CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

REPORT ON AUDIT OF FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION INCLUDING REPORTS ON COMPLIANCE

June 30, 2013

CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

ANNUAL FINANCIAL REPORT
June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Governing Board
California Montessori Project
Shingle Springs Campus
5330-A Gibbons Drive, Suite 700
Carmichael, CA 95608

Report on the Financial Statements

We have audited the accompanying financial statements of California Montessori Project – Shingle Springs Campus (the School), a California public charter school operated by California Montessori Project, a California non-profit corporation, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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.

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Governing Board
California Montessori Project
Shingle Springs Campus

Opinion

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, 2013, 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 opinion on School's financial statements as a whole. The accompanying supplementary schedules on pages 16-20 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate 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 November 22, 2013 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 this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Vicenti Lloyd + Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
November 22, 2013

CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

STATEMENT OF FINANCIAL POSITION
June 30, 2013

Assets

Current assets		
Cash in County Treasury	$	236,192
Cash on hand and in banks		114,829
Accounts receivable- Federal and state governments		553,070
Intracompany receivable		806,000
Deposits and prepaid assets		462
Total current assets		1,710,553
Non-current assets		
Property, plant and equipment, net		1,470,706
Total assets	$	3,181,259

Liabilities and Net Assets

Current liabilities		
Accounts payable	$	22,461
Compensated absences		109,979
Amounts held for others		113,829
Notes payable, current portion		81,999
Total current liabilities		328,268
Non-current liabilities		
Notes payable, net of current portion		1,143,503
Total non-current liabilities		1,143,503
Net assets		
Unrestricted - capital assets, net of related debt		245,204
Unrestricted		1,464,284
Total net assets		1,709,488
Total liabilities and net assets	$	3,181,259

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

CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Revenues			
Revenue from state sources:			
State aid portion of general purpose block grant	$ 1,131,325	$ -	$ 1,131,325
Class size reduction	179,871		179,871
Lottery	62,326		62,326
Other state revenue	289,389		289,389
Total revenue from state sources	1,662,911	-	1,662,911
Revenue from federal sources	42,478		42,478
Revenue from local sources:			
In-lieu property tax	694,377		694,377
Interest	18,375		18,375
Other local revenue	113,568		113,568
Total revenue from local sources	826,320	-	826,320
Total revenues	2,531,709	-	2,531,709
Net assets released from restriction	153,714	(153,714)	-
Total revenue and net assets released from restriction	2,685,423	(153,714)	2,531,709
Expenses			
Program services:			
Instruction	1,477,242		1,477,242
Instruction-related services	328,549		328,549
Pupil services	3,375		3,375
Support services:			
General administration	311,303		311,303
Plant services	82,099		82,099
Interest	39,295		39,295
Depreciation	62,089		62,089
Total expenses	2,303,952	-	2,303,952
Change in net assets	381,471	(153,714)	227,757
Net assets - beginning of year	1,328,017	153,714	1,481,731
Net assets - end of year	$ 1,709,488	$ -	$ 1,709,488

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

CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	$ 227,757
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	62,089
(Increase) decrease in operating assets:	
Accounts receivable - Federal and state governments	129,625
Intracompany accounts receivable	(806,000)
Increase (decrease) in operating liabilities:	
Accounts payable	14,665
Compensated absences	(42,661)
Amounts held for others	(37,628)
Deferred revenue	(2,317)
Net cash flows from operating activities	(454,470)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property, plant and equipment	(366,045)
Net cash flows from investing activites	(366,045)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment of notes payable	(52,669)
Net cash flows from financing activities	(52,669)
Net decrease in cash and cash equivalents	(873,184)
Cash and cash equivalents at the beginning of the year	1,224,205
Cash and cash equivalents at the end of the year	$ 351,021
Interest paid during the fiscal year	$ 39,295

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

CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The California Montessori Project, A California Charter School, Inc. (the Schools) was formed to provide a Montessori based educational program to every child in the state of California. The California Montessori Project – Shingle Springs Campus (the School) was approved in 2006 by the Buckeye Unified School District (the District) to operate as a separate Charter. The School site is currently located in Shingle Springs. The School is an operating segment of California Montessori Project, inc., a non-profit 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 teacher, one parent, the District Superintendent or designee, one Montessori community member, one business community member, one charter community member, and one public member from the community at large. In addition, the currently employed Director(s) will sit on the Governing Board as non-voting member(s).

