

CALIFORNIA MONTESSORI PROJECT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

OPERATING:

California Montessori Project – San Juan
California Montessori Project – Capitol
California Montessori Project – Elk Grove
California Montessori Project – Shingle Springs



**CALIFORNIA MONTESSORI PROJECT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2018**

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CASH FLOWS	5
STATEMENT OF FUNCTIONAL EXPENSES	6
NOTES TO FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE	14
SCHEDULE OF INSTRUCTIONAL TIME	16
SCHEDULE OF AVERAGE DAILY ATTENDANCE	17
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS	18
COMBINING STATEMENT OF FINANCIAL POSITION	19
COMBINING STATEMENT OF ACTIVITIES	20
COMBINING STATEMENT OF CASH FLOWS	21
NOTES TO SUPPLEMENTARY INFORMATION	23
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	24
INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE	26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	28
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	29

INDEPENDENT AUDITORS' REPORT

Board of Directors
California Montessori Project
Carmichael, California

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, 2018, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 1 present fairly, in all material respects, the financial position of the Schools as of June 30, 2018, 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.

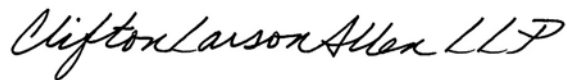
Other Matters

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 as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statement. 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 14, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the Schools' 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, California
December 14, 2018

**CALIFORNIA MONTESSORI PROJECT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018**

Assets

Current assets

Cash on hand and in banks	\$	4,739,889
Accounts receivable:		
Federal and state governments		2,485,583
Deposits and prepaid assets		132,405
Total current assets		7,357,877

Non-current assets

Property, plant and equipment, net		20,492,258
Total assets	\$	27,850,135

Liabilities and Net Assets

Current liabilities

Accounts payable	\$	698,846
Compensated absences		124,923
Notes payable, current portion		298,967
Total current liabilities		1,122,736

Non-current liabilities

Notes payable, net of current portion		8,937,309
Total liabilities		10,060,045

Net assets

Unrestricted - capital assets, net of related debt		11,255,982
Unrestricted		5,453,978
Temporarily restricted		1,080,130
Total net assets		17,790,090
Total liabilities and net assets	\$	27,850,135

See accompanying Notes to Financial statements.

**CALIFORNIA MONTESSORI PROJECT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	Unrestricted	Temporarily Restricted	Total
Revenues			
Revenue from state sources:			
State aid	\$ 15,073,622	\$ -	\$ 15,073,622
Other state revenue	<u>1,001,398</u>	<u>615,604</u>	<u>1,617,002</u>
Total revenue from state sources	16,075,020	615,604	16,690,624
Revenue from federal sources	442,297	-	442,297
Revenue from local sources:			
In-lieu property tax	5,091,727	-	5,091,727
Interest	2,387	-	2,387
Other local revenue	<u>2,645,257</u>	<u>-</u>	<u>2,645,257</u>
Total revenue from local sources	<u>7,739,371</u>	<u>-</u>	<u>7,739,371</u>
Total revenues	24,256,688	615,604	24,872,292
Net assets released from restriction	<u>6,600</u>	<u>(6,600)</u>	<u>-</u>
Total revenues and net assets released from restriction	<u>24,263,288</u>	<u>609,004</u>	<u>24,872,292</u>
Expenses			
Program services	19,181,650	-	19,181,650
Management and general	<u>5,811,334</u>	<u>-</u>	<u>5,811,334</u>
Total expenses	<u>24,992,984</u>	<u>-</u>	<u>24,992,984</u>
Change in net assets	(729,696)	609,004	(120,692)
Net assets - beginning of year	<u>17,439,656</u>	<u>471,126</u>	<u>17,910,782</u>
Net assets - end of year	<u>\$ 16,709,960</u>	<u>\$ 1,080,130</u>	<u>\$ 17,790,090</u>

See accompanying Notes to Financial statements.

