

EL CAMINO REAL CHARTER HIGH SCHOOL

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2013

EL CAMINO REAL CHARTER HIGH SCHOOL

AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2013

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EL CAMINO REAL CHARTER HIGH SCHOOL

AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2013

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Feddersen & Company, LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Members of the Governing Board
El Camino Real Charter High School
Woodland Hills, California

Report on the Financial Statements

We have audited the accompanying financial statements of El Camino Real Charter High School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2012-13*, issued by the California 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 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.

Independent Auditors' Report
Members of the Governing Board
El Camino Real Charter High School
Woodland Hills, California
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of El Camino Real Charter High School as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. The Management's Discussion and Analysis on pages 3-7 and the accompanying supplementary schedules on pages 18-25 are presented for purposes of additional analysis and is also 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2013 on our consideration of El Camino Real Charter High 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 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 El Camino Real Charter High School's internal control over financial reporting and compliance.

Jeddersen & Company, LLP

Westlake Village, California
September 19, 2013

EL CAMINO REAL CHARTER HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

The Management Discussion and Analysis section of El Camino Real Charter High School's (the School) financial report presents an overall review of the School's financial performance during the fiscal year that ended on June 30, 2013. Readers should also review the notes to the financial statements to enhance their understanding of the School's financial performance.

FINANCIAL HIGHLIGHTS

- Net assets increased \$3,369,334 or 101.0 percent over the course of the year.
- Total revenues received were \$28,325,638 for the fiscal year ended June 30, 2013.
- The School incurred \$24,956,304 in expenses for the fiscal year ended June 30, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and the required supplementary information. The financial statements also include *notes* that explain some of the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements.

FINANCIAL ANALYSIS OF THE SCHOOL

Net assets. The School's net assets of \$6,704,829 were greater on June 30, 2013 than they were the prior year, increasing by \$3,369,334 or 101.0 percent (See Table 1.) Table 1 provides a summary of the School's net assets for the fiscal years ended 2013 and 2012.

Table 1
El Camino Real Charter High School's Net Assets

Summary of Statement of Net Assets	Governmental Activities		Total Change	Total % Change
	2012	2013		
Cash and cash equivalents	\$ 170,563	\$ 218,662	\$ 48,099	28.2 %
Cash held in trust	232,517	222,413	(10,104)	(4.3) %
Accounts receivable	6,589,425	9,966,136	3,376,711	51.2 %
Prepaid expenditures and deposits	294,622	401,478	106,856	36.3 %
Property and equipment, net	67,718	320,701	252,983	373.6 %
Total Assets	<u>7,354,845</u>	<u>11,129,390</u>	<u>3,774,545</u>	<u>51.3 %</u>
Current liabilities	1,019,350	1,174,561	155,211	15.2 %
Line of credit	<u>3,000,000</u>	<u>3,250,000</u>	<u>250,000</u>	<u>8.3 %</u>
Total Liabilities	<u>4,019,350</u>	<u>4,424,561</u>	<u>405,211</u>	<u>10.1 %</u>
Net assets – unrestricted	<u>3,335,495</u>	<u>6,704,829</u>	<u>3,369,334</u>	<u>101.0 %</u>
Total Net Assets	<u>\$ 3,335,495</u>	<u>\$ 6,704,829</u>	<u>\$ 3,369,334</u>	<u>101.0 %</u>

EL CAMINO REAL CHARTER HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

Net assets continued. Total assets were \$11,129,390, 4.0 percent in cash in banks and held in trust, 89.5 percent in accounts receivable, 2.9 percent in property and equipment, and 3.6 percent in prepaid expenses and deposits. Total liabilities were \$4,424,561. Current liabilities account for 100.0 percent of the total liabilities and consist of 11.2 percent in accounts payable, 1.8 percent in accrued payroll and payroll liabilities, 73.5 percent line of credit, 8.4 percent in deferred revenue and 5.1 percent in other current liabilities. Of the School's \$6,704,829 net assets, 100.0 percent were unrestricted.