The District has granted the charter through June 30, 2014, 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 has a memorandum of understanding with the District whereby the School pays the District 1% of the School's per pupil revenues to provide administrative oversight.

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 (FASB). The School is required to 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 School consist of the following:

- Unrestricted: All resources over which the governing board has discretionary control to use in carrying on the general operations of the School.
- Temporarily restricted: These net assets are restricted by donors to be used for specific purposes. The School does not currently have any temporarily restricted net assets. Net assets were released from restriction during the year ended June 30, 2013 as they were spent on facility construction.
- Permanently restricted: These net assets are permanently restricted by donors and cannot be used by the School. The School does not currently have any permanently restricted net assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Basis of Accounting

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

Cash and Cash Equivalents

The School's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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 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.

Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supportive services benefited.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor as required by financial accounting standards prescribed by the FASB. Amounts received that are designated for specific use in future periods are reported as temporarily restricted. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets for expenditure.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Contributed Services

Generally accepted accounting principles require that 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 to be recorded at fair value in the period received. Although the School receives numerous hours of volunteer time, it is not deemed necessary to record these hours on the books of the School based on the above guidelines. In addition, the School receives donations of immaterial equipment and supplies which are not recorded upon receipt.

Property, Plant, and Equipment

Property, plant, and equipment are capitalized at cost (or estimated historical cost) if purchased or at estimated fair market value as of the date received if donated. The school capitalizes expenditures for property, plant, and equipment in excess of $10,000. Plant and equipment is depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	30 years
Tenant Improvements	7 years

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of the School. The current portion of the liability, if material, is recognized in general fund at year-end. The entire 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.

State Apportionments

Certain current year apportionments from the State are based upon various financial and statistical information of the previous year. Second period to annual corrections for revenue limits and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

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 agency 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.

Subsequent Events

All events subsequent to the balance sheet date of June 30, 2013, through November 22, 2013, which is the date these financial statements were available to be issued, have been evaluated in accordance with financial accounting standards.

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 evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Schools' continued qualification as a tax-exempt organization and whether there are unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Schools file informational returns in the U.S. federal jurisdiction, and the state of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

NOTE 2 - DEPOSITS:

Concentration of Credit Risk

The School maintains bank accounts with a single institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2013 there were no deposits in excess of the FDIC limit.

NOTE 2 - DEPOSITS: (continued)

Cash in County

In accordance with Education Code Section 41001, the School maintains substantially all of its cash in the County Treasury as part of the common investment pool. These pooled funds are carried at cost which approximates fair value. The fair market value of the School's deposits in this pool as of June 30, 2013, as provided by the pool sponsor, was $236,192.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the County are either secured by federal depository insurance or are collateralized. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

NOTE 3 - LONG-TERM DEBT:

Notes Payable

The School also has a loan agreement with a financial institution for $750,000. The loan bears a variable interest rate that started at 7% per annum and required 38 monthly principal and interest payments in the amount of $4,991. The note then required 83 additional monthly payments of approximately $5,283 at an initial interest rate of 7.61%. As of June 30, 2013 the loan balance was $658,046 and the interest rate was 4.5%. The note matures in December 2015. Future maturities on this note are as follows:

Year Ended June 30		
2014	$	25,411
2015		26,578
2016		606,057
Total	$	658,046

NOTE 3 - LONG-TERM DEBT: (continued)

The School also 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% will ultimately be in the form of a 30 year loan. The loan carries an interest rate of 3% and requires principal and interest payments to commence upon the completion of the project (currently estimated to be the 2013-2014 fiscal year). No interest accrues prior to the completion of the project. The total amount of the award for the Shingle Springs Campus was $5,310,746. As of June 30, 2013, the release of funding was approved in the amount of $1,134,912 all of which was received in prior fiscal years. No additional funding was released during the 2012-2013 fiscal year. The loan balance (50% of funds received) as of June 30, 2013 was $567,456.

