

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
CHARTER SCHOOL NUMBER: 0777**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022**



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ELK GROVE CAMPUS  
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YEAR ENDED JUNE 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
California Montessori Project  
Elk Grove Campus  
Carmichael, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of California Montessori Project – Elk Grove Campus (the School), a California charter school, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2022, 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the School’s 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, except for the portion marked “unaudited,” 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. The Local Education Agency Organization Structure, which is marked “unaudited,” has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2022 on our consideration of the School’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 School’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Glendora, California  
December 13, 2022

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash on Hand and in Banks	\$ 559,227
Accounts Receivable - Federal and State Governments	1,872,867
Deposits and Prepaid Assets	27,189
Total Current Assets	2,459,283

**LONG-TERM ASSETS**

Property, Plant, and Equipment, Net	8,428,883
Total Long-Term Assets	8,428,883

Total Assets	\$ 10,888,166
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable and Accrued Liabilities	\$ 229,049
Deferred Revenue	276,388
Notes Payable, Current Portion	141,894
Total Current Liabilities	647,331

**NONCURRENT LIABILITIES**

Notes Payable, Net of Current Portion	3,570,794
Total Noncurrent Liabilities	3,570,794

**NET ASSETS**

Without Donor Restrictions - Capital Assets, Net of Related Debt	4,716,195
Without Donor Restrictions	1,953,846
Total Net Assets	6,670,041

Total Liabilities and Net Assets	\$ 10,888,166
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See accompanying Notes to Financial Statements.

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES</b>			
Revenue from State Sources:			
State Aid	\$ 3,539,713	\$ -	\$ 3,539,713
Other State Revenue	696,579	-	696,579
Total Revenue from State Sources	<u>4,236,292</u>	<u>-</u>	<u>4,236,292</u>
Revenue from Federal Sources	279,559	-	279,559
Revenue from Local Sources:			
In-Lieu Property Tax	1,128,973	-	1,128,973
Contributions	482,087	-	482,087
Other Local Revenue	30,688	-	30,688
Total Revenue from Local Sources	<u>1,641,748</u>	<u>-</u>	<u>1,641,748</u>
Net Assets Released from Restriction	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Net Assets Released from Restrictions	6,157,599	-	6,157,599
<b>EXPENSES</b>			
Program Services	5,007,140	-	5,007,140
Management and General	799,602	-	799,602
Total Expenses	<u>5,806,742</u>	<u>-</u>	<u>5,806,742</u>
<b>CHANGE IN NET ASSETS</b>	350,857	-	350,857
Net Assets - Beginning of Year	<u>6,319,184</u>	<u>-</u>	<u>6,319,184</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,670,041</u>	<u>\$ -</u>	<u>\$ 6,670,041</u>

See accompanying Notes to Financial Statements.

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 350,857
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	382,638
(Increase) Decrease in Assets:	
Accounts Receivable - Federal and State Governments	(365,102)
Deposits and Prepaid Expenses	(7,394)
Increase (Decrease) in Liabilities:	
Accounts Payable	52,482
Intracompany Payable	(147,924)
Deferred Revenue	276,388
Net Cash Provided by Operating Activities	541,945

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of Notes Payable	(139,088)
Net Cash Used by Financing Activities	(139,088)

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

402,857

Cash and Cash Equivalents - Beginning of Year

156,370

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 559,227

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash Paid for Interest	\$ 77,295
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See accompanying Notes to Financial Statements.



**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022**

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 2,963,981	\$ 163,397	\$ 3,127,378
Pension Expense	315,054	8,503	323,557
Other Employee Benefits	216,037	7,299	223,336
Payroll Taxes	119,373	7,736	127,109
Legal Expenses	15,000	-	15,000
Instructional Materials	70,357	-	70,357
Other Fees for Services	736,277	261,971	998,248
Advertising and Promotion Expenses	2,147	-	2,147
Office Expenses	11,333	9,217	20,550
Occupancy Expenses	175,347	124,075	299,422
Travel Expenses	1,646	-	1,646
Conference and Meeting Expenses	37,563	-	37,563
Interest Expense	-	77,295	77,295
Depreciation Expense	286,978	95,660	382,638
Other Expenses	56,047	44,449	100,496
	<u>\$ 5,007,140</u>	<u>\$ 799,602</u>	<u>\$ 5,806,742</u>
Total			

See accompanying Notes to Financial Statements.

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

California Montessori Project (the Schools), a California nonprofit public benefit corporation, mission is to provide a quality, tuition-free Montessori education that challenges our students to reach their full potential. The California Montessori Project – Elk Grove Campus (the School) was approved in 2006 by Elk Grove Unified School District (the District) to operate as a separate Charter. The School site is currently located in Elk Grove. The School is an operating segment of California Montessori Project, Inc., a nonprofit corporation. The School is funded principally through the California Department of Education and the District. The School is governed by a Governing Board consisting of one Community Representative, two Business Representatives, one Montessori Representative, one Charter Representative, four Parent Representatives, one from each charter, and up to four District Representatives. In addition, the currently employed Superintendent(s) will sit on the Governing Board as nonvoting member(s).