Table 2
Analysis of El Camino Real Charter High School's Net Assets

Summary of Statement of Activities	2012	2013
Program revenues	\$ 25,079,497	\$ 27,506,075
General revenues	<u>605,820</u>	<u>819,563</u>
Total Revenues	<u>25,685,317</u>	<u>28,325,638</u>
Program expenses	16,514,505	20,158,058
Management and general expenses	<u>5,835,317</u>	<u>4,798,246</u>
Total Expenses	<u>22,349,822</u>	<u>24,956,304</u>
Change in Net Assets	3,335,495	3,369,334
Net Assets, Beginning	<u>-</u>	<u>3,335,495</u>
Net Assets, Ending	<u>\$ 3,335,495</u>	<u>\$ 6,704,829</u>

Statement of Revenues, Expenses and Changes in Net Assets. Changes in total net assets, as presented on the Statement of Net Assets, are based on the activity presented in the Statement of Activities. The purpose of this statement is to present the revenues earned, whether received or not, by the School, and the expenses incurred, whether paid or not, by the School. Thus, this Statement presents the School's results of operations.

EL CAMINO REAL CHARTER HIGH SCHOOL

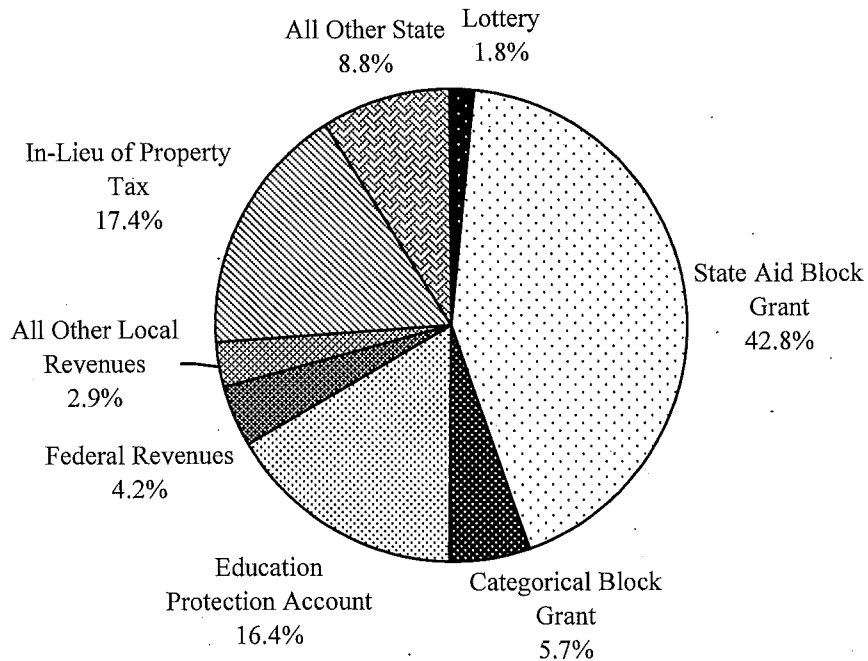
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

Governmental Activities

By the end of the fiscal year, the revenues for the School's activities totaled \$28,325,638. 42.8 percent was derived from state aid portion of general-purpose block grant, 16.4 percent from education protection account and 5.7 percent from categorical block grant. 17.4 percent was derived from cash in-lieu of property taxes and 1.8 percent from state lottery funds. 4.2 percent was derived from federal funds. The remaining 11.7 percent was from all other revenue sources.

Figure 1
El Camino Real Charter High School's Revenues for Fiscal Year 2013
Analysis of Revenue Sources



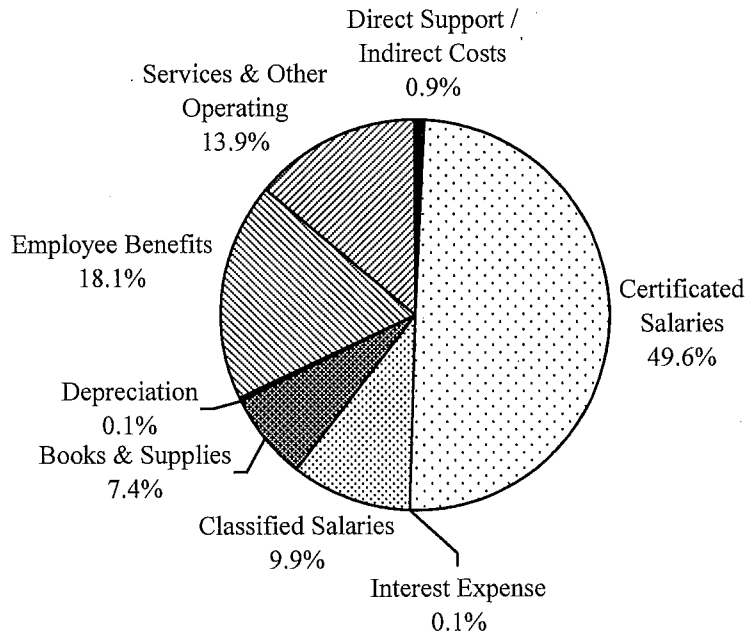
EL CAMINO REAL CHARTER HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