**CALIFORNIA MONTESSORI PROJECT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$	(120,692)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Loss on disposal of property, plant, and equipment		111,397
Depreciation		860,777
(Increase) decrease in operating assets:		
Accounts receivable - Federal and state governments		(231,829)
Deposits and prepaid expenses		4,280
Increase (decrease) in operating liabilities:		
Accounts payable		(5,381)
Amounts held for others		<u>(430,486)</u>
Net cash flows from operating activities		<u>188,066</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property, plant and equipment		<u>(122,837)</u>
Net cash flows from investing activities		<u>(122,837)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayment of notes payable		<u>(298,733)</u>
Net cash flows from financing activities		<u>(298,733)</u>

Net change in cash and cash equivalents		(233,504)
Cash and cash equivalents at the beginning of the year		<u>4,973,393</u>
Cash and cash equivalents at the end of the year	\$	<u><u>4,739,889</u></u>

SUPPLEMENTAL INFORMATION:

Interest paid during the fiscal year	\$	<u>166,082</u>
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See accompanying Notes to Financial statements.

**CALIFORNIA MONTESSORI PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018**

	Program Services	Management and General	Total
Salaries and wages	\$ 12,996,834	\$ 1,215,654	\$ 14,212,488
Benefits	2,834,134	6,957	2,841,091
Books and supplies	1,483,068	370,898	1,853,966
Services and other operating expenses	1,867,614	3,190,966	5,058,580
Depreciation expense	-	860,777	860,777
Interest expense	-	166,082	166,082
	<u>\$ 19,181,650</u>	<u>\$ 5,811,334</u>	<u>\$ 24,992,984</u>

See accompanying Notes to Financial statements.

**CALIFORNIA MONTESSORI PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

California Montessori Project (the Schools), a California nonprofit public benefit corporation, 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 FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are comprised entirely of unspent California Clean Energy Jobs Act funding as of June 30, 2018.

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.

**CALIFORNIA MONTESSORI PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2018. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

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, but accrued sick leave is not paid to employees at the end of employment and therefore is not reported as a liability on the financial statements.

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.

**CALIFORNIA MONTESSORI PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Evaluation of Subsequent Events

The Schools have evaluated subsequent events through December 14, 2018, 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 \$860,777 for the year ended June 30, 2018.

**CALIFORNIA MONTESSORI PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

A summary of changes in property, plant, and equipment as of June 30, 2018 is as follows:

	July 01, 2017	Additions	Retirements	June 30, 2018
Land	\$ 1,056,596	\$ -	\$ -	\$ 1,056,596
Building	21,313,226	115,489	-	21,428,715
Leasehold improvements	156,298	-	-	156,298
Equipment	1,089,479	7,348	(111,397)	985,430
Less accumulated depreciation	<u>(2,274,004)</u>	<u>(860,777)</u>	-	<u>(3,134,781)</u>
Property, plant and equipment, net	<u>\$ 21,341,595</u>	<u>\$ (737,940)</u>	<u>\$ (111,397)</u>	<u>\$ 20,492,258</u>

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 unsecured 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, 2018, the loan balance was \$4,265,535 for the Elk Grove Campus and \$4,970,741 for the Shingle Springs Campus.

Future maturities under notes payable are as follows:

Year Ended June 30	
2019	\$ 298,967
2020	291,933
2121	297,795
2022	303,775
2023	309,875
Thereafter	<u>7,733,931</u>
Total	<u>\$ 9,236,276</u>

**CALIFORNIA MONTESSORI PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

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, 2017, total STRS plan net assets are \$210 billion, the total actuarial present value of accumulated plan benefits is \$362 billion, contributions from all employers totaled \$4.2 billion, and the plan is 62.6% 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, 2018 was 14.43% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

**CALIFORNIA MONTESSORI PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy (Continued)

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

Year Ended June 30,	Required Contribution	Percent Contributed
2016	\$ 788,953	100%
2017	\$ 963,153	100%
2018	\$ 1,307,692	100%

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 \$1,477,430. Future minimum lease payments are as follows:

Year Ended June 30,	
2019	\$ 1,536,401
2020	1,391,443
2021	1,416,140
2022	1,047,561
2023	<u>1,074,257</u>
Total	<u>\$ 6,465,802</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

