

**CALIFORNIA MONTESSORI PROJECT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2020**

**OPERATING:**

**California Montessori Project – San Juan**

**Charter School Number: 0776**

**California Montessori Project – Capitol**

**Charter School Number: 0775**

**California Montessori Project – Elk Grove**

**Charter School Number: 0777**

**California Montessori Project – Shingle Springs**

**Charter School Number: 0774**



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CONSULTING**

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## 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 Organization), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2020, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, 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 Organization'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 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 9, 2020 on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Glendora, California  
December 9, 2020

**CALIFORNIA MONTESSORI PROJECT  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash on Hand and in Banks	\$ 2,277,690
Accounts Receivable - Federal and State Governments	4,057,806
Deposits and Prepaid Expenses	<u>261,623</u>
Total Current Assets	6,597,119

**LONG-TERM ASSETS**

Property, Plant, and Equipment, Net	<u>20,351,308</u>
Total Long-Term Assets	<u>20,351,308</u>

Total Assets	<u><u>\$ 26,948,427</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable and Accrued Liabilities	\$ 740,323
Notes Payable, Current Portion	<u>298,940</u>
Total Current Liabilities	1,039,263

**NONCURRENT LIABILITIES**

Notes Payable, Net of Current Portion	<u>11,840,411</u>
Total Noncurrent Liabilities	11,840,411

**NET ASSETS**

Without Donor Restrictions - Capital Assets, Net of Related Debt	12,044,251
Without Donor Restrictions	<u>1,825,422</u>
Total Net Assets Without Donor Restrictions	13,869,673
With Donor Restrictions	<u>199,080</u>
Total Net Assets	<u>14,068,753</u>

Total Liabilities and Net Assets	<u><u>\$ 26,948,427</u></u>
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See accompanying Notes to Financial Statements.

**CALIFORNIA MONTESSORI PROJECT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES</b>			
Revenue from State Sources:			
State Aid	\$ 16,474,327	\$ -	\$ 16,474,327
Other State Revenue	<u>2,032,469</u>	<u>-</u>	<u>2,032,469</u>
Total Revenue from State Sources	18,506,796	-	18,506,796
Revenue from Federal Sources	691,797	-	691,797
Revenue from Local Sources:			
In-Lieu Property Tax	5,678,526	-	5,678,526
Interest	4,012	-	4,012
Other Local Revenue	<u>1,803,483</u>	<u>-</u>	<u>1,803,483</u>
Total Revenue from Local Sources	7,486,021	-	7,486,021
Net Assets Released from Restriction	<u>308,219</u>	<u>(308,219)</u>	<u>-</u>
Total Revenues and Net Assets Released From Restrictions	26,992,833	(308,219)	26,684,614
<b>EXPENSES</b>			
Program Services	25,676,572	-	25,676,572
Management and General	<u>3,806,900</u>	<u>-</u>	<u>3,806,900</u>
Total Expenses	29,483,472	-	29,483,472
<b>CHANGE IN NET ASSETS</b>	(2,490,639)	(308,219)	(2,798,858)
Net Assets - Beginning of Year	<u>16,360,312</u>	<u>507,299</u>	<u>16,867,611</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 13,869,673</u></u>	<u><u>\$ 199,080</u></u>	<u><u>\$ 14,068,753</u></u>

See accompanying Notes to Financial Statements.

**CALIFORNIA MONTESSORI PROJECT  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ (2,798,858)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Flows From Operating Activities:	
Depreciation	939,696
(Increase) Decrease in Assets:	
Accounts Receivable - Federal and State Governments	(591,534)
Deposits and Prepaid Expenses	(143,042)
Increase (Decrease) in Liabilities:	
Accounts Payable	(728,092)
Amounts Held for Others	(633,503)
Net Cash Flows From Operating Activities	<u>(3,955,333)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of Property, Plant, and Equipment	<u>(726,842)</u>
Net Cash Flows From Investing Activities	(726,842)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from Notes Payable	3,832,294
Repayment of Notes Payable	<u>(294,009)</u>
Net Cash Flows From Financing Activities	<u>3,538,285</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,143,890)
Cash and Cash Equivalents - Beginning of Year	<u>3,421,580</u>
<b>CASH AND CASH EQUIVALENTS- END OF YEAR</b>	<u><u>\$ 2,277,690</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>	
Cash Paid for Interest	<u><u>\$ 155,422</u></u>

See accompanying Notes to Financial Statements.