The cost of all the School's major activities: Instruction, guidance, counseling, evaluation, school leadership, administration, maintenance and operations was \$24,956,304. \$20,158,058 or 80.8 percent were program service expenses, while \$4,798,246 or 19.2 percent were management and administrative support and fundraising expenses.

Figure 2.
El Camino Real Charter High School's Expenses for Fiscal Year 2013



General Budgetary Highlights

Per the charter for El Camino Real Charter High School, the Los Angeles Unified School District requires that the school shall prepare and submit to the District a provisional budget, interim biannual financial projections, and final budgets that certify the school is able to meet its financial obligations for the remainder of the fiscal year.

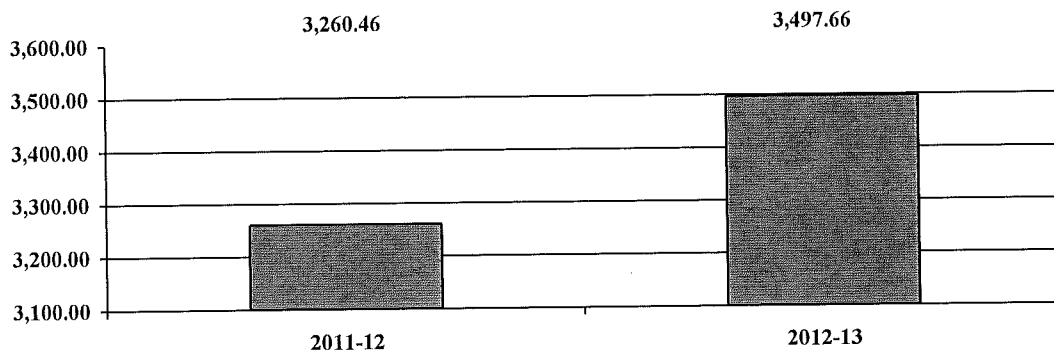
EL CAMINO REAL CHARTER HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2013

Average Daily Attendance

Average Daily Attendance increased by 237.20 to 3,497.66 for the fiscal year ended June 30, 2013 at the P-2 reporting period. The School continues to focus on attendance in the 2013-14 school year.

Second Period Report Average Daily Attendance (ADA)



Factors Bearing on the School's Future

- Although the School is financially stable, its financial condition is highly dependent upon the economic condition of the State of California.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. David Fehte, Principal at (818) 595-7500.

EL CAMINO REAL CHARTER HIGH SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE, 30, 2013

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 218,662
Cash Held in Trust	222,413
Accounts Receivable	9,966,136
Prepaid Expenditures	340,659
Total Current Assets	<u>10,747,870</u>
PROPERTY AND EQUIPMENT, NET	320,701
OTHER ASSETS	
Deposits	<u>60,819</u>
Total Assets	<u><u>\$ 11,129,390</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	\$ 495,575
Accrued Payroll and Payroll Liabilities	81,246
Amount Held for Others	225,305
Deferred Revenue	372,435
Line of Credit	3,250,000
Total Current Liabilities	<u>4,424,561</u>
Total Liabilities	4,424,561
NET ASSETS	
Unrestricted	<u>6,704,829</u>
Total Net Assets	<u>6,704,829</u>
Total Liabilities and Net Assets	<u><u>\$ 11,129,390</u></u>

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

EL CAMINO REAL CHARTER HIGH SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

UNRESTRICTED NET ASSETS

REVENUE

State Aid Portion of General-Purpose Block Grant	\$	12,127,204
Federal Revenue		1,195,625
Other State Revenue:		
Education Protection Account		4,639,876
Categorical Block Grant		1,619,443
Lottery Revenue		501,885
All Other		2,506,321
Local Revenue:		
In-Lieu of Property Taxes		4,915,721
All Other		819,519
Other Revenue:		
Interest Income		44

Total Revenue

28,325,638

EXPENSES

PROGRAM EXPENSES

Educational Programs	20,158,058
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SUPPORTING SERVICES