A summary of the project activity through June 30, 2013 is as follows:

Award Summary	
State Apportionment	$ 2,655,373
CSFP Lease Amount	2,655,373
Total OPSC Estimated Project Cost	$ 5,310,746
Summary of Funding Received	
State apportionment	$ 567,456
CSFP lease amount	567,456
Total funding received as of June 30, 2013	$ 1,134,912
Summary of Project Costs Incurred	
Project costs incurred prior to July 1, 2012	
Amounts expensed	$ 127,089
Amounts capitalized as property, plant, and equipment	286,653
Total project costs incurred prior to July 1, 2012	413,742
Project costs incurred July 1, 2012 to June 30, 2013	
Amounts expensed	5,000
Amounts capitalized as property, plant, and equipment	365,795
Total project costs incurred as of June 30, 2013	$ 784,537

NOTE 3 - LONG-TERM DEBT: (continued)

Payments under the agreement do not commence until the project is complete; however, estimated future maturities are as follows:

Year Ended June 30		
2014	$	56,588
2015		58,309
2016		60,082
2017		61,910
2018		63,793
Thereafter		266,774
Total	$	567,456

NOTE 5 - OPERATING LEASES:

The School has various operating leases for facilities and equipment, none 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 $13,010.

NOTE 6 - EMPLOYEE RETIREMENT PLAN:

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS).

The risks of participating in this multiemployer defined benefit pension plan 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 detailed in Teachers' Retirement Law, and (c) if the School chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multiemployer plan.

NOTE 6 - EMPLOYEE RETIREMENT PLAN: (continued)

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-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, 2012, total plan net assets are $151 billion, the total actuarial present value of accumulated plan benefits is $270 billion, contributions from all employers totaled $2.1 billion, and the plan is 67% 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.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and 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 fiscal year 2012-13 was 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS

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

Year Ended June 30,	Required Contribution	Percent Contributed
2011	$86,252	100%
2012	$89,356	100%
2013	$89,647	100%

NOTE 7 - CONTINGENCIES:

State Allowances, Award, and Grants

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

NOTE 8 - PROPERTY, PLANT, AND EQUIPMENT:

As of June 30, 2013 the cost and accumulated depreciation of property, plant and equipment was as follows:

	Balance June 30, 2012	Additions	Balance June 30, 2013
Building	$ 1,279,659	$ -	$ 1,279,659
Building improvements	207,655		207,655
Work in progress	50,906	366,045	416,951
Totals at historical cost	1,538,220	366,045	1,904,265
Less accumulated depreciation for:			
Building	268,924	41,051	309,975
Building improvements	102,546	21,038	123,584
Total accumulated depreciation	371,470	62,089	433,559
Property, plant and equipment, net	$ 1,166,750	$ 303,956	$ 1,470,706

NOTE 9 - SUBSEQUENT EVENT:

On October 11, 2013, California Montessori Project obtained a promissory note in the amount of $1,800,000 that matures on February 28, 2014. The note bears an interest rate equal to the greater of (a) the Prime Rate plus three-quarters of one point (.75) or (b) four percent (4%), with increases or decreases in the interest rate occurring at the time of any such corresponding increase or decrease in the Prime Rate. Principal and interest are due upon maturity.

SUPPLEMENTARY INFORMATION SECTION

CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

HISTORY AND ORGANIZATION
June 30, 2013

The California Montessori Project – Shingle Springs Campus (the School) is a California Charter School located in El Dorado County and is sponsored by Buckeye 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 teacher, one parent, the District Superintendent or designee, one Montessori community member, one business community member, one charter community member, and one public member from the community at large. In addition, the currently employed Director(s) will sit on the Governing Board as non-voting member(s).