**CALIFORNIA MONTESSORI PROJECT  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 16,056,001	\$ 1,553,671	\$ 17,609,672
Pension Expense	1,793,630	59,099	1,852,729
Other Employee Benefits	1,175,549	118,552	1,294,101
Payroll Taxes	543,101	94,560	637,661
Legal Expenses	-	64,246	64,246
Accounting Expenses	-	46,563	46,563
Instructional Materials	796,768	8,952	805,720
Other Fees for Services	2,112,507	570,111	2,682,618
Advertising and Promotion Expenses	-	5,545	5,545
Office Expenses	217,337	414,573	631,910
Occupancy Expenses	1,769,448	412,655	2,182,103
Travel Expenses	136,149	61,378	197,527
Conference and Meeting Expenses	101,453	-	101,453
Interest Expense	-	155,422	155,422
Depreciation Expense	809,965	129,731	939,696
Insurance Expense	-	110,181	110,181
Other Expenses	164,664	1,661	166,325
	<u>\$ 25,676,572</u>	<u>\$ 3,806,900</u>	<u>\$ 29,483,472</u>
Total			

See accompanying Notes to Financial Statements.



**CALIFORNIA MONTESSORI PROJECT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

California Montessori Project (the Organization), a California nonprofit public benefit corporation, was formed to provide a Montessori based educational program to every child in the State of California. The Organization was 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 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 Organization is funded principally through the California Department of Education and the Districts. The Organization is 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, 2024 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 charter 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.

**CALIFORNIA MONTESSORI PROJECT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**Basis of Presentation**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United State of Americas 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.

**Functional Allocation of Expenses**

Costs of providing the Organization'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 Organization'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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. 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.

The Organization's net assets released from restrictions and net asset with donor restrictions for the year ended and as of June 30, 2020 consist of \$308,219 released and \$199,080 of net assets purpose restricted for Prop 39 Clean Energy expenditures, respectively.

**CALIFORNIA MONTESSORI PROJECT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**Accounts Receivable**

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2020. 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.

**Revenue Recognition**

Amounts received from the California Department of Education are conditional and recognized as revenue by the Organization based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction 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 unrestricted use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as net assets with donor restrictions. Restricted contributions that are received and released in the same period are reported as increased in nets assets without restriction. 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 (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**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.

**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 Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2020, the Organization had no outstanding conditional grants.

**CALIFORNIA MONTESSORI PROJECT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**Other Local Revenue**

Other local revenue consists primarily of after-school services, fieldtrips and other services. The performance obligation for providing these services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year.

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

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

**Change in Accounting Principle**

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenues from Contracts with Customers (Topic 606). The update establishes the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. The Organization has early adopted the implementation of ASU 2014-09 under the full retrospective approach. There was no material impact on the Organization's financial position and results of operations upon adoption of the new standard.

**CALIFORNIA MONTESSORI PROJECT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The Organization has implemented ASU 2018-08 under the modified prospective approach. There was no material impact on the Organization's financial position and results of operations upon adoption of the new standard.

**Evaluation of Subsequent Events**

The Organization has evaluated subsequent events through December 9, 2020, the date these financial statements were available to be issued.

**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, 2020:

Cash on Hand and in Banks	\$ 2,277,690
Accounts Receivable	4,057,806
Less: Net Assets with Donor Restrictions	<u>(199,080)</u>
Total	<u>\$ 6,136,416</u>

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

**NOTE 3 CONCENTRATION OF CREDIT RISK**

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

**CALIFORNIA MONTESSORI PROJECT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

Property, plant, and equipment in the accompanying financial statements is presented net of accumulated depreciation. The Organization capitalizes all expenditures for land, buildings and equipment in excess of \$10,000. Depreciation expense was \$939,696 for the year ended June 30, 2020.

