

**URBAN MONTESSORI CHARTER SCHOOL  
CHARTER SCHOOL NUMBER: 1383**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2020**

**TENTATIVE**  
**For discussion purposes only**  
**Subject to revision**

**URBAN MONTESSORI CHARTER SCHOOL  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Urban Montessori Charter School  
Oakland, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Urban Montessori Charter School (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **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 1 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 financial statements. 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 REPORT DATE 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  
REPORT DATE

**URBAN MONTESSORI CHARTER SCHOOL  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$	589,932
Accounts Receivable - Federal and State		758,533
Accounts Receivable - Other		78,170
Prepaid Expenses and Other Assets		21,102
Total Current Assets		1,447,737

**LONG-TERM ASSETS**

Property, Plant, and Equipment, Net		20,850
Total Long-Term Assets		20,850

Total Assets		\$ 1,468,587
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable and Accrued Liabilities		\$ 447,695
Total Current Liabilities		447,695

**LONG-TERM LIABILITIES**

PPP Loan		729,014
Total Long-Term Liabilities		729,014

Total Liabilities		1,176,709
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**NET ASSETS**

Without Donor Restriction		291,878
Total Net Assets		291,878

Total Liabilities and Net Assets		\$ 1,468,587
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See accompanying Notes to Financial Statements.

**URBAN MONTESSORI CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUES</b>			
State Revenue:			
State Aid	\$ 2,338,567	\$ -	\$ 2,338,567
Other State Revenue	486,600	-	486,600
Federal Revenue:			
Grants and Entitlements	150,178	-	150,178
Local Revenue:			
In-Lieu Property Tax Revenue	915,527	-	915,527
Contributions	232,348	-	232,348
Other Local Revenue	78,170	-	78,170
Other Revenue	63,742	-	63,742
Net Assets Released from Restrictions	42,923	(42,923)	-
Total Revenues	<u>4,308,055</u>	<u>(42,923)</u>	<u>4,265,132</u>
<b>EXPENSES</b>			
Program Services	3,565,759	-	3,565,759
Management and General	687,280	-	687,280
Fundraising	5,532	-	5,532
Total Expenses	<u>4,258,571</u>	<u>-</u>	<u>4,258,571</u>
<b>CHANGE IN NET ASSETS</b>	49,484	(42,923)	6,561
Net Assets - Beginning of Year	<u>242,394</u>	<u>42,923</u>	<u>285,317</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 291,878</u>	<u>\$ -</u>	<u>\$ 291,878</u>

See accompanying Notes to Financial Statements.

**URBAN MONTESSORI CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and Wages	\$ 2,366,798	\$ 41,252	\$ -	\$ 2,408,050
Pension Expense	287,757	9,586	-	297,343
Other Employee Benefits	294,700	9,817	-	304,517
Payroll Taxes	83,327	1,444	-	84,771
Management Fees	-	43,447	-	43,447
Legal Expenses	-	25,107	-	25,107
Accounting Expenses	33,600	91,030	-	124,630
Instructional Materials	84,052	-	-	84,052
Other Fees for Services	86,072	5,935	-	92,007
Advertising and Promotion Expenses	-	3,000	-	3,000
Office Expenses	48,775	121,188	-	169,963
Information Technology Expenses	36,195	-	-	36,195
Occupancy Expenses	172,219	274,386	-	446,605
Travel Expenses	288	-	-	288
Conference and Meeting Expenses	13,615	-	-	13,615
Insurance Expense	4,084	36,755	-	40,839
Other Expenses	54,277	24,333	5,532	84,142
	<u>\$ 3,565,759</u>	<u>\$ 687,280</u>	<u>\$ 5,532</u>	<u>\$ 4,258,571</u>
Total				

See accompanying Notes to Financial Statements.

