

**CALIFORNIA MONTESSORI PROJECT
ELK GROVE CAMPUS
CHARTER SCHOOL NUMBER: 0774**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020



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ELK GROVE CAMPUS
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of California Montessori Project – Elk Grove Campus (the School), a California charter school, which comprise the statement of financial position as of June 30, 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 School 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 School's financial statements as a whole. The accompanying supplementary schedules as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statement. Such information is the responsibility of management and 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 School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
December 9, 2020

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

ASSETS

CURRENT ASSETS

Cash on Hand and in Banks	\$ 672,819
Accounts Receivable - Federal and State Governments	707,116
Deposits and Prepaid Expenses	17,785
Total Current Assets	1,397,720

LONG-TERM ASSETS

Property, Plant, and Equipment, Net	9,194,965
Total Long-Term Assets	9,194,965

Total Assets	\$ 10,592,685
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 87,190
Intercompany Payable	739,620
Notes Payable, Current Portion	136,338
Total Current Liabilities	963,148

NONCURRENT LIABILITIES

Notes Payable, Net of Current Portion	3,851,776
Total Noncurrent Liabilities	3,851,776

NET ASSETS

Without Donor Restrictions - Capital Assets, Net of Related Debt	5,206,851
Without Donor Restrictions	570,910
Total Net Assets Without Donor Restrictions	5,777,761

Total Liabilities and Net Assets	\$ 10,592,685
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See accompanying Notes to Financial Statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Revenue from State Sources:			
State Aid	\$ 3,191,306	\$ -	\$ 3,191,306
Other State Revenue	<u>278,029</u>	<u>-</u>	<u>278,029</u>
Total Revenue from State Sources	3,469,335	-	3,469,335
Revenue from Federal Sources	123,757	-	123,757
Revenue from Local Sources:			
In-Lieu Property Tax	998,213	-	998,213
Other Local Revenue	<u>293,017</u>	<u>-</u>	<u>293,017</u>
Total Revenue from Local Sources	1,291,230	-	1,291,230
Net Assets Released from Restriction	<u>50,814</u>	<u>(50,814)</u>	<u>-</u>
Total Revenues and Net Assets Released From Restrictions	4,935,136	(50,814)	4,884,322
EXPENSES			
Program Services	4,845,031	-	4,845,031
Management and General	<u>977,366</u>	<u>-</u>	<u>977,366</u>
Total Expenses	<u>5,822,397</u>	<u>-</u>	<u>5,822,397</u>
CHANGE IN NET ASSETS	(887,261)	(50,814)	(938,075)
Net Assets - Beginning of Year	<u>6,665,022</u>	<u>50,814</u>	<u>6,715,836</u>
NET ASSETS - END OF YEAR	<u>\$ 5,777,761</u>	<u>\$ -</u>	<u>\$ 5,777,761</u>

See accompanying Notes to Financial Statements.

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (938,075)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Flows From Operating Activities:	
Depreciation	381,773
(Increase) Decrease in Assets:	
Accounts Receivable - Federal and State Governments	70,069
Deposits and Prepaid Expenses	(16,577)
Increase (Decrease) in Liabilities:	
Accounts Payable	(171,300)
Intercompany Payable	739,620
Net Cash Flows From Operating Activities	<u>65,510</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Property, Plant, and Equipment	<u>(140,273)</u>
Net Cash Flows From Investing Activities	(140,273)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Notes Payable	-
Repayment of Notes Payable	<u>(133,642)</u>
Net Cash Flows From Financing Activities	<u>(133,642)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(208,405)
Cash and Cash Equivalents - Beginning of Year	<u>881,224</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 672,819</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest	<u><u>\$ 81,468</u></u>

See accompanying Notes to Financial Statements.

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

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 2,730,567	\$ 165,576	\$ 2,896,143
Pension Expense	306,870	-	306,870
Other Employee Benefits	217,096	8,759	225,855
Payroll Taxes	93,064	12,651	105,715
Instructional Materials	153,928	-	153,928
Other Fees for Services	707,582	648,876	1,356,458
Office Expenses	46,252	-	46,252
Occupancy Expenses	196,729	21,859	218,588
Travel Expenses	19,439	-	19,439
Conference and Meeting Expenses	12,679	-	12,679
Interest Expense	-	81,468	81,468
Depreciation Expense	343,596	38,177	381,773
Other Expenses	17,229	-	17,229
	<u>4,845,031</u>	<u>977,366</u>	<u>5,822,397</u>
Total	<u>\$ 4,845,031</u>	<u>\$ 977,366</u>	<u>\$ 5,822,397</u>

See accompanying Notes to Financial Statements.

**CALIFORNIA MONTESSORI PROJECT
ELK GROVE CAMPUS
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 California Montessori Project – Elk Grove Campus (the School) was approved in 2006 by Elk Grove Unified School District (the District) to operate as a separate Charter. The School site is currently located in Elk Grove. The School is an operating segment of California Montessori Project, Inc., a non-profit corporation. The School is funded principally through the California Department of Education and the District. The Organization 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, 2021, subject to amendment and renewal. The charter may be revoked by the District only for material violations of the charter, failure to meet student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provisions of the law.