A summary of changes in property, plant, and equipment as of June 30, 2020 is as follows:

	June 30, 2019	Additions	Retirements	June 30, 2020
Land	\$ 1,056,596	\$ -	\$ -	\$ 1,056,596
Building	21,463,293	127,903	-	21,591,196
Leasehold Improvements	725,348	368,209	-	1,093,557
Equipment	1,336,862	230,730	-	1,567,592
Less: Accumulated				
Depreciation	(4,017,937)	(939,696)	-	(4,957,633)
Total	<u>\$ 20,564,162</u>	<u>\$ (212,854)</u>	<u>\$ -</u>	<u>\$ 20,351,308</u>

**NOTE 5 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, 2020, the loan balance was \$3,988,114 for the Elk Grove Campus and \$4,318,943 for the Shingle Springs Campus.

On April 23, 2020 the Organization received a loan from U.S. Bank in the amount of \$3,832,294 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan has a term of two years, is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within ten months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in August 2021 principal and interest payments will be required through the maturity date in April 2022.

**CALIFORNIA MONTESSORI PROJECT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 5 NOTES PAYABLE (CONTINUED)**

Future maturities under notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 298,940
2022	4,136,163
2023	308,883
2024	313,984
2025	319,171
Thereafter	6,762,210
Total	<u>\$ 12,139,351</u>

**NOTE 6 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 Organization chooses to stop participating in the multi-employer plan, they may be required to pay a withdrawal liability to the plan. The Organization has no plans to withdraw from this multi-employer plan.

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

Plan Description

The Organization contributes 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, 2019 total STRS plan net assets are \$273 billion, the total actuarial present value of accumulated plan benefits is \$392 billion, contributions from all employers totaled \$5.6 billion, and the plan is 66% funded. The Organization 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).

**CALIFORNIA MONTESSORI PROJECT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 6 EMPLOYEE RETIREMENT (CONTINUED)**

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

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 Organization 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. 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, 2020 was 17.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

The Organization'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>
2018	\$ 1,311,397	100%
2019	1,568,863	100%
2020	1,852,729	100%

**NOTE 7 OPERATING LEASES**

The Organization 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 Organization will cancel any of the agreements prior to the expiration date. Current lease expense for the year under these agreements was \$1,569,259. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 1,522,322
2022	1,047,561
2023	1,074,257
Total	<u>\$ 3,644,140</u>

**NOTE 8 CONTINGENCIES, RISKS AND UNCERTAINTIES**

The Organization 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.



**CALIFORNIA MONTESSORI PROJECT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 8 CONTINGENCIES, RISKS AND UNCERTAINTIES (CONTINUED)**

During the fiscal year, 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 Organization, COVID-19 may impact various parts of its 2021 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 Organization 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 salaries and wages, pension expense, other employee benefits, payroll taxes, and occupancy, which are allocated on the basis of estimates of time and effort.

**SUPPLEMENTARY INFORMATION**

**CALIFORNIA MONTESSORI PROJECT  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
YEAR ENDED JUNE 30, 2020**

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 Organization operated six school sites covering kindergarten through eighth grade. The Organization was 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 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	0776
Carmichael Campus	0776
Orangevale Campus	0776
Capitol Campus	0775
Elk Grove Campus	0777
Shingle Springs Campus	0774

The Districts have granted the charters through June 20, 2024 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 Organization is 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, 2020**

The Board of Directors and the Administrators as of the year ended June 30, 2020 were as follows:

**BOARD OF DIRECTORS**

<b><u>Member</u></b>	<b><u>Office</u></b>	<b><u>Term Expires (3 Year Term)</u></b>
Rob Henderson	Business Representative (Chairperson)	June 2021
Scott Porter	Parent Representative – Elk Grove (VP)	June 2022
Dave Nelson	Business Representative (CFO)	June 2020
Jenny Savakus	Community 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

**ADMINISTRATORS**

Brett Barley	Executive Director (President)
Carrie Klagenberg	Governing Board Secretary

