

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

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

June 30, 2009



**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2009**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
California Montessori Project
San Juan Campus
4718 Engle Road
Carmichael, CA 95608

We have audited the accompanying statement of financial position of California Montessori Project - San Juan Campus (the School), a California public charter school operated by California Montessori Project, a California non-profit corporation, as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the School as of June 30, 2009, and the changes in its net assets and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2009 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors
California Montessori Project
San Juan Campus

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules on pages 14-16 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.


VICENTI, LLOYD & STUTZMAN LLP

December 4, 2009

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**STATEMENT OF FINANCIAL POSITION
June 30, 2009**

ASSETS

Current assets

Cash in County Treasury	\$ 1,195,006
Cash on hand and in banks	57,508
Accounts receivable:	
Federal and state governments	720,034
Deposits and prepaid assets	<u>47,045</u>
Total current assets	<u>2,019,593</u>

Noncurrent assets

Property, plant and equipment, net	<u>64,099</u>
Total assets	<u><u>\$ 2,083,692</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 81,555
Compensated absences	110,854
Amounts held for others	<u>44,768</u>
Total current liabilities	<u>237,177</u>

Net assets

Unrestricted - capital assets, net of related debt	64,099
Unrestricted	<u>1,782,416</u>
Total net assets	<u>1,846,515</u>
Total liabilities and net assets	<u><u>\$ 2,083,692</u></u>

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

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**STATEMENT OF ACTIVITIES
June 30, 2009**

REVENUES

Revenue from state sources:	
State aid portion of	
general purpose block grant	\$ 2,351,535
Block grant - categorical	287,873
Class Size Reduction	378,428
Lottery	76,425
Other state revenue	<u>45,886</u>
Total revenue from state sources	3,140,147
Revenue from federal sources	276,395
Revenue from local sources:	
In-lieu property tax	1,137,460
Interest	39,730
Other	<u>402,466</u>
Total revenue from local sources	<u>1,579,656</u>
Total unrestricted revenues	<u><u>4,996,198</u></u>

EXPENSES

Program services:	
Instruction	2,598,477
Instruction-related services	936,707
Pupil services	170,521
Support services:	
Plant services	707,512
Depreciation	<u>30,079</u>
Total expenses	<u><u>4,443,296</u></u>
Change in unrestricted net assets	552,902
Unrestricted net assets - beginning of year	<u>1,293,613</u>
Unrestricted net assets - end of year	<u><u>\$ 1,846,515</u></u>

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

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**STATEMENT OF CASH FLOWS
June 30, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 552,902
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	30,079
(Increase) decrease in operating assets:	
Accounts receivable - Federal and state governments	(437,575)
Accounts receivable - Other	46,072
Increase (decrease) in operating liabilities:	
Accounts payable	1,062
Accrued liabilities	36,025
Amounts held for others	<u>1,091</u>
Net cash provided by operating activities	<u>229,656</u>
Net increase in cash and cash equivalents	229,656
Cash and cash equivalents at the beginning of the year	<u>1,022,858</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 1,252,514</u></u>

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

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The California Montessori Project, A California Charter School, Inc. (the Schools) was formed to provide a Montessori based educational program to every child in the State of California. The California Montessori Project – San Juan Campus (the School) was approved in 2006 by the San Juan Unified School District (the District) to operate as a separate Charter. The School operates at two separate school sites (American River and Carmichael) within the geographical boundaries of San Juan Unified School District. The American River School site is currently located in Fair Oaks and the Carmichael Campus School site is current located in Carmichael. The School is an operating segment of California Montessori Project, Inc., a non-profit corporation. The School is funded principally through the California Department of Education and the District. The School is governed by a Governance 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 members.

The District has granted the charter through June 30, 2011, subject to amendment and renewal. The charter may be revoked by the District only for material violations of the charter, failure to meet student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provisions of the law.

The School has a memorandum of understanding with the District whereby the School pays the District 1% of the School's per pupil revenues to provide administrative oversight.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB), including Statement No. 117, "Financial Statements for Not-for-Profit Organizations" issued by the American Institute of Certified Public Accountants.

Under SFAS No. 117, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Net assets of the School consist of the following:

- Unrestricted: All resources over which the governing board has discretionary control to use in carrying on the general operations of the School.
- Temporarily restricted: These net assets are restricted by donors to be used for specific purposes. The School does not currently have any temporarily restricted net assets.
- Permanently restricted: These net assets are permanently restricted by donors and cannot be used by the School. The School does not currently have any permanently restricted net assets.

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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

Basis of Presentation (continued)

The prior year financial statements were prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants.

Basis of Accounting

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

Cash and Cash Equivalents

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

Revenue Recognition

Amounts received from the California Department of Education are recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Functional Allocation of Expenses

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

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor as required by SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Amounts received that are designated for specific use in future periods are reported as temporarily restricted. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets for expenditure.

Contributed Services

Generally accepted accounting principles require that contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are to be recorded at fair value in the period received. Although the School receives numerous hours of volunteer time, it is not deemed necessary to record these hours on the books of the School based on the above guidelines. In addition, the School receives donations of immaterial equipment and supplies which are not recorded upon receipt.