The District has granted the charter through June 30, 2014, 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 School number is: 774

The Governing Board and Administration for the fiscal year ended June 30, 2013 were as follows:

GOVERNING BOARD

MEMBERS	OFFICE	TERM
Rob Henderson	Business Representative (Chairperson)	2015
Dave Nelson	Parent Representative – Shingle Springs (Vice Chair)	2014
Nikki Hemphill	Governing Board Secretary	TBD
Kalyca Green	Teacher Representative – American River	2015
Jenny Savakus	Community Representative (CFO)	2015
Patrick Briggs	Parent Representative – Capitol	2014
Kimberley Fletcher	Parent Representative – Elk Grove	2016
Andrea Ridge	Parent Representative – San Juan	2015

ADMINISTRATION

Gary Bowman	Executive Director

CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
For the Year Ended June 30, 2013

	Second Period Report		Annual Report	
Grades	**Classroom Based**	**Total**	**Classroom Based**	**Total**
Kindergarten	40.37	40.37	40.44	40.44
First through third	135.08	135.08	135.19	135.19
Fourth through sixth	125.77	125.77	125.73	125.73
Seventh through eighth	52.77	52.77	52.57	52.57
Totals	353.99	353.99	353.93	353.93

See the accompanying notes to the supplementary information.

CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

SCHEDULE OF INSTRUCTIONAL TIME OFFERED
For the Year Ended June 30, 2013

Grade Level	Minutes Requirement	2012-13 Reduced Minutes	2012-13 Actual Minutes	Status
Kindergarten	36,000	34,971	37,590	In Compliance
Grade 1	50,400	48,960	57,450	In Compliance
Grade 2	50,400	48,960	57,450	In Compliance
Grade 3	50,400	48,960	57,450	In Compliance
Grade 4	54,000	52,457	59,955	In Compliance
Grade 5	54,000	52,457	59,955	In Compliance
Grade 6	54,000	52,457	59,955	In Compliance
Grade 7	54,000	52,457	62,340	In Compliance
Grade 8	54,000	52,457	62,340	In Compliance

See the accompanying notes to the supplementary information.

CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

RECONCILIATION OF ANNUAL FINANCIAL REPORT
TO AUDITED FINANCIAL STATEMENT NET ASSETS
For the Year Ended June 30, 2013

There were no adjustments and reclassifications for the year ended June 30, 2013.

See the accompanying notes to the supplementary information.

CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

RECONCILIATION OF THE STATEMENT OF FINANCIAL POSITION NET ASSETS TO FUND BALANCE THAT WOULD BE REPORTED UNDER GOVERNMENTAL ACCOUNTING STANDARDS
June 30, 2013

Total net assets	$ 1,709,488
Amounts reported in the statement of financial position are excluded from fund balance under governmental accounting standards because:	
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of:	
Property, plant and equipment, net	(1,470,706)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Notes payable	1,225,502
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	
Compensated absences	109,979
Total fund balance	$ 1,574,263

See the accompanying notes to the supplementary information.

CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

RECONCILIATION OF THE STATEMENT OF ACTIVITIES TOTAL CHANGE IN NET ASSETS TO CHANGE IN FUND BALANCE THAT WOULD BE REPORTED UNDER GOVERNMENTAL ACCOUNTING STANDARDS
For the Year Ended June 30, 2013

Total change in net assets		$ 227,757
Amounts reported as changes in net assets in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense.		
Capital outlay	(366,045)	
Depreciation expense	62,089	
Net excess of capital outlay		(303,956)
Governmental funds report proceeds from long-term debt as an other financing source, while repayment of principal amounts is reported as an expenditure. The net effect of these differences in the treatment of long-term debt is as follows:		
Long-term debt principal payments	(52,669)	
Change in long-term debt liability		(52,669)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Net increase in compensated absences		42,661
Change in fund balance		$ (86,207)

See the accompanying notes to the supplementary information.

CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedule of Average Daily Attendance (ADA)

Average daily attendance is a measurement of the number of pupils attending classes of the 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 and in different programs.

B. Schedule of Instructional Time Offered

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

C. Reconciliation of Annual Financial Report to Audited Financial Statements Net Assets

This schedule provides the information necessary to reconcile the fund balance as reported on the SACS Form to the audited financial statements.

D. Reconciliation of the Statement of Financial Position Net Assets to Fund Balance that would be Reported Under Governmental Accounting Standards

This schedule reconciles net assets as reported in the Statement of Financial Position to fund balance that would be reported under Governmental Accounting Standards.

E. Reconciliation of the Statement of Activities Total Change in Net Assets to Change in Fund Balance that would be Reported Under Governmental Accounting Standards

This schedule reconciles the total change in net assets as reported in the Statement of Activities to change in fund balance that would be reported under Governmental Accounting Standards.

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

Governing Board
California Montessori Project
Shingle Springs Campus
5330-A Gibbons Drive, Suite 700
Carmichael, CA 95608

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 – Shingle Springs Campus (a California public charter school operated by California Montessori Project) (the School), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's financial statements, and have issued our report thereon dated November 22, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. 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 School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be 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.

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

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 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.

Vicenti Lloyd + Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
November 22, 2013

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
California Montessori Project
Shingle Springs Campus
5330-A Gibbons Drive, Suite 700
Carmichael, CA 95608

We have audited the compliance of California Montessori Project – Shingle Springs Campus (a California public charter school operated by California Montessori Project) (the School) with the types of compliance requirements described in the *2012-13 Standards and Procedures for Audits of California K-12 Local Educational Agencies*, published by the Education Audit Appeals Panel for the year ended June 30, 2013. The School's State compliance requirements are identified in the table below.

Management's Responsibility
Management is responsible for 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 referred below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2012-13 Standards and Procedures for Audits of California K-12 Local Educational Agencies*, 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 School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of the School's compliance with those requirements.

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:

Description	Procedures in Audit Guide	Procedures Performed
Attendance accounting:		
Attendance reporting	6	Not applicable
Teacher certification and misassignments	3	Not applicable
Kindergarten continuance	3	Not applicable
Continuation education	10	Not applicable
Independent study	23	Not applicable

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Description	Procedures in Audit Guide	Procedures Performed
Instructional time:		
School Districts	6	Not applicable
County Offices of Education	3	Not applicable
Class size reduction program:		
General requirements	7	Yes
Option 1	3	Yes
Option 2	4	Not applicable
One school serving K-3	4	Not applicable
Instructional materials general requirements	8	Not applicable
Ratios of administrative employees to teachers	1	Not applicable
Classroom teacher salaries	1	Not applicable
Early retirement incentive	4	Not applicable
GANN limit calculation	1	Not applicable
School Accountability Report Card	3	Not applicable
Juvenile Court Schools	8	Not applicable
After School Education and Safety Program:		
General requirements	4	Not applicable
After school	5	Not applicable
Before school	6	Not applicable
Charter Schools:		
Contemporaneous records of attendance	1	Yes
Mode of Instruction	1	Yes
Nonclassroom based instructional/independent study	15	Not applicable
Determination of funding for nonclassroom-based instruction	3	Not applicable
Annual instructional minutes – classroom based	4	Yes

Opinion on State Compliance

In our opinion, the School complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2013.

Purpose of Report

The purpose of this report on state compliance is solely to describe the results of testing based on requirements of the *2012-13 Standards and Procedures for Audits of California K-12 Local Education Agencies*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.

Vicenti Lloyd + Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
November 22, 2013

CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2013

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

Five Digit Code	Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
41000	CalSTRS
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings related to the basic financial statements or state awards for the year ended June 30, 2013.

CALIFORNIA MONTESSORI PROJECT
SHINGLE SPRINGS CAMPUS

STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
June 30, 2013

There were no findings for the year ended June 30, 2012.