**URBAN MONTESSORI CHARTER SCHOOL  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 6,561
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Change in Operating Assets:	
Accounts Receivable - Federal and State	(197,303)
Accounts Receivable - Other	9,328
Prepaid Expenses and Other Assets	22,210
Change in Operating Liabilities:	
Accounts Payable and Accrued Liabilities	70,596
Cash Overdraft	(50,474)
Net Cash Used by Operating Activities	(139,082)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from PPP Loan	729,014
Net Cash Provided Financing Activities	729,014

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

589,932

Cash and Cash Equivalents - Beginning of Year

-

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

\$ 589,932



**URBAN MONTESSORI CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Urban Montessori Charter School (the School) is a California nonprofit public benefit corporation that provides public school education in Oakland, California. The mission of the School is to develop self-directed and engaged learners who are academically, socially, and emotionally prepared to succeed in any high school.

The School served grades K through 8 for the year ended June 30, 2020 and was granted its charter on October 11, 2011, under the sponsorship of the Alameda County Office of Education, pursuant to the terms of the Charter Schools Act (the Act) of 1992, as amended. The Act authorizes the formation of charter schools for the purpose among others, of developing new, innovative, and more flexible ways of educating children within the public schools system. The School is funded principally through state of California public education monies received through the California Department of Education.

**Basis of Accounting**

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

**Basis of Presentation**

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

**Use of Estimates**

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

**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 defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

**URBAN MONTESSORI CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**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.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

**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 value, if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The School capitalized all expenditures for land, buildings, and equipment in excess of \$5,000. There was no depreciation expense for the year ended June 30, 2020, the balance of Property, Plant, and Equipment is entirely construction in progress.

**URBAN MONTESSORI CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**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 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 temporarily restricted. Restricted contributions that are received and released in the same period are reported as unrestricted revenue. 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.

**Other Revenue**

Other revenue consist primarily of food service sales, after-school services, student activities 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**

The School does not allow employees to carryover unused vacation. Accordingly, there were no accumulated compensated absence benefits at June 30, 2020.

**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 has no conditional grants that have not been recognized as revenue in the statement of activities.

**URBAN MONTESSORI CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**Income Taxes**

The School 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 School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files an exempt School return and applicable unrelated business income tax 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 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 clarify and improve 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.

**Subsequent Events**

The School has evaluated subsequent events through REPORT DATE, the date these financial statements were available to be issued.

**URBAN MONTESSORI CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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 and Cash Equivalents	\$ 589,932
Accounts Receivable - Federal and State	758,533
Accounts Receivable - Other	78,170
Financial Assets Available for General Expenditure	<u>\$ 1,426,635</u>

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

**NOTE 3 CONCENTRATION OF CREDIT RISK**

The School maintains bank accounts with one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**NOTE 4 EMPLOYEE RETIREMENT**

**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. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2019, total 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 report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826, and [www.calstrs.com](http://www.calstrs.com).

**URBAN MONTESSORI CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 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 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 2021-22. The required employer contribution rate for the 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 School's contributions to STRS for the past three years are as follows:

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2018	\$ 264,346	100 %
2019	356,617	100
2020	297,343	100

**NOTE 5 OPERATING LEASES**

The School entered into a facility use agreement with Oakland Unified School District (OUSD) for property in Oakland, California. The School also entered into a facility lease with Roman Catholic Welfare Corporation of Oakland that expired in June 2020. Rent expense for the year ended June 30, 2020 was \$77,353 and \$264,000, respectively. In June 2020 the School entered into a new facility use agreement with OUSD at a different location for the 21/21 school year. The estimated future payment for 2021 is \$146,708.

**NOTE 6 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. Office expenses, insurance, and accounting expenses are allocated based on estimated usage. Occupancy is allocated based on estimates of square footage.

**URBAN MONTESSORI CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 7 NET ASSETS RELEASED FROM DONOR RESTRICTION**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

Net Assets Release From Donor Restriction For Meeting Purpose Intended	
Low Performing Student Block Grant	\$ 37,962
Classified Employee Professional Development Block Grant	<u>4,961</u>
Total Net Assets Released From Restriction	<u>\$ 42,923</u>

**NOTE 8 PPP LOAN**

On May 3, 2020 the School received a loan from Beneficial State Bank in the amount of \$729,014 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 bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and 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 School will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in September 2021 principal and interest payments will be required through the maturity date in May 2022.

**NOTE 9 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.

**URBAN MONTESSORI CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9 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 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.

