

**EL CAMINO REAL CHARTER HIGH SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**Audited Financial Statements**  
**for the Year Ended**  
**June 30, 2012**



**EL CAMINO REAL CHARTER HIGH SCHOOL  
(A California Non-Profit Public Benefit Corporation)**

**TABLE OF CONTENTS  
June 30, 2012**

	<u>Page</u>
Independent Auditor’s Report.....	1-2
Statement of Financial Position .....	3
Statement of Activities.....	4
Statement of Cash Flows.....	5
Notes to the Financial Statements .....	6-10
History and Organization .....	11
Schedule of Expenditures by State Categories.....	12
Schedule of Instructional Time .....	13
Schedule of Average Daily Attendance (ADA).....	14
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements .....	15
Schedule of Expenditures of Federal Awards .....	16
Notes to Supplementary Information .....	17
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	18-19
Independent Auditor’s Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	20-21
Independent Auditor’s Report on State Compliance.....	22-23
Schedule of Findings and Questioned Costs .....	24-25
Status of Prior Year Findings and Questioned Costs .....	26



## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
El Camino Real Charter High School  
Woodland Hills, CA

We have audited the statement of financial position of El Camino Real Charter High School, (the School) a non-profit public benefit corporation, as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2012, and the changes in its net assets and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 8, 2012 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 this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors  
El Camino Real Charter High School

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards on page 16 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The supplementary schedules on pages 12-15 are presented for the purposes of additional analysis. These schedules are not a required part of the basic 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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.

  
VICENTI, LLOYD & STUTZMAN LLP

November 8, 2012

**EL CAMINO REAL CHARTER HIGH SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2012**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 170,563
Cash held in trust	232,517
Accounts receivable	6,589,425
Prepaid expenses and other assets	<u>294,622</u>
Total current assets	<u>7,287,127</u>

**PROPERTY, PLANT AND EQUIPMENT:**

Equipment and computers	67,903
Furniture	11,995
Accumulated depreciation	<u>(12,180)</u>
Total property, plant and equipment	<u>67,718</u>
Total assets	<u>\$ 7,354,845</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Cash overdraft	\$ 208,457
Accounts payable	512,444
Accrued liabilities	65,932
Amount held for others	232,517
Line of credit	<u>3,000,000</u>
Total current liabilities	<u>4,019,350</u>

**NET ASSETS:**

Unrestricted	<u>3,335,495</u>
Total liabilities and net assets	<u>\$ 7,354,845</u>

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

**EL CAMINO REAL CHARTER HIGH SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2012**

**REVENUES:**

Apportionment revenue	\$ 17,473,025
Property tax revenue	4,435,087
State revenue	2,314,260
Federal revenue	857,125
Contributions - fundraising	6,455
Other revenue	<u>599,365</u>
Total revenues	<u>25,685,317</u>

**EXPENSES:**

Program services	16,514,505
Management and general	<u>5,835,317</u>
Total expenses	<u>22,349,822</u>
Change in unrestricted net assets	<u>3,335,495</u>
Beginning unrestricted net assets	<u>-</u>
Ending unrestricted net assets	<u>\$ 3,335,495</u>

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

**EL CAMINO REAL CHARTER HIGH SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2012**

**CASH FLOWS from OPERATING ACTIVITIES:**

Change in net assets	\$ 3,335,495
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	12,180
Increase in operating assets:	
Cash held in trust	(232,517)
Accounts receivable	(6,589,425)
Prepaid expenses and other assets	(294,622)
Increase in operating liabilities:	
Cash overdraft	208,457
Accounts payable	512,444
Accrued liabilities	65,932
Amount held for others	<u>232,517</u>
Net cash used in operating activities	<u>(2,749,539)</u>

**CASH FLOWS from INVESTING ACTIVITIES:**

Purchase of property, plant and equipment	<u>(79,898)</u>
Net cash used in investing activities	<u>(79,898)</u>

**CASH FLOWS from FINANCING ACTIVITIES:**

Proceeds from line of credit	<u>3,000,000</u>
Net cash provided by financing activities	<u>3,000,000</u>
Net increase in cash and cash equivalents	170,563
Cash and cash equivalents at the beginning of the year	<u>-</u>
Cash and cash equivalents at the end of the year	<u>\$ 170,563</u>

**SUPPLEMENTAL INFORMATION:**

Cash paid for interest	<u>\$ 100,557</u>
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The accompanying notes are an integral part of these financial statements.