The District has granted the charter through June 30, 2026, subject to amendment and renewal. The charter may be revoked by the District only for material violations of the charter, failure to meet student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provisions of the law.

The 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.

**Basis of Accounting**

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

**Basis of Presentation**

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

**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.

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

Costs of providing the School's 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.

**Cash and Cash Equivalents**

The School's cash and cash equivalents include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

**Net Asset Classes**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Accounts Receivable**

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2022. 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 value, if donated. Depreciation is provided on a straight-line basis over the estimated useful life of the asset.

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Amounts received from the California Department of Education are recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restrictions, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

**Contributions**

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. 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 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.

**Conditional Grants**

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. As of June 30, 2022, the School has conditional grants of \$552,776 of which \$276,388 is recognized as deferred revenue in the statement of financial position.

**Contributed Assets and Services**

Contributions of donated noncash 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.

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 School is 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 School. The compensated absences liability is reported on the statement of financial position. Employees of the School 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.

**Income Taxes**

The School is a nonprofit 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 School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files an exempt organization return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

**Evaluation of Subsequent Events**

The School has evaluated subsequent events through December 13, 2022, the date these financial statements were available to be issued.

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures are comprised of the following as of June 30, 2022:

Cash on Hand and in Banks	\$ 559,227
Accounts Receivable	1,872,867
Total	<u>\$ 2,432,094</u>

As part of its liquidity management plan, the School monitors liquidity required and cash flows to meet operating needs on a monthly basis. The School structures its financial assets to be available as general expenditures, liabilities, and other obligations come due.

**NOTE 3 CONCENTRATION OF CREDIT RISK**

The School maintains 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 School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash in banks.

**NOTE 4 PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment in the accompanying financial statements is presented net of accumulated depreciation. The School capitalizes all expenditures for land, buildings, and equipment in excess of \$10,000. Depreciation expense was \$382,638 for the year ended June 30, 2022.

A summary of changes in property, plant, and equipment as of June 30, 2022 is as follows:

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Land	\$ 536,289	\$ -	\$ -	\$ 536,289
Building	10,031,631	-	-	10,031,631
Equipment	452,619	-	-	452,619
Less: Accumulated				
Depreciation	(2,209,018)	(382,638)	-	(2,591,656)
Total	<u>\$ 8,811,521</u>	<u>\$ (382,638)</u>	<u>\$ -</u>	<u>\$ 8,428,883</u>

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 NOTES PAYABLE**

The School has entered into an agreement under the Charter School Facilities Program of the California School Finance Authority. Under this agreement, the School was awarded funding for facilities of which 50% is in the form of a 30-year unsecured loan. The loan carries an interest rate of 2% and requires principal and interest payments that commenced September 1, 2015. As of June 30, 2022, the loan balance was \$3,712,688. Future maturities under notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 141,894
2024	144,757
2025	147,676
2026	150,656
2027	153,695
Thereafter	<u>2,974,010</u>
Total	<u><u>\$ 3,712,688</u></u>

**NOTE 6 OPERATING LEASES**

The School has 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 School will cancel any of the agreements prior to the expiration date. Current lease expense for the year under these agreements was \$68,807. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	<u>\$ 111,528</u>
Total	<u><u>\$ 111,528</u></u>

**NOTE 7 EMPLOYEE RETIREMENT**

**Multiemployer Defined Benefit Pension Plan**

Qualified employees are covered under multiemployer defined benefit pension plans maintained by agencies of the state of California.

The risks of participating in these multiemployer defined benefit pension plans are different from single employer plans because: (a) assets contributed to the multiemployer 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 School choose to stop participating in the multiemployer plan, they may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multiemployer plan.

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)**

**State Teachers' Retirement System (STRS)**

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiemployer 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, 2021, total STRS plan net assets are \$310 billion, the total actuarial present value of accumulated plan benefits is \$414 billion, contributions from all employers totaled \$5.744 billion, and the plan is 73% funded. The School 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](http://www.calstrs.com).

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary, and those hired after are required to contribute 9.205% of their salary. The School is 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. The required employer contribution rate for year ended June 30, 2022 was 16.92% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

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

<u>Year Ending June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2020	\$ 306,870	100%
2021	292,980	100%
2022	323,557	100%



**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 CONTINGENCIES, RISKS, AND UNCERTAINTIES**

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

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 may impact various parts of its 2023 operations and financial results, including, but not limited to, loss of revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 9 FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function(s). Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

## **SUPPLEMENTARY INFORMATION**

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
YEAR ENDED JUNE 30, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)  
UNAUDITED**

The California Montessori Project – Elk Grove Campus (the School) is a California Charter School located in Sacramento County and is sponsored by the Elk Grove Unified School District (the District). The School was approved by the District in 2006 to operate as a separate Charter. The School is governed by a Governing Board consisting of one Community Representative, two Business Representatives, one Montessori Representative, one Charter Representative, four Parent Representatives, one from each charter, and up to four District Representatives. In addition, the currently employed Superintendent(s) will sit on the Governing Board as nonvoting member(s).