Capital Assets

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	30 years
Tenant Improvements	7 years

Compensated Absences

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

Employees of the School are paid for days or hours worked based upon Board approved schedules which include vacation. There was not a material amount of unused vacation time at June 30, 2009. 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.

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009**

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

State Apportionments

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

Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on September 1 and are payable in two installments on or before December 10 and April 10. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

Subsequent Events

All events subsequent to the balance sheet date of June 30, 2009, through December 4, 2009, which is the date these financial statements were available to be issued, have been evaluated in accordance with FASB Statement on Accounting Standards 165, *Subsequent Events*. There were no subsequent events requiring recognition as of June 30, 2009.

Income Taxes

California Montessori Project is a non-profit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes.

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2 - DEPOSITS:

Concentration of Credit Risk

The School maintains bank accounts with a single institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2009 there were no deposits in excess of the FDIC limit.

Cash in County

In accordance with Education Code Section 41001, the School maintains substantially all of its cash in the County Treasury as part of the common investment pool. These pooled funds are carried at cost which approximates fair value. The fair market value of the School's deposits in this pool as of June 30, 2009, as provided by the pool sponsor, was approximately \$1,195,006.

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

NOTE 3 - OPERATING LEASES:

The School has entered into various operating leases for facilities and equipment, with lease terms in excess of one year. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the School will cancel any of the agreements prior to the expiration date. Current lease expense for the year under these agreements was \$382,436. Future minimum lease payments under these agreements are as follows:

Year Ended <u>June 30</u>	<u>Lease Payments</u>
2010	\$ 396,332
2011	326,959
2012	<u>27,331</u>
Total	<u>\$ 750,622</u>

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009**

NOTE 4 - EMPLOYEE RETIREMENT PLANS:

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

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. 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. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2008-09 was 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS

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

<u>Year Ended</u> <u>June 30,</u>	<u>Required</u> <u>Contribution</u>	<u>Percent</u> <u>Contributed</u>
2007	\$113,859	100%
2008	\$120,477	100%
2009	\$130,396	100%

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009**

NOTE 5 - CONTINGENCIES:

State Allowances, Award, and Grants

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

NOTE 6 – PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION:

As of June 30, 2009 the cost and accumulated depreciation of property, plant and equipment was as follows:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>
Building	\$152,616	\$ -	\$ -	\$152,616
Building improvements	<u>74,740</u>	<u>-</u>	<u>-</u>	<u>74,740</u>
Totals at historical cost	<u>227,356</u>	<u>-</u>	<u>-</u>	<u>227,356</u>
Less accumulated depreciation for:				
Building	96,734	21,516		118,250
Building improvements	<u>36,444</u>	<u>8,563</u>	<u>-</u>	<u>45,007</u>
Total accumulated depreciation	<u>133,178</u>	<u>30,079</u>	<u>-</u>	<u>163,257</u>
Property, plant and equipment, net	<u>\$ 94,178</u>	<u>\$ (30,079)</u>	<u>\$ -</u>	<u>\$ 64,099</u>

SUPPLEMENTARY INFORMATION SECTION

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**HISTORY AND ORGANIZATION
June 30, 2009**

The California Montessori – San Juan Campus (the School) is two California Charter Schools located in Fair Oaks and Carmichael that are sponsored by the San Juan Unified School District. The School was approved by the District in 2006 to operate as a separate Charter. The School is governed by a Governance 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 members.

The District has granted the charter through June 30, 2011, 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: 776

The Board of Directors and Administrators for the fiscal year ending June 30, 2009 were as follows:

BOARD OF DIRECTORS

<u>MEMBERS</u>	<u>OFFICE</u>	<u>TERM</u>
Erin Auernig	Vice Chairman/Montessori Representative	2009
Stephanie Garrettson	Secretary	2009
Paula Tarpenning	District Representative – San Juan USD/Non-voting	N/A
Christy Moustris	District Representative – Elk Grove USD/Non-voting	N/A
Patty Hagemeyer	District Representative – Sacramento City USD	N/A
Teresa Wenig	District Representative – Buckeye USD	N/A
Michelle Rutz	Teacher Representative – Shingle Springs	2009
Deb Williams	Teacher Representative – American River	2009
Maria Ostendorf	Teacher Representative – Capitol	2009
Jenny Savakus	Community Representative	2009
Jayna Gaskell	Charter School Representative	2009
Allison Claire	Parent Representative – Carmichael	2009
Tom Cerussi	Parent Representative – Elk Grove	2009

ADMINISTRATION

Gary Bowman Executive Director

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
For the Fiscal Year Ended June 30, 2009**

AVERAGE DAILY ATTENDANCE

<u>Grades</u>	2008-09 Second Period Report**	2008-09 Annual Report**
Kindergarten	93	94
First through third	258	256
Fourth through sixth	202	202
Seventh through eighth	<u>78</u>	<u>78</u>
Totals	<u>631</u>	<u>630</u>

Supplementary Hours:

Grades K-12 Core Instruction	2,261
Grades 2-9 Pupils at Risk of Retention	1,889
Grades 2-6 Low Star Score	<u>674</u>
Total	<u>4,824</u>

** All average daily attendance is generated through classroom-based instruction.

See the accompanying notes to the supplementary information.