Management and General Expense	<u>4,798,246</u>
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Total Expenses

24,956,304

Increase in Net Assets

3,369,334

Beginning of Year

3,335,495

End of Year

\$ 6,704,829

The accompanying notes are an integral part of these financial statements

EL CAMINO REAL CHARTER HIGH SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in Net Assets	\$ 3,369,334
Adjustments to Reconcile to Net Cash Provided by Operating Activities:	
Depreciation	31,311
(Increase) Decrease in Assets:	
Cash Held in Trust	10,104
Accounts Receivable	(3,376,711)
Prepaid Expenses	(46,037)
Deposits	(60,819)
Increase (Decrease) in Liabilities:	
Cash Overdraft	(208,457)
Accounts Payable	(16,869)
Accrued Payroll and Payroll Liabilities	15,314
Amount Held for Others	(7,212)
Deferred Revenue	372,435
Net Cash Provided (Used) by Operating Activities	<u>82,393</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Property and Equipment	<u>(284,294)</u>
Net Cash Provided (Used) in Investing Activities	<u>(284,294)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from Line of Credit	8,600,000
Principal Payments on Line of Credit	<u>(8,350,000)</u>
Net Cash Provided (Used) by Financing Activities	<u>250,000</u>

Net Decrease in Cash and Cash Equivalents 48,099

Cash, Beginning of Year 170,563

Cash, End of Year \$ 218,662

SUPPLEMENTAL INFORMATION:

Interest Paid \$ 34,986

The accompanying notes are an integral part of these financial statements

EL CAMINO REAL CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - El Camino Real Charter High School (the School) is a California non-profit public benefit corporation and is organized to manage and operate a public charter school, serving students in grades nine through twelve. The School is funded principally through State of California public education monies received through the California Department of Education and the Los Angeles Unified School District.

The Los Angeles Unified School District (the District) is the chartering authority for the School. California Education Code section 47604(c) states that the District shall not be liable for the debts or obligations of the charter school. The District granted the School its first charter in May 2011. The current charter granted is for the period from August 15, 2011 to June 30, 2016.

Charters may be revoked by the District for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Basis of Accounting - The financial statements of the School have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - The School presents its financial statements as a California Non-Profit Public Benefit Corporation in accordance with Financial Accounting Standards which govern generally accepted accounting principles for non-profit organizations.

The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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.

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. Grant revenues are recognized as related grant expenses are incurred.

EL CAMINO REAL CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the School considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The School has established a trust account for the activities of its Associated Student Body (ASB). The account is maintained by the School with an offsetting liability for those funds.

Receivables - Accounts receivable consists primarily of amounts due from state, federal and local governments. Management believes all of these amounts are collectible; therefore, no provisions for uncollectible accounts were recorded.

Deferred Revenue - Deferred revenue results from the School's foreign exchange student program recognizing the revenue in the period in which the related educational instruction is performed. Accordingly, revenues received for the next school year are deferred until the instruction commences.

Property and Equipment - Property and equipment are stated at cost if purchased or estimated fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. For additional information, see Note 6.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Functional Allocation of Expenses - The cost of providing 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 supporting services benefited.

Contributions and Grants - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. 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. The School also receives a portion of its total revenue and support under various grants which pay the School based on reimbursable costs as defined by the grants. Reimbursements recorded under these grants are subject to audit by the granting agency. Management believes that no material adjustments will result from subsequent audits of costs reflected in the accompanying financial statements.

EL CAMINO REAL CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes - The School is exempt from federal and state income tax under 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the School qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 590(a)(2). Accordingly, no provision for income taxes has been reflected in these financial statements.

NOTE 2 – CONCENTRATION OF CREDIT RISK

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The School maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The School has not experienced any losses in such accounts. At June 30, 2013, deposits in excess of the FDIC limit amount to approximately \$185,000. Management believes the School is not exposed to any significant credit risk related to cash.

NOTE 3 – EMPLOYEE BENEFIT 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); classified employees are members of the California Public Employees' Retirement System (CalPERS).

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement Systems (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 the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0 percent 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 the fiscal year 2012-2013 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established and may be amended.

EL CAMINO REAL CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 3 – EMPLOYEE BENEFIT PLANS (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

by State statute. The School's required contributions to STRS for the fiscal year ended June 30, 2013 and 2012 was \$986,764 and \$888,608 respectively, and equals 100 percent of the required contributions for the year.