**EL CAMINO REAL CHARTER HIGH SCHOOL  
(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

*Nature of Activities* – El Camino Real Charter High School (the School) is an independent conversion charter high school located in Woodland Hills, established in May 2011. The School is funded principally through State of California public education monies received through the California Department of Education (CDE) and the Los Angeles Unified School District (the District).

The charter 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 provisions of the law.

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

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

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

Net assets of the School consist of the following:

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

*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. 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.

*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.



**EL CAMINO REAL CHARTER HIGH SCHOOL  
(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

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

*Contributions and Grants* – 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. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. 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.

*Property, Plant and Equipment* – Leasehold improvements, furniture and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the asset. The School capitalizes all expenditures for land, buildings and equipment in excess of \$1,000.

*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. The School has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to its continued qualification as a tax-exempt organization and whether there is unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not (>50%) of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School files informational returns in the U.S. federal jurisdiction, and the state of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

*Evaluation of Subsequent Events* – The School has evaluated subsequent events through November 8, 2012, the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

**NOTE 2 – CONCENTRATION OF CREDIT RISK:**

The School maintains bank accounts with multiple institutions. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Furthermore, the Dodd-Frank Deposit Insurance Provision under the Dodd Frank Wall Street Reform and Consumer Protection Act provides temporary unlimited deposit insurance coverage for non-interest bearing accounts at FDIC insured depository institutions from December 31, 2010 through December 31, 2012. At June 30, 2012, there were no interest bearing deposits in excess of the FDIC limit.

**EL CAMINO REAL CHARTER HIGH SCHOOL  
(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012**

**NOTE 3 – ACCOUNTS RECEIVABLE:**

Accounts receivable primarily consist of funds due from state and federal governments; therefore, no provisions for uncollectible accounts were recorded.

**NOTE 4 – LINE OF CREDIT:**

The School obtained a promissory note with Pacific Western Bank (PWB). The note bears an interest rate at PWB base rate plus 1.5% per annum and matures on October 7, 2012, with all principal and interest due at that time. The amount outstanding at June 30, 2012 was \$3,000,000.

**NOTE 5 – EMPLOYEE RETIREMENT:**

Qualified employees of the School 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) and classified employees are members of the Public Employees' Retirement System (PERS).

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

**Plan Description**

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

**Funding Policy**

Active plan members are required to contribute 8.0% of their salary and the School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2011-12 was 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

**EL CAMINO REAL CHARTER HIGH SCHOOL  
(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012**

**NOTE 5 – EMPLOYEE RETIREMENT: (continued)**

**Public Employees’ Retirement System (PERS)**

**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 with 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% 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 fiscal year 2011-12 was 10.923%. The contribution requirements of the plan members are established and may be amended by State statute.

**Contributions to STRS and PERS**

The School’s contributions to STRS and PERS were as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>STRS</u>		<u>PERS</u>	
	<u>Required</u> <u>Contribution</u>	<u>Percent</u> <u>Contributed</u>	<u>Required</u> <u>Contribution</u>	<u>Percent</u> <u>Contributed</u>
2012	\$888,608	100%	\$209,554	100%

Comparative data for three years is not available. In future years, three-year trend information will be presented.

**EL CAMINO REAL CHARTER HIGH SCHOOL  
(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012**

**NOTE 6 – CONTINGENCIES:**

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.

**NOTE 7 – COMMITMENTS:**

In October 2012, the School signed a sole occupant agreement with Los Angeles Unified School District (LAUSD) 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 School pays a Pro Rata Share Charge based on the square feet used. This Pro Rata Share Charge is negotiated annually and therefore cannot be estimated for future years. The Pro Rata Share Charge paid to LAUSD for the School for the year ended June 30, 2012 was \$121,285.

**SUPPLEMENTARY INFORMATION**

**EL CAMINO REAL CHARTER HIGH SCHOOL  
(A California Non-Profit Public Benefit Corporation)**

**HISTORY AND ORGANIZATION  
For the Year Ended June 30, 2012**

El Camino Real Charter High School (the School), a conversion charter 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 current charter was approved in May 2011 by Los Angeles Unified School District.