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**SCHEDULE OF INSTRUCTIONAL TIME OFFERED
For the Fiscal Year Ended June 30, 2009**

<u>Grade Level</u>	<u>Minutes Requirement</u>	<u>2008-09 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	53,160	180	In Compliance
Grade 1	50,400	58,320	180	In Compliance
Grade 2	50,400	58,320	180	In Compliance
Grade 3	50,400	58,320	180	In Compliance
Grade 4	54,000	60,040	180	In Compliance
Grade 5	54,000	60,040	180	In Compliance
Grade 6	54,000	60,040	180	In Compliance
Grade 7	54,000	62,250	180	In Compliance
Grade 8	54,000	62,250	180	In Compliance

See the accompanying notes to the supplementary information.

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT
TO AUDITED FINANCIAL STATEMENT NET ASSETS
For the Fiscal Year Ended June 30, 2009**

June 30, 2009 annual financial and budget report net assets	\$ 1,812,688
Adjustments and reclassifications:	
Increasing (decreasing) net assets:	
Understatement of accounts receivable	80,582
Understatement of property, plant and equipment, net	64,099
Understatement of accrued absences	<u>(110,854)</u>
Total adjustments and reclassifications	<u>33,827</u>
June 30, 2009, audited financial statement net assets	<u>\$ 1,846,515</u>

See the accompanying notes to the supplementary information.

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**NOTES TO SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2009**

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedule of Average Daily Attendance (ADA)

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

B. Schedule of Instructional Time Offered

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

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

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



**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
San Juan Campus
4718 Engle Road
Carmichael, CA 95608

We have audited the financial statements of the California Montessori Project – San Juan Campus (a California public charter school operated by California Montessori Project) (the School) as of and for the year ended June 30, 2009 and have issued our report thereon dated December 4, 2009. 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.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the, board of directors, management of the School, the San Juan Unified School District, the Sacramento County Office of Education, and California Department of Education, and the State Controller's Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


VICENTI, LLOYD & STUTZMAN LLP

December 4, 2009

REPORT ON STATE COMPLIANCE

Board of Directors
 California Montessori Project
 San Juan Campus
 4718 Engle Road
 Carmichael, CA 95608

We have audited the financial statements of California Montessori Project – San Juan Campus (a California public charter school operated by California Montessori Project) (the School) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 4, 2009. Our audit was made in accordance with auditing standards generally accepted in the United States of America, the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2008-2009 Standards and Procedures for Audits of California K-12 Local Educational Agencies*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The School’s management is responsible for the School’s compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the School compliance with the laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance accounting:		
Attendance reporting	8	Not applicable
Independent study	23	Not applicable
Continuation education	10	Not applicable
Adult education	9	Not applicable
Regional occupational center/programs	6	Not applicable

REPORT ON STATE COMPLIANCE

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Instructional time:		
School Districts	6	Not applicable
County Office of Education	3	Not applicable
Community day schools	9	Not applicable
Class size reduction program (including charter schools):		
General Requirements	7	Yes
Option 1	3	Yes
Option 2	4	Not applicable
One school serving K-3	4	Yes
Morgan-Hart class size reduction program	7	Not applicable
Instructional materials:		
General Requirements	12	Not applicable
Grades K-8 only	1	Not applicable
Grades 9-12 only	1	Not applicable
Ratios of administrative employees to teachers	1	Not applicable
Classroom teacher salaries	1	Not applicable
Early Retirement incentive	4	Not applicable
GANN limit calculation	1	Not applicable
School Accountability Report Card	3	Not applicable
Mathematics and reading professional development	4	Not applicable
After School Education and Safety Program:		
General requirements	4	Not applicable
After school	4	Not applicable
Before school	5	Not applicable
Charter Schools:		
Contemporaneous records of attendance	1	Yes
Mode of instruction	1	Yes
Nonclassroom based instructional/independent study	15	Not applicable
Determination of funding for nonclassroom-based instruction	3	Not applicable
Annual instructional minutes – classroom based	3	Yes

Based on our audit, we found that, for the items tested, the School complied with the laws and regulations of the state programs referred to above. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the School had not complied with the laws and regulations of state programs and requirements.

This report is intended solely for the information and use of the Board, management, the San Juan Unified School District, the Sacramento County Office of Education, the California Department of Education, and the State Controller's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


 VICENTI, LLOYD & STUTZMAN LLP

December 4, 2009

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2009**

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

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

There were no findings or questioned costs for the fiscal year ended June 30, 2009.

**CALIFORNIA MONTESSORI PROJECT
SAN JUAN CAMPUS**

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2009**

There were no findings or questioned costs for the fiscal year ended June 30, 2008.