**CALIFORNIA MONTESSORI PROJECT  
SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2020**

	Minutes Requirement	Instructional Minutes	Credited Minutes COVID-19 School Closure Certification	Total Actual Plus Credited Minutes	Traditional Calendar Days	Credited Days COVID-19 School Closure Certification	Total Actual Plus Credited Days	Status
<b>San Juan:</b>								
Kindergarten	36,000	34,755	12,120	46,875	134	46	180	In Compliance
Grade 1	50,400	41,940	14,700	56,640	134	46	180	In Compliance
Grade 2	50,400	41,940	14,700	56,640	134	46	180	In Compliance
Grade 3	50,400	41,940	14,700	56,640	134	46	180	In Compliance
Grade 4	54,000	41,940	14,700	56,640	134	46	180	In Compliance
Grade 5	54,000	41,940	14,700	56,640	134	46	180	In Compliance
Grade 6	54,000	41,940	14,700	56,640	134	46	180	In Compliance
Grade 7	54,000	44,126	15,516	59,642	134	46	180	In Compliance
Grade 8	54,000	44,126	15,516	59,642	134	46	180	In Compliance
<b>Capitol:</b>								
Kindergarten	36,000	34,755	12,120	46,875	134	46	180	In Compliance
Grade 1	50,400	41,655	14,640	56,295	134	46	180	In Compliance
Grade 2	50,400	41,655	14,640	56,295	134	46	180	In Compliance
Grade 3	50,400	41,655	14,640	56,295	134	46	180	In Compliance
Grade 4	54,000	41,655	14,640	56,295	134	46	180	In Compliance
Grade 5	54,000	41,655	14,640	56,295	134	46	180	In Compliance
Grade 6	54,000	41,655	14,640	56,295	134	46	180	In Compliance
Grade 7	54,000	43,841	15,456	59,297	134	46	180	In Compliance
Grade 8	54,000	43,841	15,456	59,297	134	46	180	In Compliance
<b>Elk Grove:</b>								
Kindergarten	36,000	34,680	12,540	47,220	132	48	180	In Compliance
Grade 1	50,400	41,640	15,000	56,640	132	48	180	In Compliance
Grade 2	50,400	41,640	15,000	56,640	132	48	180	In Compliance
Grade 3	50,400	41,640	15,000	56,640	132	48	180	In Compliance
Grade 4	54,000	41,640	15,000	56,640	132	48	180	In Compliance
Grade 5	54,000	41,640	15,000	56,640	132	48	180	In Compliance
Grade 6	54,000	41,640	15,000	56,640	132	48	180	In Compliance
Grade 7	54,000	43,864	15,778	59,642	132	48	180	In Compliance
Grade 8	54,000	43,864	15,778	59,642	132	48	180	In Compliance

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

**CALIFORNIA MONTESSORI PROJECT  
SCHEDULE OF INSTRUCTIONAL TIME (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

	Minutes Requirement	Instructional Minutes	Credited Minutes COVID-19 School Closure Certification	Total Actual Plus Credited Minutes	Traditional Calendar Days	Credited Days COVID-19 School Closure Certification	Total Actual Plus Credited Days	Status
Shingle Springs:								
Kindergarten	36,000	34,500	12,180	46,680	132	46	178	In Compliance
Grade 1	50,400	41,280	14,700	55,980	132	46	178	In Compliance
Grade 2	50,400	41,280	15,330	56,610	132	46	178	In Compliance
Grade 3	50,400	41,280	15,330	56,610	132	46	178	In Compliance
Grade 4	54,000	41,280	15,330	56,610	132	46	178	In Compliance
Grade 5	54,000	41,280	15,330	56,610	132	46	178	In Compliance
Grade 6	54,000	41,280	15,330	56,610	132	46	178	In Compliance
Grade 7	54,000	42,975	15,576	58,551	132	46	178	In Compliance
Grade 8	54,000	42,975	15,576	58,551	132	46	178	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, 2020**