**CALIFORNIA MONTESSORI PROJECT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2018**

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:

	<u>Charter Number</u>
American River Campus	776
Carmichael Campus	776
Orangevale Campus	776
Capitol Campus	775
Elk Grove Campus	777
Shingle Springs Campus	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)
YEAR ENDED JUNE 30, 2018**

The Board of Directors and the Administrator as of the year ended June 30, 2018 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires (3 Year Term)</u>
Rob Henderson	Business Representative (Chairperson)	June 2021
Scott Porter	Parent Representative – Elk Grove (VP)	June 2019
Dave Nelson	Business Representative (CFO)	June 2020
Jenny Savakus	Community Representative	June 2021
Melissa Goude	Teacher Representative	June 2021
Maggie Carmona	Parent Representative – San Juan	June 2021
Christopher Clark	Parent Representative – Capitol	June 2020
Jennifer Rezentes	Parent Representative – Shingle Springs	June 2020
Tamika L'Ecluse	Montessori Representative	June 2021
Carrie Klagenberg	Governing Board Secretary	TBD

ADMINISTRATOR

Gary Bowman	Executive Director
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**CALIFORNIA MONTESSORI PROJECT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2018**

	Minutes Requirement	Instructional Minutes	Traditional Calendar Days	Status
San Juan				
Kindergarten	36,000	47,100	180	In Compliance
Grade 1	50,400	57,000	180	In Compliance
Grade 2	50,400	57,000	180	In Compliance
Grade 3	50,400	57,000	180	In Compliance
Grade 4	54,000	57,300	180	In Compliance
Grade 5	54,000	57,300	180	In Compliance
Grade 6	54,000	57,300	180	In Compliance
Grade 7	54,000	61,800	180	In Compliance
Grade 8	54,000	61,800	180	In Compliance
Capitol				
Kindergarten	36,000	51,900	180	In Compliance
Grade 1	50,400	56,700	180	In Compliance
Grade 2	50,400	56,700	180	In Compliance
Grade 3	50,400	56,700	180	In Compliance
Grade 4	54,000	56,700	180	In Compliance
Grade 5	54,000	56,700	180	In Compliance
Grade 6	54,000	56,700	180	In Compliance
Grade 7	54,000	61,200	180	In Compliance
Grade 8	54,000	61,200	180	In Compliance
Elk Grove				
Kindergarten	36,000	47,400	180	In Compliance
Grade 1	50,400	57,000	180	In Compliance
Grade 2	50,400	57,000	180	In Compliance
Grade 3	50,400	57,000	180	In Compliance
Grade 4	54,000	57,000	180	In Compliance
Grade 5	54,000	57,000	180	In Compliance
Grade 6	54,000	57,000	180	In Compliance
Grade 7	54,000	61,800	180	In Compliance
Grade 8	54,000	61,800	180	In Compliance
Shingle Springs				
Kindergarten	36,000	47,400	180	In Compliance
Grade 1	50,400	57,000	180	In Compliance
Grade 2	50,400	59,400	180	In Compliance
Grade 3	50,400	59,400	180	In Compliance
Grade 4	54,000	59,400	180	In Compliance
Grade 5	54,000	59,400	180	In Compliance
Grade 6	54,000	59,400	180	In Compliance
Grade 7	54,000	62,100	180	In Compliance
Grade 8	54,000	62,100	180	In Compliance

See Independent Auditors' Report and accompanying Notes to Supplementary Information.