TENTATIVE  
For discussion purposes only  
Subject to revision



**SUPPLEMENTARY INFORMATION**

TENTATIVE  
For discussion purposes only  
Subject to revision

**URBAN MONTESSORI CHARTER SCHOOL  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
YEAR ENDED JUNE 30, 2020**

Urban Montessori Charter School (the School) is a California nonprofit public benefit corporation and is organized to manage and operate a public charter school. The School began serving students in September 2011 and is funded principally through state of California public education monies received through the California Department of Education. The School is sponsored by the Alameda County Office of Education (the Sponsor).

Charter School number authorized by the State: 1383

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

**BOARD OF DIRECTORS**

<u>Member</u>	<u>Office</u>	<u>Term End (2-Year Term)</u>
Davis Leung	Chair	December 2020
Loren Bentley Tammero	Vice Chair	June 2020
Greg Klein	Secretary/ Treasurer	June 2021
Nancy McAfee-Flemming	Member	August 2020
Has-Sin Thomas	Member	August 2020
Koren Clark	Member	June 2020
Christina Greenberg	Member	June 2020
Jan Faraguna	Member	June 2020
Stacey Wang	Member	December 2021
Frederic Mooradally	Member	January 2021
Olivia Couch	Member	June 2020

**Administrators**

Krishna Feeney	Head of School
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**URBAN MONTESSORI CHARTER SCHOOL  
SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2020**

	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
	Requirement	Actual						
Kindergarten	36,000	39,005	16,380	55,385	127	52	179	In Compliance
Grade 1	50,400	39,005	16,380	55,385	127	52	179	In Compliance
Grade 2	50,400	39,005	16,380	55,385	127	52	179	In Compliance
Grade 3	50,400	39,005	16,380	55,385	127	52	179	In Compliance
Grade 4	54,000	38,820	16,320	55,140	127	52	179	In Compliance
Grade 5	54,000	38,820	16,320	55,140	127	52	179	In Compliance
Grade 6	54,000	38,820	16,320	55,140	127	52	179	In Compliance
Grade 7	54,000	38,820	16,320	55,140	127	52	179	In Compliance
Grade 8	54,000	38,820	16,320	55,140	127	52	179	In Compliance

See Notes to Supplementary Information

**URBAN MONTESSORI CHARTER SCHOOL  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
YEAR ENDED JUNE 30, 2020**

	Second Period Report		Annual Report	
	Classroom		Classroom	
	Based	Total	Based	Total
Grades TK/K-3	230.54	231.86	230.54	231.86
Grades 4-6	101.75	102.29	101.75	102.29
Grades 7-8	29.62	29.79	29.62	29.79
ADA Totals	361.91	363.94	361.91	363.94

TENTATIVE  
 For discussion purposes only  
 Subject to revision

**URBAN MONTESSORI CHARTER SCHOOL  
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH  
AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

June 30, 2020 Annual Financial Report Fund Balances (Net Assets)	\$ 291,878
Adjustments and Reclassifications:	
Increase (Decrease) of Fund Balance (Net Assets):	
Accounts Receivable - Federal and State	147,140
Accounts Payable and Accrued Liabilities	<u>(147,140)</u>
Net Adjustments and Reclassifications	<u>-</u>
June 30, 2020 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 291,878</u>

TENTATIVE  
For discussion purposes only  
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**URBAN MONTESSORI CHARTER SCHOOL  
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 the School and whether the School complied with the provisions of California Education Code.

**NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE**

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.

**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  
Urban Montessori Charter School  
Oakland, 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 Urban Montessori Charter School (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 REPORT DATE.

**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.

**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  
REPORT DATE

TENTATIVE  
For discussion purposes only  
Subject to revision





## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors  
Urban Montessori Charter School  
Oakland, California

We have audited Urban Montessori Charter School's (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	Not applicable
Before and After School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
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	No <sup>1</sup>
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Yes

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<sup>1</sup> Nonclassroom ADA was under the threshold that required testing.

**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  
 REPORT DATE

**URBAN MONTESSORI CHARTER SCHOOL  
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: Related and Supplemental Instruction
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* and the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**URBAN MONTESSORI CHARTER SCHOOL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2020**

There were no financial statement findings in the prior year.

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