California Public Employees' Retirement System (CalPERS)

Plan Description

The School contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members are required to contribute 7.0 percent 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 CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2012-2013 was 11.417 percent of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute. The School's required contributions to CalPERS for the fiscal year ended June 30, 2013 and 2012 was \$284,871 and \$209,554 respectively, and equals 100 percent of the required contributions for the year.

NOTE 4 – COMMITMENTS

In October 2012, the School signed a sole occupant agreement with the Los Angeles Unified School District (the District) for use of property located at 5440 Valley Circle Blvd., Woodland Hills, California. The agreement carries a term that coincides with the School's charter. The agreement does not require the School to pay a lease amount for the use of the property, but instead, the Schools pays a Pro Rata Share Charge based on the square feet used. This Pro Rata Share Charge paid to the District for the School for the year ended June 30, 2013 was \$146,818.

EL CAMINO REAL CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 5 – REVOLVING LINE OF CREDIT

The School has a \$4,500,000 revolving line of credit with Pacific Western Bank (PWB), of which \$1,250,000 was unused at June 30, 2013. Bank advances on the credit line are payable on October 15, 2013 and carry an interest rate of 1.0 percent over PWB's Base Rate, with a minimum rate of 5.0 percent per annum. The credit line is secured by substantially all assets of the School.

NOTE 6 – PROPERTY AND EQUIPMENT

A schedule of changes in property and equipment and accumulated depreciation for the year ended June 30, 2013, is as follows:

SUMMARY OF CHANGES IN PROPERTY AND EQUIPMENT

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>
Computer and Equipment	\$ 67,903	\$ 140,788	\$ -	\$ 208,691
Buildings	-	93,138	-	93,138
Furniture	11,995	42,527	-	54,522
Leasehold Improvements	-	7,841	-	7,841
Totals	<u>\$ 79,898</u>	<u>\$ 284,294</u>	<u>\$ -</u>	<u>\$ 364,192</u>

SUMMARY OF CHANGES IN ACCUMULATED DEPRECIATION

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>
Computer and Equipment	\$ 10,640	\$ 21,371	\$ -	\$ 32,011
Buildings	-	2,517	-	2,517
Furniture	1,540	6,467	-	8,007
Leasehold Improvements	-	956	-	956
Totals	<u>\$ 12,180</u>	<u>\$ 31,311</u>	<u>\$ -</u>	<u>\$ 43,491</u>

During the fiscal year ended June 30, 2013, \$31,311 was charged to depreciation expense.

EL CAMINO REAL CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 7 – CONTINGENCIES

The School has received state and federal funds for specific purposes 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.

NOTE 8 – SUBSEQUENT EVENTS

The School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through September 19, 2013, the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

EL CAMINO REAL CHARTER HIGH SCHOOL

SUPPLEMENTARY INFORMATION SECTION

FOR THE YEAR ENDED JUNE 30, 2013

EL CAMINO REAL CHARTER HIGH SCHOOL

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE

JUNE 30, 2013

ORGANIZATION

El Camino Real Charter High School (the School) was established in 2011 and is a non-profit public benefit school organized under the Non-Profit Public Benefit School Law of the State of California. The School's charter was approved in May 2011 by the Los Angeles Unified School District. The School's charter number authorized by the state of California is 1314.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM</u>	<u>TERM EXPIRES</u>
Shukla Sarkar	President	3 Years	June 2014
Karen Jones	Secretary	2 Years	June 2015
Jeff Falgien	Treasurer	2 Years	June 2015
Jackie Keene	Member	3 Years	June 2014
Larry Rubin	Member	3 Years	June 2014
Obie Slamon	Member	2 Years	June 2015
Pat Valentine	Member	3 Years	June 2014

PRINCIPAL

David Fehte

EL CAMINO REAL CHARTER HIGH SCHOOL

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Classroom Based</u>	<u>Total</u>	<u>Classroom Based</u>	<u>Total</u>
Grades 9 through 12	<u>3,497.66</u>	<u>3,497.66</u>	<u>3,461.29</u>	<u>3,461.29</u>
ADA Totals	<u><u>3,497.66</u></u>	<u><u>3,497.66</u></u>	<u><u>3,461.29</u></u>	<u><u>3,461.29</u></u>

EL CAMINO REAL CHARTER HIGH SCHOOL

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE YEAR ENDED JUNE 30, 2013

	2012-13 Minutes		Number of Days Traditional Calendar	Status
	Requirement	Actual		
Grade 9	62,949	65,545	180	In Compliance
Grade 10	62,949	65,545	180	In Compliance
Grade 11	62,949	65,545	180	In Compliance
Grade 12	62,949	65,545	180	In Compliance

Effective January 1, 2000, California Education Code Section 47612.5 requires site-based charter schools to offer a minimum number of minutes of instruction as specified in section 46201.