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
San Juan:				
Grades TK/K-3	738.09	738.09	738.09	738.09
Grades 4-6	403.15	403.15	403.15	403.15
Grades 7-8	171.33	171.33	171.33	171.33
Total	1,312.57	1,312.57	1,312.57	1,312.57
Capitol:				
Grades TK/K-3	166.21	166.21	166.21	166.21
Grades 4-6	113.27	113.27	113.27	113.27
Grades 7-8	35.91	35.91	35.91	35.91
Total	315.39	315.39	315.39	315.39
Elk Grove:				
Grades TK/K-3	275.82	275.82	275.82	275.82
Grades 4-6	161.12	161.12	161.12	161.12
Grades 7-8	60.64	60.64	60.64	60.64
Total	497.58	497.58	497.58	497.58
Shingle Springs:				
Grades TK/K-3	202.63	202.63	202.63	202.63
Grades 4-6	158.64	158.64	158.64	158.64
Grades 7-8	91.47	91.47	91.47	91.47
Total	452.74	452.74	452.74	452.74
ADA Totals	2,578.28	2,578.28	2,578.28	2,578.28

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, 2020**

	<u>San Juan</u>	<u>Capitol</u>	<u>Elk Grove</u>	<u>Shingle Springs</u>
June 30, 2020 Annual Financial Report Net Assets	\$ 3,655,089	\$ 335,445	\$ 5,777,761	\$ 6,696,864
Adjustments and Reclassifications:				
Increase (Decrease) in Net Assets				
Cash on Hand and in Banks	(531,445)	-	-	311,848
Accounts Receivable	2,198,574	-	-	-
Deposits and Prepaid Assets	43,211	-	-	-
Property, Plant, and Equipment, Net	-	206,781	-	-
Accounts Payable	(3,710,962)	(227,258)	(752,252)	(1,038,830)
Notes Payable	1,988,699	20,477	752,252	726,982
Net Adjustments and Reclassifications	<u>(11,923)</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2020 Audited Financial Statement Net Assets	<u>\$ 3,643,166</u>	<u>\$ 335,445</u>	<u>\$ 5,777,761</u>	<u>\$ 6,696,864</u>

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



**CALIFORNIA MONTESSORI PROJECT  
COMBINING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020**

<b>ASSETS</b>	<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>
<b>CURRENT ASSETS</b>							
Cash on Hand and in Banks	\$ 1,301,480	\$ 303,391	\$ 672,819	\$ -	\$ -	\$ -	\$ 2,277,690
Accounts Receivable							
Federal and State Governments	2,140,596	502,176	707,116	707,918	-	-	4,057,806
Intracompany Receivable	3,059,420	-	-	1,660,846	3,832,294	(8,552,560)	-
Deposits and Prepaid Expenses	159,087	11,076	17,785	3,740	69,935	-	261,623
Total Current Assets	<u>6,660,583</u>	<u>816,643</u>	<u>1,397,720</u>	<u>2,372,504</u>	<u>3,902,229</u>	<u>(8,552,560)</u>	<u>6,597,119</u>
<b>NONCURRENT ASSETS</b>							
Property, Plant, and Equipment, Net	880,574	300,438	9,194,965	9,739,569	235,762	-	20,351,308
Total Noncurrent Assets	<u>880,574</u>	<u>300,438</u>	<u>9,194,965</u>	<u>9,739,569</u>	<u>235,762</u>	<u>-</u>	<u>20,351,308</u>
 Total Assets	 <u>\$ 7,541,157</u>	 <u>\$ 1,117,081</u>	 <u>\$ 10,592,685</u>	 <u>\$ 12,112,073</u>	 <u>\$ 4,137,991</u>	 <u>\$ (8,552,560)</u>	 <u>\$ 26,948,427</u>
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES</b>							
Accounts Payable and Accrued Liabilities	\$ 224,709	\$ 312,830	\$ 87,190	\$ 111,445	\$ 4,149	\$ -	\$ 740,323
Intracompany Payable	3,673,282	468,806	739,620	984,821	2,686,031	(8,552,560)	-
Notes Payable, Current Portion	-	-	136,338	162,602	-	-	298,940
Total Current Liabilities	<u>3,897,991</u>	<u>781,636</u>	<u>963,148</u>	<u>1,258,868</u>	<u>2,690,180</u>	<u>(8,552,560)</u>	<u>1,039,263</u>
<b>NONCURRENT LIABILITIES</b>							
Notes Payable, Net of Current Portion	-	-	3,851,776	4,156,341	3,832,294	-	11,840,411
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>3,851,776</u>	<u>4,156,341</u>	<u>3,832,294</u>	<u>-</u>	<u>11,840,411</u>
<b>NET ASSETS</b>							
Without Donor Restriction - Capital Assets,							
Net of Related Debt	880,574	300,438	5,206,851	5,420,626	235,762	-	12,044,251
Without Donor Restriction	2,612,397	(13,878)	570,910	1,276,238	(2,620,245)	-	1,825,422
With Donor Restriction	150,195	48,885	-	-	-	-	199,080
Total Net Assets	<u>3,643,166</u>	<u>335,445</u>	<u>5,777,761</u>	<u>6,696,864</u>	<u>(2,384,483)</u>	<u>-</u>	<u>14,068,753</u>
 Total Liabilities and Net Assets	 <u>\$ 7,541,157</u>	 <u>\$ 1,117,081</u>	 <u>\$ 10,592,685</u>	 <u>\$ 12,112,073</u>	 <u>\$ 4,137,991</u>	 <u>\$ (8,552,560)</u>	 <u>\$ 26,948,427</u>