The District has granted the charter through June 30, 2026, subject to amendment and renewal. The charter may be revoked by the District only for material violations of the charter, failure to meet student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provisions of the law.

Charter number is: 0777

The Board of Directors and the Administrators as of the year ended June 30, 2022 were as follows:

**BOARD OF DIRECTORS**

<b>Member</b>	<b>Office</b>	<b>Term Expires (3-Year Term)</b>
Rob Henderson	Business Representative (Chairperson)	June 2024
Scott Porter	Parent Representative – Elk Grove (VP)	June 2022
Adam Childers	Business Representative	June 2023
Amber Busby	Community Representative	June 2024
Mickey Slamkowski	Montessori Representative	June 2024
Tracey Weinstein	Charter Representative	June 2023
Marwa Helmy	Parent Representative – Capitol	June 2023
Renee Dall	Parent Representative – San Juan	June 2024
Jodi Mottashed	Parent Representative – Shingle Springs	June 2023

**ADMINISTRATORS**

Brett Barley	Superintendent
Carrie Klagenberg	Governing Board Secretary

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>Requirement</u>	<u>Actual</u>	<u>Traditional Calendar Days</u>	<u>Status</u>
Kindergarten	36,000	46,500	178	In Compliance
Grade 1	50,400	55,620	178	In Compliance
Grade 2	50,400	55,620	178	In Compliance
Grade 3	50,400	55,620	178	In Compliance
Grade 4	54,000	55,620	178	In Compliance
Grade 5	54,000	55,620	178	In Compliance
Grade 6	54,000	55,620	178	In Compliance
Grade 7	54,000	58,920	178	In Compliance
Grade 8	54,000	58,920	178	In Compliance

See accompanying Notes to Supplementary Information.

**CALIFORNIA MONTESSORI PROJECT  
 ELK GROVE CAMPUS  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 YEAR ENDED JUNE 30, 2022  
 (SEE INDEPENDENT AUDITORS' REPORT)**

	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Classroom Based</u>	<u>Total</u>	<u>Classroom Based</u>	<u>Total</u>
Grades TK/K-3	249.58	259.21	249.58	259.35
Grades 4-6	158.84	173.13	158.84	172.72
Grades 7-8	58.99	61.47	58.99	61.57
ADA Totals	<u>467.41</u>	<u>493.81</u>	<u>467.41</u>	<u>493.64</u>

See accompanying Notes to Supplementary Information.

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH  
AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

June 30, 2022 Annual Financial Report Net Assets	\$ 6,668,457
Adjustments and Reclassifications:	
Increase (Decrease) in Net Assets	
Accounts receivable - ESSER	1,584
Net Adjustments and Reclassifications	<u>1,584</u>
June 30, 2022 Audited Financial Statement Net Assets	<u>\$ 6,670,041</u>

*See accompanying Notes to Supplementary Information.*

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**PURPOSE OF SCHEDULES**

**NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME**

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

**NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE**

Average daily attendance is a measurement of the number of pupils attending classes of School. 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.

**NOTE 3 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.



**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  
Elk Grove Campus  
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 – Elk Grove Campus (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2022, 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 13, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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



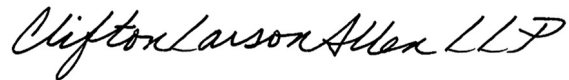
Board of Directors  
California Montessori Project  
Elk Grove Campus

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 13, 2022



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors  
California Montessori Project  
Elk Grove Campus  
Carmichael, California

### Opinion on State Compliance

We have audited California Montessori Project – Elk Grove Campus' (the School) compliance with the types of compliance requirements described in the 2021-2022 *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, 2022. The School's state compliance requirements are identified in the table below.

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, 2022.

### Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and 2021-2022 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards and 2021-2022 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

### Responsibilities of Management for Compliance

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

### **Auditors' Responsibility for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to below occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to below and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

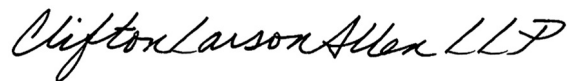
**Compliance Requirements Tested**

In connection with the audit referred to above, we selected and tested transactions and records to determine the School’s 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:	
California Clean Energy Jobs Act	Not Applicable
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In Person Instruction Grant	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

**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 *2021-2022 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 13, 2022

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

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
43000	Apprenticeship
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* or the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**CALIFORNIA MONTESSORI PROJECT  
ELK GROVE CAMPUS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2022**

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



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