Charter School number authorized by the State: 1314

The Board of Directors and the Administrator for the fiscal year ended June 30, 2012 were as follows:

**Board of Directors**

<b><u>Member</u></b>	<b><u>Office</u></b>	<b><u>Term Expires</u></b>
Shukla Sarkar	President	6/30/2013
Karen Jones	Secretary	6/30/2013
Jeff Falgien	Treasurer	6/30/2013
Patricia Peterson	Member	6/30/2013
Jackie Keene	Member	6/30/2013
Donna Slamon	Member	6/30/2013
Larry Rubin	Member	6/30/2013

**Administrator**

David Fehte – Principal

**EL CAMINO REAL CHARTER HIGH SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**SCHEDULE OF EXPENDITURES BY STATE CATEGORIES**  
**For the Year Ended June 30, 2012**

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Total</u>
Certificated salaries	\$ 9,403,117	\$ 1,439,347	\$ 10,842,464
Classified salaries	232,675	1,643,280	1,875,955
Employee benefits	2,967,090	936,976	3,904,066
Books and supplies	514,861	1,164,599	1,679,460
Services and other operating expenses	3,384,582	550,558	3,935,140
Interest		100,557	100,557
Depreciation	<u>12,180</u>		<u>12,180</u>
Total	<u>\$ 16,514,505</u>	<u>\$ 5,835,317</u>	<u>\$ 22,349,822</u>

See the accompanying notes to supplementary information.

**EL CAMINO REAL CHARTER HIGH SCHOOL  
(A California Non-Profit Public Benefit Corporation)**

**SCHEDULE OF INSTRUCTIONAL TIME  
For the Year Ended June 30, 2012**

	<b>2011-12 Minutes</b>			
	<b>Normal Requirement</b>	<b>Reduced Requirement</b>	<b>Actual</b>	<b>Status</b>
Grade 9	64,800	60,357	66,108	In compliance
Grade 10	64,800	60,357	66,108	In compliance
Grade 11	64,800	60,357	66,108	In compliance
Grade 12	64,800	60,357	66,108	In compliance

See the accompanying notes to supplementary information.



**EL CAMINO REAL CHARTER HIGH SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)**  
**For the Year Ended June 30, 2012**

	<b>Second Period Report</b>		<b>Annual Report</b>	
	<b>Classroom</b>		<b>Classroom</b>	
	<b>Based</b>	<b>Total</b>	<b>Based</b>	<b>Total</b>
Grades 9 through 12	3,260.46	3,260.46	3,221.15	3,221.15
ADA Totals	3,260.46	3,260.46	3,221.15	3,221.15

See the accompanying notes to supplementary information.

**EL CAMINO REAL CHARTER HIGH SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT**  
**WITH AUDITED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

June 30, 2012 Annual Financial and Budget Report Fund Balances (Net Assets)	\$ 3,472,233
Adjustments and Reclassifications:	
Increasing (Decreasing) the Fund Balance (Net Assets):	
Overstatement of accounts receivable	(8,929)
Understatement of accounts payable	<u>(127,809)</u>
Net Adjustments and Reclassifications	<u>(136,738)</u>
June 30, 2012 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 3,335,495</u>

See the accompanying notes to supplementary information.

**EL CAMINO REAL CHARTER HIGH SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2012**

Federal Grantor/Pass-Trough Grantor/Program	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>U.S. Department of Education</b>			
Pass-Through California Department of Education (CDE):			
Title I, Part A - Basic Grants	84.010	03797	\$ 231,745
Title II, Part A - Improving Teacher Quality	84.367	14341	11,629
Special Ed: IDEA Basic Local Assistance	84.027	03379	<u>613,751</u>
Total pass through from California Department of Education			<u>857,125</u>
<b>Total Expenditures for Federal Awards</b>			<b><u>\$ 857,125</u></b>

See the accompanying notes to supplementary information.