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

**CALIFORNIA MONTESSORI PROJECT  
COMBINING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	San Juan	Capitol	Elk Grove	Shingle Springs	Central Admin.	Eliminations	Total
<b>REVENUES WITHOUT DONOR DONOR RESTRICTIONS</b>							
Revenue from State Sources:							
State Aid	\$ 8,226,383	\$ 2,017,789	\$ 3,191,306	\$ 3,038,849	\$ -	\$ -	\$ 16,474,327
Other State Revenue	1,313,097	188,059	278,029	253,284	-	-	2,032,469
Total Revenue from State Sources	<u>9,539,480</u>	<u>2,205,848</u>	<u>3,469,335</u>	<u>3,292,133</u>	<u>-</u>	<u>-</u>	<u>18,506,796</u>
Revenue from Federal Sources	371,672	88,629	123,757	107,739	-	-	691,797
Revenue from Local Sources:							
In-Lieu Property Tax	3,093,742	715,157	998,213	871,414	-	-	5,678,526
Interest	-	-	-	4,012	-	-	4,012
Other Local Revenue	908,889	274,732	293,017	323,836	4,353,540	(4,350,531)	1,803,483
Total Revenue from Local Sources	<u>4,002,631</u>	<u>989,889</u>	<u>1,291,230</u>	<u>1,199,262</u>	<u>4,353,540</u>	<u>(4,350,531)</u>	<u>7,486,021</u>
Net Assets Released from Restriction	<u>-</u>	<u>206,781</u>	<u>50,814</u>	<u>50,624</u>	<u>-</u>	<u>-</u>	<u>308,219</u>
Total Revenue Without Donor Restrictions	13,913,783	3,491,147	4,935,136	4,649,758	4,353,540	(4,350,531)	26,992,833
<b>EXPENSES</b>							
Program Services	12,224,916	3,416,837	4,845,031	4,493,526	1,995,337	(1,299,075)	25,676,572
Management and General	2,036,698	560,407	977,366	825,893	2,457,992	(3,051,456)	3,806,900
Total Expenses	<u>14,261,614</u>	<u>3,977,244</u>	<u>5,822,397</u>	<u>5,319,419</u>	<u>4,453,329</u>	<u>(4,350,531)</u>	<u>29,483,472</u>
Change in Net Assets Without Donor Restrictions	(347,831)	(486,097)	(887,261)	(669,661)	(99,789)	-	(2,490,639)
<b>REVENUES WITH DONOR RESTRICTIONS</b>							
Net Assets Released from Restriction	<u>-</u>	<u>(206,781)</u>	<u>(50,814)</u>	<u>(50,624)</u>	<u>-</u>	<u>-</u>	<u>(308,219)</u>
Change in Net Assets With Donor Restrictions	<u>-</u>	<u>(206,781)</u>	<u>(50,814)</u>	<u>(50,624)</u>	<u>-</u>	<u>-</u>	<u>(308,219)</u>
<b>CHANGE IN NET ASSETS</b>	(347,831)	(692,878)	(938,075)	(720,285)	(99,789)	-	(2,798,858)
Net Assets - Beginning of Year	<u>3,990,997</u>	<u>1,028,323</u>	<u>6,715,836</u>	<u>7,417,149</u>	<u>(2,284,694)</u>	<u>-</u>	<u>16,867,611</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,643,166</u>	<u>\$ 335,445</u>	<u>\$ 5,777,761</u>	<u>\$ 6,696,864</u>	<u>\$ (2,384,483)</u>	<u>\$ -</u>	<u>\$ 14,068,753</u>