* As reduced pursuant to the provision of Education Code Section 46201.2.

EL CAMINO REAL CHARTER HIGH SCHOOL

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2013

	Program Services	Support Services	
	Educational	Management and General	Total
Compensation and Related Expenses			
Salaries - Certificated	\$ 11,309,515	\$ 1,028,509	\$ 12,338,024
Salaries - Classified	1,219,102	1,245,563	2,464,665
Employee Benefits	3,795,975	728,964	4,524,939
Total Compensation and Related Expenses	16,324,592	3,003,036	19,327,628
Books and Supplies	818,759	1,034,814	1,853,573
Services and Other Operating Expenses	2,983,396	492,288	3,475,684
Depreciation and Amortization	31,311	-	31,311
Interest Expense	-	34,986	34,986
Direct Support / Indirect Costs	-	233,122	233,122
Total	\$ 20,158,058	\$ 4,798,246	\$ 24,956,304

EL CAMINO REAL CHARTER HIGH SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Pass-Through Program from California Department of Education:			
National School Lunch Program	10.555	13523	\$ 305,762
U.S. Department of Education			
Pass-Through Program from California Department of Education:			
Title I Grants to Local Educational Agencies	84.010	14329	182,665
Special Education - Grants to States; Indiviudals with Disabilities Education Act (IDEA)	84.027	13379	746,412
Improving Teacher Quality State Grants	84.367	14341	9,732
English Language Acquisition State Grants	84.365	14346	<u>11,837</u>
Total U.S. Department of Education			<u>950,646</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,256,408</u></u>

See accompanying notes to the schedule of expenditures of federal awards

EL CAMINO REAL CHARTER HIGH SCHOOL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of El Camino Real Charter High School under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of El Camino Real Charter High School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of El Camino Real Charter High School.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- B. Pass-through entity identifying numbers are presented where available.

EL CAMINO REAL CHARTER HIGH SCHOOL

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

June 30, 2013 Annual Financial and Budget Report Net Assets	\$ 6,617,240
Adjustments and Reclassifications Increase (Decrease):	
Cash in Bank Understated	<u>87,589</u>
June 30, 2013 Audited Financial Statement Net Assets	<u><u>\$ 6,704,829</u></u>

EL CAMINO REAL CHARTER HIGH SCHOOL

NOTES TO SUPPLEMENTARY INFORMATION

JUNE 30, 2013

NOTE 1 – PURPOSE OF SCHEDULES:

A. Local Education Agency Organization Structure

This schedule provides information about the School's date and granting authority for the charter, members of the governing board, and members of the administration.

B. Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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.

C. 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 Education Code Sections 46200 through 46206.

D. Schedule of Functional Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the instructional program and supporting services benefited. All costs have been allocated based on their type, based on management's estimates.

E. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

EL CAMINO REAL CHARTER HIGH SCHOOL

OTHER INDEPENDENT AUDITORS' REPORTS

FOR THE YEAR ENDED JUNE 30, 2013

Feddersen & Company, LLP

Certified Public Accountants

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*

Members of the Governing Board
El Camino Real Charter High School
Woodland Hills, 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 El Camino Real Charter High School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered El Camino Real Charter High 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 El Camino Real Charter High School's internal control. Accordingly, we do not express an opinion on the effectiveness of El Camino Real Charter High 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 El Camino Real Charter High 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*.

Report on Internal Control
Members of the Governing Board
El Camino Real Charter High School
Woodland Hills, California
Page 2

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jeddersen: Company, LLP

Westlake Village, California
September 19, 2013

Feddersen & Company, LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Members of the Governing Board
El Camino Real Charter High School
Woodland Hills, California

Report on Compliance for Each Major Federal Program

We have audited El Camino Real Charter High School's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of El Camino Real Charter High School's major federal programs for the year ended June 30, 2013. El Camino Real Charter High School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of El Camino Real Charter High School's major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about El Camino Real Charter High 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 compliance for each major federal program. However, our audit does not provide a legal determination of El Camino Real Charter High School's compliance.