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

Basis of Accounting

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

Basis of Presentation

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

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

Cash and Cash Equivalents

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

Net Asset Classes

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

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

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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 School's net assets released from restrictions and net asset with donor restrictions for the year ended and as of June 30, 2020 consist of \$50,814 released and \$0 of net assets purpose restricted for Prop 39 Clean Energy expenditures, respectively.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, and Equipment

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

Revenue Recognition

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

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give (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 School 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 School had no outstanding conditional grants.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

Other Local Revenue

Other local revenue consist 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 the course of the academic year.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of the School. The compensated absences liability is reported on the statement of financial position. Employees of the School are paid for days or hours worked based upon Board approved schedules which include vacation. Sick leave is accumulated without limit for each employee at the equivalent rate of one day for each full month of service. Sick leave with pay is provided when employees are absent for health reasons, but accrued sick leave is not paid to employees at the end of employment and therefore is not reported as a liability on the financial statements.

Income Taxes

The Organization is a non-profit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The 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 informational return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 School has early adopted the implementation of ASU 2014-09 under the full retrospective approach. There was no material impact on the School's financial position and results of operations upon adoption of the new standard.

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 School has implemented ASU 2018-08 under the modified prospective approach. There was no material impact on the School's financial position and results of operations upon adoption of the new standard.

Evaluation of Subsequent Events

The School 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	\$	672,819
Accounts Receivable - Federal and State Governments		707,116
Total		\$ 1,379,935

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

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

NOTE 3 CONCENTRATION OF CREDIT RISK

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

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying financial statements is presented net of accumulated depreciation. The School capitalizes all expenditures for land, buildings and equipment in excess of \$10,000. Depreciation expense was \$381,773 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	\$ 536,289	\$ -	\$ -	\$ 536,289
Building	9,958,702	72,929	-	10,031,631
Equipment	385,275	67,344	-	452,619
Less: Accumulated Depreciation	(1,443,801)	(381,773)	-	(1,825,574)
Total	<u>\$ 9,436,465</u>	<u>\$ (241,500)</u>	<u>\$ -</u>	<u>\$ 9,194,965</u>

NOTE 5 NOTES PAYABLE

The School has entered into an agreement under the Charter School Facilities Program of the California School Finance Authority. Under this agreement, the School was awarded funding for facilities of which 50% is in the form of a 30 year unsecured loan. The loan carries an interest rate of 2% and requires principal and interest payments that commenced September 1, 2015. As of June 30, 2020, the loan balance was \$3,988,114.

Future maturities under notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 136,338
2022	139,088
2023	141,894
2024	144,757
2025	147,676
Thereafter	3,278,361
Total	<u>\$ 3,988,114</u>

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

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 School choose to stop participating in the multi-employer plan, they may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multi-employer plan.

State Teachers' Retirement System (STRS)

Plan Description

The School 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 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 hired before January 1, 2013 are required to contribute 10.25% of their salary, and those hired after are required to contribute 9.205% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. 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.

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

NOTE 6 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

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

<u>Year Ending June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2018	\$ 227,251	100%
2019	302,983	100%
2020	306,870	100%

NOTE 7 CONTINGENCIES, RISKS AND UNCERTAINTIES

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

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 School, 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 School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 8 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, and payroll taxes which are allocated on the basis of estimates of time and effort.

SUPPLEMENTARY INFORMATION

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

The California Montessori Project – Elk Grove Campus (the School) is a California Charter School located in Sacramento County and is sponsored by the Sacramento City 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, 2021, subject to amendment and renewal. The charter may be revoked by the District only for material violations of the charter, failure to meet student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provisions of the law.

Charter number is: 0777

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

BOARD OF DIRECTORS

Member	Office	Term Expires (3 Year Term)
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
ELK GROVE CAMPUS
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
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
ELK GROVE CAMPUS
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2020**

	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Classroom Based</u>	<u>Total</u>	<u>Classroom Based</u>	<u>Total</u>
Grades TK/K-3	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
ADA Totals	<u>497.58</u>	<u>497.58</u>	<u>497.58</u>	<u>497.58</u>

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

**CALIFORNIA MONTESSORI PROJECT
ELK GROVE CAMPUS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

June 30, 2020 Annual Financial Report Net Assets	\$ 5,777,761
Adjustments and Reclassifications:	
Increase (Decrease) in Net Assets	
Accounts Payable	(752,252)
Notes Payable	752,252
Net Adjustments and Reclassifications	<u> -</u>
June 30, 2020 Audited Financial Statement Net Assets	<u><u>\$ 5,777,761</u></u>

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

**CALIFORNIA MONTESSORI PROJECT
ELK GROVE CAMPUS
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 School and whether School complied with the provisions of the Education Code.

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

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

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California Montessori Project – Elk Grove Campus (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 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 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. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

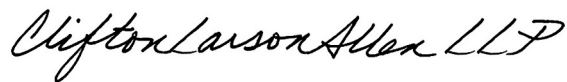
Board of Directors
California Montessori Project
Elk Grove Campus

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.



CliftonLarsonAllen LLP

Glendora, California
December 9, 2020



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

We have audited California Montessori Project – Elk Grove Campus' (the School) 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 School'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 School's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *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 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.

Compliance Requirements Tested

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


<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	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
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 School 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
ELK GROVE CAMPUS
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
ELK GROVE CAMPUS
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.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