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

**CALIFORNIA MONTESSORI PROJECT  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

	San Juan	Capitol	Elk Grove	Shingle Springs	Central Admin.	Eliminations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Change in Net Assets	\$ (347,831)	\$ (692,878)	\$ (938,075)	\$ (720,285)	\$ (99,789)	\$ -	\$ (2,798,858)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:							
Depreciation	93,227	22,597	381,773	402,365	39,734	-	939,696
(Increase) Decrease in Operating Assets:							
Accounts Receivable - Federal and State Governments	(295,557)	73,957	70,069	(440,003)	-	-	(591,534)
Intracompany Receivable	(2,198,574)	-	-	-	(3,832,294)	6,030,868	-
Deposits and Prepaid Expenses	(159,087)	(9,684)	(16,577)	(3,740)	46,046	-	(143,042)
Increase (Decrease) in Operating Liabilities:							
Accounts Payable	(400,611)	56,635	(171,300)	(172,838)	(39,978)	-	(728,092)
Intracompany Payable	3,673,282	468,806	739,620	984,821	164,339	(6,030,868)	-
Deferred Revenue	(633,503)	-	-	-	-	-	(633,503)
Net Cash Flows From Operating Activities	<u>(268,654)</u>	<u>(80,567)</u>	<u>65,510</u>	<u>50,320</u>	<u>(3,721,942)</u>	<u>-</u>	<u>(3,955,333)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Purchases of Property, Plant, and Equipment	(153,153)	(218,209)	(140,273)	(55,726)	(159,481)	-	(726,842)
Net Cash Flows From Investing Activities	<u>(153,153)</u>	<u>(218,209)</u>	<u>(140,273)</u>	<u>(55,726)</u>	<u>(159,481)</u>	<u>-</u>	<u>(726,842)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Proceeds from Notes Payable	-	-	-	-	3,832,294	-	3,832,294
Repayment of Notes Payable	-	-	(133,642)	(160,367)	-	-	(294,009)
Net Cash Flows From Financing Activities	<u>-</u>	<u>-</u>	<u>(133,642)</u>	<u>(160,367)</u>	<u>3,832,294</u>	<u>-</u>	<u>3,538,285</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(421,807)	(298,776)	(208,405)	(165,773)	(49,129)	-	(1,143,890)
Cash and Cash Equivalents - Beginning of Year	<u>1,723,287</u>	<u>602,167</u>	<u>881,224</u>	<u>165,773</u>	<u>49,129</u>	<u>-</u>	<u>3,421,580</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,301,480</u>	<u>\$ 303,391</u>	<u>\$ 672,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,277,690</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>							
Interest Paid During the Fiscal Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,468</u>	<u>\$ 73,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,422</u>

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

**CALIFORNIA MONTESSORI PROJECT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**PURPOSE OF SCHEDULES**

**NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME**

This schedule presents information on the amount of instructional time offered by each charter school and whether each charter 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 each charter 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.

**NOTE 4 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 Organization), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2020, 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 9, 2020.

**Internal Control Over Financial Reporting**

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization’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.



**CliftonLarsonAllen LLP**

Glendora, California  
December 9, 2020



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors  
California Montessori Project  
Carmichael, California

We have audited California Montessori Project's (the Organization) compliance with the types of compliance requirements described in the *2019-2020 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, 2020. The Organization's 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Organization'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 *2019-2020 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 Organization'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 Organization's compliance.

### Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the Organization'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	Yes
Before and After 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

<u>Description</u>	<u>Procedures Performed</u>
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 Organization complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2020.

### **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 *2019-2020 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 9, 2020



**CALIFORNIA MONTESSORI PROJECT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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 *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**CALIFORNIA MONTESSORI PROJECT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2020**

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