**CALIFORNIA MONTESSORI PROJECT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2018**

Charter	Grades	Second Period Report		Annual Report	
		Classroom Based	Total	Classroom Based	Total
San Juan	Grades TK/K-3	729.65	729.65	727.72	727.72
	Grades 4-6	375.71	375.71	375.91	375.91
	Grades 7-8	152.67	152.67	152.85	152.85
	Totals	1,258.03	1,258.03	1,256.48	1,256.48
Capitol	Grades TK/K-3	163.95	163.95	164.24	164.24
	Grades 4-6	107.05	107.05	106.69	106.69
	Grades 7-8	43.41	43.41	43.36	43.36
	Totals	314.41	314.41	314.29	314.29
Elk Grove	Grades TK/K-3	273.88	273.88	274.37	274.37
	Grades 4-6	139.50	139.50	140.22	140.22
	Grades 7-8	27.52	27.52	27.84	27.84
	Totals	440.90	440.90	442.43	442.43
Shingle Springs	Grades TK/K-3	210.08	210.08	210.81	210.81
	Grades 4-6	152.55	152.55	152.73	152.73
	Grades 7-8	75.52	75.52	75.69	75.69
	Totals	438.15	438.15	439.23	439.23
Grand Total		2,451.49	2,451.49	2,452.43	2,452.43

See Independent Auditors' Report and accompanying Notes to Supplementary Information.

**CALIFORNIA MONTESSORI PROJECT
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

	<u>San Juan</u>	<u>Capitol</u>	<u>Elk Grove</u>	<u>Shingle Springs</u>
June 30, 2018 annual financial report net assets	\$ 3,417,988	\$ 1,384,521	\$ 6,737,933	\$ 7,608,534
Increasing (decreasing) net assets:				
Cash on hand and in banks	(860,840)	-	-	(1,660,847)
Accounts receivable - Federal and state governments	(16,390)	(3,967)	(6,170)	(6,672)
Intracompany accounts receivable	860,846	-	-	1,660,846
Accounts payable	(34,056)	(20,345)	(192)	(71,573)
Intracompany payable	175,254	27,203	21,608	(30,638)
Notes payable	-	-	<u>146,587</u>	<u>152,146</u>
Total adjustments and reclassifications:	<u>124,814</u>	<u>2,891</u>	<u>161,833</u>	<u>43,262</u>
June 30, 2018 audited financial statement net assets	<u>\$ 3,542,802</u>	<u>\$ 1,387,412</u>	<u>\$ 6,899,766</u>	<u>\$ 7,651,796</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information.

**CALIFORNIA MONTESSORI PROJECT
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018**

	San Juan	Capitol	Elk Grove	Shingle Springs	Central Admin	Eliminations	Total
Assets							
Current assets							
Cash and cash equivalents	\$ 1,239,959	\$ 913,108	\$ 1,365,529	\$ 543,020	\$ 678,273	\$ -	\$ 4,739,889
Accounts receivable:							
Federal and state governments	1,190,410	486,418	560,818	247,937	-	-	2,485,583
Intracompany receivable	860,846	-	-	1,660,846	-	(2,521,692)	-
Deposits and prepaid assets	-	-	17,649	448	114,308	-	132,405
Total current assets	3,291,215	1,399,526	1,943,996	2,452,251	792,581	(2,521,692)	7,357,877
Non-current assets							
Property, plant and equipment, net	611,393	107,977	9,374,216	10,322,189	76,483	-	20,492,258
Total assets	\$ 3,902,608	\$ 1,507,503	\$ 11,318,212	\$ 12,774,440	\$ 869,064	\$ (2,521,692)	\$ 27,850,135
Liabilities and Net Assets							
Current liabilities							
Accounts payable	\$ 322,006	\$ 99,614	\$ 140,279	\$ 97,889	\$ 39,058	\$ -	\$ 698,846
Intracompany payable	-	-	-	-	2,521,692	(2,521,692)	-
Compensated absences	37,800	20,477	12,632	54,014	-	-	124,923
Notes payable, current portion	-	-	143,779	155,188	-	-	298,967
Total current liabilities	359,806	120,091	296,690	307,091	2,560,750	(2,521,692)	1,122,736
Non-current liabilities							
Notes payable, net of current portion	-	-	4,121,756	4,815,553	-	-	8,937,309
Total liabilities	359,806	120,091	4,418,446	5,122,644	2,560,750	(2,521,692)	10,060,045
Net assets							
Unrestricted - capital assets, net of related debt	611,393	107,977	5,108,681	5,351,448	76,483	-	11,255,982
Unrestricted	2,513,903	1,023,769	1,586,623	2,097,852	(1,768,169)	-	5,453,978
Temporarily restricted	417,506	255,666	204,462	202,496	-	-	1,080,130
Total net assets	3,542,802	1,387,412	6,899,766	7,651,796	(1,691,686)	-	17,790,090
Total liabilities and net assets	\$ 3,902,608	\$ 1,507,503	\$ 11,318,212	\$ 12,774,440	\$ 869,064	\$ (2,521,692)	\$ 27,850,135

See Independent Auditors' Report and accompanying Notes to Supplementary Information.