Opinion on Each Major Federal Program

In our opinion, El Camino Real Charter High School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of El Camino Real Charter High School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered El Camino Real Charter High School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of El Camino Real Charter High School's internal control over compliance.

Report on Compliance
Members of the Governing Board
El Camino Real Charter High School
Woodland Hills, California
Page 2

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Jeddersen & Company, LLP

Westlake Village, California
September 19, 2013

Feddersen & Company, LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Members of the Governing Board
El Camino Real Charter High School
Woodland Hills, California

We have audited El Camino Real Charter High School's (the School) compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13*, published by the Education Audit Appeals Panel, that could have a material effect on each of the School's state program for the fiscal year ended June 30, 2013. Compliance with the requirements of laws, regulations, contracts, and grants is the responsibility of the School's management. Our responsibility is to express an opinion on the School's compliance based on our audit.

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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2012-13*, issued by the California Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific requirements listed below 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. Our audit does not provide a legal determination of the School's compliance with those requirements.

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

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance Reporting	6	Not applicable
Teacher Certification and Misassignments	3	Not applicable
Kindergarten Continuance	3	Not applicable
Independent Study	23	Not applicable
Continuation Education	10	Not applicable
Instructional Time:		
School Districts	6	Not applicable
County Offices of Education	3	Not applicable
Instructional Materials General Requirements	8	Not applicable
Ratios of Administrative Employees to Teachers	1	Not applicable
Classroom Teacher Salaries	1	Not applicable
Early Retirement Incentive	4	Not applicable
Gann Limit Calculation	1	Not applicable

Report on State Compliance
 Members of the Governing Board
 El Camino Real Charter High School
 Woodland Hills, California
 Page 2

School Accountability Report Card	3	Not applicable
Juvenile Court Schools	8	Not applicable
Class Size Reduction:		
General Requirements	7	Not applicable
Option One	3	Not applicable
Option Two	4	Not applicable
Districts or Charter Schools with Only One School Serving K-3	4	Not applicable
After School Education and Safety Program:		
General Requirements	4	Not applicable
After School	5	Not applicable
Before School	6	Not applicable
Contemporaneous Records of Attendance, for Charter Schools	1	Yes
Mode of Instruction, for Charter Schools	1	Yes
Nonclassroom-Based Instruction/Independent Study, for Charter Schools	15	Not applicable
Determination of Funding for Nonclassroom-Based Instruction, for Charter Schools	3	Not applicable
Annual Instructional Minutes – Classroom Based, for Charter Schools	4	Yes

The term “Not applicable” is used above to mean either that the School did not offer the program during the current fiscal year or that the program applies only to a different type of local education agency.

In our opinion, El Camino Real Charter High School complied, in all material respects, with the compliance requirements referred to above that could have a material effect on each of its state programs for the fiscal year ended June 30, 2013.

The purpose of this report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on the compliance with the requirements referred to above. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s compliance with state requirements. Accordingly, this communication is not suitable for any other purpose.

Tedderson: Company, LLP

Westlake Village, California
 September 19, 2013

EL CAMINO REAL CHARTER HIGH SCHOOL

FINDINGS AND QUESTIONED COSTS SECTION

FOR THE YEAR ENDED JUNE 30, 2013

EL CAMINO REAL CHARTER HIGH SCHOOL
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2013

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? Yes X No
 Significant deficiencies identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? Yes X No
 Significant deficiencies identified? Yes X None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes X No

Major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.027	Special Education-Grants to States; Individuals with Disabilities Education Act (IDEA)
10.555	National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes X No

EL CAMINO REAL CHARTER HIGH SCHOOL
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2013

Section I – Summary of Auditors’ Results (Continued)

State Awards

Type of auditors’ report issued on compliance for state programs: Unmodified

Internal control over state programs:
 Material weakness(es) identified? Yes X No
 Significant deficiencies? Yes X None reported

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
41000	CalSTRS
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2012-13.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – State Award Findings and Questioned Costs

No matters were reported.

EL CAMNIO REAL CHARTER HIGH SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2013

Finding	Code	Recommendation	Current Status
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There were no findings and questioned costs for the year ended June 30, 2012.