments	(55,743)	40,670	228,796	211,687	-	-	425,410
Accounts receivable - Intracompany	(477,619)	-	-	(477,619)	-	955,238	-
Deposits and prepaid expenses	182,181	20,022	28,596	41,932	(27,295)	-	245,436
Increase (decrease) in operating liabilities:							
Accounts payable	119,979	(7,095)	(153,646)	(174,829)	(8,395)	-	(223,986)
Intracompany payable	-	-	-	-	955,238	(955,238)	-
Net cash flows from operating activities	<u>213,417</u>	<u>75,720</u>	<u>473,844</u>	<u>224,238</u>	<u>(2,638)</u>	<u>-</u>	<u>984,581</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Purchases of property, plant and equipment	<u>(457,120)</u>	<u>(150,249)</u>	<u>(690,303)</u>	<u>(153,915)</u>	<u>(119,142)</u>	<u>-</u>	<u>(1,570,729)</u>
Net cash flows from investing activities	<u>(457,120)</u>	<u>(150,249)</u>	<u>(690,303)</u>	<u>(153,915)</u>	<u>(119,142)</u>	<u>-</u>	<u>(1,570,729)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:							
Repayment of notes payable	<u>-</u>	<u>-</u>	<u>(125,030)</u>	<u>(149,162)</u>	<u>-</u>	<u>-</u>	<u>(274,192)</u>
Net cash flows from financing activities	<u>-</u>	<u>-</u>	<u>(125,030)</u>	<u>(149,162)</u>	<u>-</u>	<u>-</u>	<u>(274,192)</u>
Net increase (decrease) in cash and cash equivalents	(243,703)	(74,529)	(341,489)	(78,839)	(121,780)	-	(860,340)
Cash and cash equivalents at the beginning of the year	<u>1,573,439</u>	<u>979,027</u>	<u>1,540,723</u>	<u>1,618,764</u>	<u>121,780</u>	<u>-</u>	<u>5,833,733</u>
Cash and cash equivalents at the end of the year	<u>#####</u>	<u>\$ 904,498</u>	<u>\$ 1,199,234</u>	<u>\$ 1,539,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,973,393</u>
SUPPLEMENTAL INFORMATION:							
Interest paid during the fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,761</u>	<u>\$ 104,446</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,207</u>

See independent auditor's report and the notes to the supplementary information.

CALIFORNIA MONTESSORI PROJECT

NOTES TO THE SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2017

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Schools and whether the Schools complied with the provisions of the California Education Code.

Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the Schools. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.

Combining Financial Statements

These supplementary financial statements present the financial position, activities, and cash flows for each charter school and the central admin of California Montessori Project.



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**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***

Board of Directors
California Montessori Project
Carmichael, CA

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 California Montessori Project (the Schools), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated December 11, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Schools' 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 the Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Schools' 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 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.

**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***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schools' 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 non-compliance 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 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP
Glendora, CA
December 11, 2017



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INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

Board of Directors
California Montessori Project
Carmichael, CA

We have audited California Montessori Project’s (the Schools) compliance with the types of compliance requirements described in the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2017. The Schools’ State compliance requirements are identified in the table below.

Management’s Responsibility

Management is responsible for the compliance with the State laws and regulations as identified below.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Schools’ compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the Schools’ compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of the Schools’ compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the Schools’ compliance with the laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	No ¹
After School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes

INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	Not applicable
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Not applicable

¹ The Schools had no expenditures of California Clean Energy Jobs Act funding during the year ended June 30, 2017.

Opinion on State Compliance

In our opinion, the Schools complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2017.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP
 Glendora, CA
 December 11, 2017

CALIFORNIA MONTESSORI PROJECT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017**

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings and questioned costs related to the basic financial statements or state awards for the year ended June 30, 2017.

CALIFORNIA MONTESSORI PROJECT

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017**

There were no findings and questioned costs related to the basic financial statements or state awards for the prior year.

Tentative Report -
For Discussion Purposes Only
Subject to Revision