**CALIFORNIA MONTESSORI PROJECT
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	San Juan	Capitol	Elk Grove	Shingle Springs	Central Admin	Eliminations	Total
UNRESTRICTED NET ASSETS							
Revenues							
Revenue from state sources:							
State aid	\$ 7,770,721	\$ 1,968,060	\$ 2,824,297	\$ 2,510,544	\$ -	\$ -	\$ 15,073,622
Other state revenue	<u>462,067</u>	<u>130,244</u>	<u>197,481</u>	<u>211,581</u>	<u>25</u>	<u>-</u>	<u>1,001,398</u>
Total revenue from state sources	8,232,788	2,098,304	3,021,778	2,722,125	25	-	16,075,020
Revenue from federal sources	226,881	56,750	79,581	79,085	-	-	442,297
Revenue from local sources:							
In-lieu property tax	2,641,900	618,828	789,714	1,041,285	-	-	5,091,727
Interest	-	-	-	-	2,387	-	2,387
Other local revenue	<u>1,110,308</u>	<u>351,046</u>	<u>583,982</u>	<u>599,920</u>	<u>1,520,844</u>	<u>(1,520,843)</u>	<u>2,645,257</u>
Total revenue from local sources	<u>3,752,208</u>	<u>969,874</u>	<u>1,373,696</u>	<u>1,641,205</u>	<u>1,523,231</u>	<u>(1,520,843)</u>	<u>7,739,371</u>
Total unrestricted revenues	12,211,877	3,124,928	4,475,055	4,442,415	1,523,256	(1,520,843)	24,256,688
Net assets released from restriction	<u>3,748</u>	<u>522</u>	<u>248</u>	<u>2,082</u>	<u>-</u>	<u>-</u>	<u>6,600</u>
Total unrestricted revenues and net assets released from restriction	<u>12,215,625</u>	<u>3,125,450</u>	<u>4,475,303</u>	<u>4,444,497</u>	<u>1,523,256</u>	<u>(1,520,843)</u>	<u>24,263,288</u>
Expenses							
Program services	9,433,352	2,725,034	3,567,692	3,455,572	-	-	19,181,650
Management and general	<u>2,653,357</u>	<u>527,292</u>	<u>840,764</u>	<u>898,810</u>	<u>2,411,954</u>	<u>(1,520,843)</u>	<u>5,811,334</u>
Total expenditures	<u>12,086,709</u>	<u>3,252,326</u>	<u>4,408,456</u>	<u>4,354,382</u>	<u>2,411,954</u>	<u>(1,520,843)</u>	<u>24,992,984</u>
Change in unrestricted net assets	<u>128,916</u>	<u>(126,876)</u>	<u>66,847</u>	<u>90,115</u>	<u>(888,698)</u>	<u>-</u>	<u>(729,696)</u>
TEMPORARILY RESTRICTED NET ASSETS							
Revenues							
Other state revenue	<u>105,391</u>	<u>204,581</u>	<u>153,603</u>	<u>152,029</u>	<u>-</u>	<u>-</u>	<u>615,604</u>
Total temporarily restricted revenues	105,391	204,581	153,603	152,029	-	-	615,604
Net assets released from restriction	<u>(3,748)</u>	<u>(522)</u>	<u>(248)</u>	<u>(2,082)</u>	<u>-</u>	<u>-</u>	<u>(6,600)</u>
Change in temporarily restricted net assets	<u>101,643</u>	<u>204,059</u>	<u>153,355</u>	<u>149,947</u>	<u>-</u>	<u>-</u>	<u>609,004</u>
Total change in net assets	230,559	77,183	220,202	240,062	(888,698)	-	(120,692)
Net assets - beginning 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>
Net assets - end of year	<u>\$ 3,542,802</u>	<u>\$ 1,387,412</u>	<u>\$ 6,899,766</u>	<u>\$ 7,651,796</u>	<u>\$ (1,691,686)</u>	<u>\$ -</u>	<u>\$ 17,790,090</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information.