**EL CAMINO REAL CHARTER HIGH SCHOOL  
(A California Non-Profit Public Benefit Corporation)**

**NOTES TO SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2012**

**NOTE 1 – PURPOSE OF SCHEDULES**

**A. Schedule of Expenditures by State Categories**

This schedule presents expenses by the object codes according to state categories for analysis purposes.

**B. 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.

**C. Schedule of Average Daily Attendance (ADA)**

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

**D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

**E. Schedule of Expenditures of Federal Awards**

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared and is presented on the accrual basis of accounting.



**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  
El Camino Real Charter High School  
Woodland Hills, CA

We have audited the financial statements of El Camino Real Charter High School (the School) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our audit procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Vicenti Lloyd + Stutzman LLP*

VICENTI, LLOYD & STUTZMAN LLP

November 8, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

Board of Directors  
El Camino Real Charter High School  
Woodland Hills, CA

Compliance

We have audited the compliance of El Camino Real Charter High School (the School) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs 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 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 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 our opinion, the School complied, in all material respects, with the 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, 2012.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

Internal Control over Compliance

The management of the School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the 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 the School's internal control over compliance.

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

  
VICENTI, LLOYD & STUTZMAN LLP

November 8, 2012





**INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE**

Board of Directors  
 El Camino Real Charter High School  
 Woodland Hills, CA

We have audited the compliance of El Camino Real Charter High School (the School) with the types of compliance requirements described in the *2011-12 Standards and Procedures for Audits of California K-12 Local Educational Agencies*, published by the Education Audit Appeals Panel for the year ended June 30, 2012. The School’s State compliance requirements are identified in the table below. Compliance with the State laws and regulations as identified below 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 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 *2011-12 Standards and Procedures for Audits of California K-12 Local Educational Agencies*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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. 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 laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance accounting:		
Attendance reporting	6	Not applicable
Teacher certification and misassignments	3	Not applicable
Kindergarten continuance	3	Not applicable
Continuation education	10	Not applicable
Independent study	23	Not applicable
Instructional time:		
School Districts	6	Not applicable
County Offices of Education	3	Not applicable

**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Class size reduction program (including charter schools):		
General requirements	7	Not applicable
Option 1	3	Not applicable
Option 2	4	Not applicable
One school serving K-3	4	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
School Accountability Report Card	3	Not applicable
Public hearing requirement—receipt of funds	1	Not applicable
Juvenile Court Schools	8	Not applicable
Exclusion of Pupils – Pertussis Immunization	2	Not applicable
After School Education and Safety Program:		
General requirements	4	Not applicable
After school	5	Not applicable
Before school	6	Not applicable
Charter Schools:		
Contemporaneous records of attendance	3	Yes
Mode of Instruction	1	Yes
Nonclassroom-based instructional/independent study	15	Not applicable
Determination of funding for nonclassroom-based instruction	3	Not applicable
Annual instructional minutes – classroom based	4	Yes

In our opinion, we found that, for the items tested, the School complied with the laws and regulations of the state programs referred to above in all material respects.

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

  
 VICENTI, LLOYD & STUTZMAN LLP

November 8, 2012

**EL CAMINO REAL CHARTER HIGH SCHOOL  
(A California Non-Profit Public Benefit Corporation)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued November 8, 2012:	<i>Unqualified</i>
Internal control over financial reporting:	
Material weakness (es) identified?	<i>No</i>
Significant deficiencies identified that are not considered to be material weakness (es)?	<i>No</i>
Noncompliance material to financial statements noted?	<i>No</i>

**Federal Awards**

Internal control over major programs:	
Material weakness (es) identified?	<i>No</i>
Significant deficiencies identified that are not considered to be material weakness (es)?	<i>No</i>
Type of auditor's report issued on compliance for major programs:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of (Circular A-133)?	<i>No</i>

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Ed: IDEA Basic Local Assistance

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	<i>No</i>

**EL CAMINO REAL CHARTER HIGH SCHOOL  
(A California Non-Profit Public Benefit Corporation)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2012**

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

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

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the year ended June 30, 2012.

**EL CAMINO REAL CHARTER HIGH SCHOOL  
(A California Non-Profit Public Benefit Corporation)**

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
June 30, 2012**

There were no findings for the year ended June 30, 2011 since June 30, 2012 was the School's first year of operations.