**CALIFORNIA MONTESSORI PROJECT
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

	<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	\$ 230,559	\$ 77,183	\$ 220,202	\$ 240,062	\$ (888,698)	\$ -	\$ (120,692)
Adjustments to reconcile change in net assets to net cash flows from operating activities:							
Loss on disposal of property, plant, and equipment	50,799	5,890	6,460	17,202	31,046	-	111,397
Depreciation	89,252	20,524	344,611	392,755	13,635	-	860,777
(Increase) decrease in operating assets:							
Accounts receivable - Federal and state governments	41,886	(76,810)	(181,812)	(15,093)	-	-	(231,829)
Accounts receivable - Intracompany	(383,227)	-	-	(1,183,227)	-	1,566,454	-
Deposits and prepaid expenses	54,598	-	1,666	2,549	(54,533)	-	4,280
Increase (decrease) in operating liabilities:							
Accounts payable	1,611	9,026	28,275	(62,010)	17,717	-	(5,381)
Intracompany payable	-	-	-	-	1,566,454	(1,566,454)	-
Amounts held for others	(175,255)	(27,203)	(106,520)	(121,508)	-	-	(430,486)
Net cash flows from operating activities	<u>(89,777)</u>	<u>8,610</u>	<u>312,882</u>	<u>(729,270)</u>	<u>685,621</u>	<u>-</u>	<u>188,066</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Purchases of property, plant and equipment	-	-	-	(115,489)	(7,348)	-	(122,837)
Net cash flows from investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(115,489)</u>	<u>(7,348)</u>	<u>-</u>	<u>(122,837)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:							
Repayment of notes payable	-	-	(146,587)	(152,146)	-	-	(298,733)
Net cash flows from financing activities	<u>-</u>	<u>-</u>	<u>(146,587)</u>	<u>(152,146)</u>	<u>-</u>	<u>-</u>	<u>(298,733)</u>
Net increase (decrease) in cash and cash equivalents	(89,777)	8,610	166,295	(996,905)	678,273	-	(233,504)
Cash and cash equivalents at the beginning of the year	<u>1,329,736</u>	<u>904,498</u>	<u>1,199,234</u>	<u>1,539,925</u>	<u>-</u>	<u>-</u>	<u>4,973,393</u>
Cash and cash equivalents at the end of the year	<u>\$ 1,239,959</u>	<u>\$ 913,108</u>	<u>\$ 1,365,529</u>	<u>\$ 543,020</u>	<u>\$ 678,273</u>	<u>\$ -</u>	<u>\$ 4,739,889</u>
SUPPLEMENTAL INFORMATION:							
Interest paid during the fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,624</u>	<u>\$ 102,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,082</u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information.

**CALIFORNIA MONTESSORI PROJECT
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

See Independent Auditors' Report and accompanying Notes to Supplementary Information.

**CALIFORNIA MONTESSORI PROJECT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

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 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.

**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***

Board of Directors
California Montessori Project
Carmichael, 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 California Montessori Project (the Schools), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2018, 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 14, 2018.

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.

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 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 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, California
December 14, 2018

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
California Montessori Project
Carmichael, California

We have audited California Montessori Project's (the Schools) compliance with the types of compliance requirements described in the *2017-2018 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, 2018. 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 School's 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 *2017-2018 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	Yes
Before and After School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes

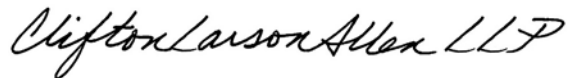
<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study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

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, 2018.

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 *2017-2018 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, California
December 14, 2018

**CALIFORNIA MONTESSORI PROJECT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**CALIFORNIA MONTESSORI PROJECT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

There were no findings in the prior year.