

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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**URBAN MONTESSORI CHARTER SCHOOL
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Urban Montessori Charter School
Oakland, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Urban Montessori Charter School (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Urban Montessori Charter School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole and the accompanying supplementary schedules, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and, except for the portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The Local Education Agency Organization Structure, which is marked "unaudited", has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 28, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
March 28, 2023

**URBAN MONTESSORI CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,082,291
Accounts Receivable - Federal and State	913,706
Accounts Receivable - Other	9,792
Prepaid Expenses and Other Assets	17,458
Total Current Assets	<u>2,023,247</u>

LONG-TERM ASSETS

Property, Plant, and Equipment, Net	<u>30,626</u>
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Total Assets	<u><u>\$ 2,053,873</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 421,702
Deferred Revenue	118,565
Total Current Liabilities	<u>540,267</u>

NET ASSETS

Without Donor Restrictions	<u>1,513,606</u>
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Total Liabilities and Net Assets	<u><u>\$ 2,053,873</u></u>
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See accompanying Notes to Financial Statements.

**URBAN MONTESSORI CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
State Revenue:			
State Aid	\$ 2,046,124	\$ -	\$ 2,046,124
Other State Revenue	684,230	-	684,230
Federal Revenue:			
Grants and Entitlements	467,138	-	467,138
Local Revenue:			
In-Lieu Property Tax Revenue	989,452	-	989,452
Contributions	210,530	-	210,530
Other Local Revenue	91,733	-	91,733
Other Revenue	<u>5,274</u>	<u>-</u>	<u>5,274</u>
Total Revenues	<u>4,494,481</u>	<u>-</u>	<u>4,494,481</u>
EXPENSES			
Program Services	3,877,961	-	3,877,961
Management and General	521,612	-	521,612
Fundraising	<u>3,766</u>	<u>-</u>	<u>3,766</u>
Total Expenses	<u>4,403,339</u>	<u>-</u>	<u>4,403,339</u>
CHANGE IN NET ASSETS	91,142	-	91,142
Net Assets - Beginning of Year	<u>1,422,464</u>	<u>-</u>	<u>1,422,464</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,513,606</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,513,606</u></u>

See accompanying Notes to Financial Statements.

**URBAN MONTESSORI CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 2,422,711	\$ 54,094	\$ -	\$ 2,476,805
Pension Expense	302,971	7,757	-	310,728
Other Employee Benefits	271,229	6,943	-	278,172
Payroll Taxes	75,185	1,637	-	76,822
Management Fees	-	31,459	-	31,459
Legal Expenses	-	55,523	-	55,523
Accounting Expenses	-	21,840	-	21,840
Instructional Materials	169,639	-	-	169,639
Other Fees for Services	210,843	133,481	-	344,324
Advertising and Promotion Expenses	-	4,405	-	4,405
Office Expenses	33,613	93,768	-	127,381
Information Technology Expenses	71,194	-	-	71,194
Occupancy Expenses	166,836	37,659	-	204,495
Travel Expenses	4,356	-	-	4,356
Conference and Meeting Expenses	69,306	-	-	69,306
Depreciation Expense	6,724	2,241	-	8,965
Insurance Expense	-	67,952	-	67,952
Other Expenses	73,354	2,853	3,766	79,973
	<u>\$ 3,877,961</u>	<u>\$ 521,612</u>	<u>\$ 3,766</u>	<u>\$ 4,403,339</u>
Total Expenses by Function	<u>\$ 3,877,961</u>	<u>\$ 521,612</u>	<u>\$ 3,766</u>	<u>\$ 4,403,339</u>

See accompanying Notes to Financial Statements.

**URBAN MONTESSORI CHARTER SCHOOL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 91,142
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	8,965
Change in Operating Assets:	
Accounts Receivable - Federal and State	330,349
Accounts Receivable - Other	60,484
Prepaid Expenses and Other Assets	30,971
Change in Operating Liabilities:	
Accounts Payable and Accrued Liabilities	(8,191)
Deferred Revenues	29,409
Net Cash Provided by Operating Activities	<u>543,129</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	543,129
Cash and Cash Equivalents - Beginning of Year	<u>539,162</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,082,291</u></u>

See accompanying Notes to Financial Statements.

**URBAN MONTESSORI CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

The School served grades K through 8 for the year ended June 30, 2022 and was granted its charter on October 11, 2011, under the sponsorship of the Alameda County Office of Education, pursuant to the terms of the Charter Schools Act (the Act) of 1992, as amended. The Act authorizes the formation of charter schools for the purpose among others, of developing new, innovative, and more flexible ways of educating children within the public schools system. The School is funded principally through state of California public education monies received through the California Department of Education.

Basis of Accounting

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

Basis of Presentation

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

Use of Estimates

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

Functional Allocation of Expenses

Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes, depreciation, and occupancy expenses, which are allocated on the basis of estimates of time and effort. Other fees for services are allocated based on estimates units of service and office expenses are allocated based on estimated usage.

Cash and Cash Equivalents

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

**URBAN MONTESSORI CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classes

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

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

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2022. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased or at estimated fair value, if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The School capitalized all expenditures for land, buildings, and equipment in excess of \$5,000.

Revenue Recognition

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

URBAN MONTESSORI CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as temporarily restricted. Restricted contributions that are received and released in the same period are reported as unrestricted revenue. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2022, the School has conditional grants of \$431,310 of which \$118,565 is recognized as deferred revenue in the statement of financial position.

Compensated Absences

The School does not allow employees to carryover unused vacation. Accordingly, there were no accumulated compensated absence benefits at June 30, 2022.

Income Taxes

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

Subsequent Events

The School has evaluated subsequent events through March 28, 2023, the date these financial statements were available to be issued.

**URBAN MONTESSORI CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures are comprised of the following as of June 30, 2022:

Cash and Cash Equivalents	\$ 1,082,291
Accounts Receivable - Federal and State	913,706
Accounts Receivable - Other	9,792
Financial Assets Available for General Expenditure	<u>\$ 2,005,789</u>

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

NOTE 3 CONCENTRATION OF CREDIT RISK

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

NOTE 4 EMPLOYEE RETIREMENT

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS.

The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2021 total STRS plan net assets are \$310 billion, the total actuarial present value of accumulated plan benefits is \$414 billion, contributions from all employers totaled \$5.744 billion, and the plan is 73% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826, and www.calstrs.com.

**URBAN MONTESSORI CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.21% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2022 was 16.92% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

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

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2020	\$ 297,343	100 %
2021	292,522	100
2022	310,728	100

NOTE 5 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying financial statements is presented net of accumulated depreciation. Depreciation expense was \$8,965 for the year ended June 30, 2022. The components of property, plant, and equipment as of June 30, 2022 are as follows:

Equipment	\$ 44,833
Less: Accumulated Depreciation	(14,207)
Property, Plant, and Equipment, Net	\$ 30,626

NOTE 6 OPERATING LEASES

The School entered into a facility use agreement with Oakland Unified School District (OUSD) for property in Oakland, California. Rent expense for the year ended June 30, 2022 was \$133,641. In June 2020 the School entered into a new facility use agreement with OUSD, and in August 2020 they agreed to use the Tilden/ John Swett Campus. The estimated future payment for 2023 is \$157,431.

**URBAN MONTESSORI CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 CONTINGENCIES, RISKS AND UNCERTAINTIES

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

SUPPLEMENTARY INFORMATION

**URBAN MONTESSORI CHARTER SCHOOL
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 YEAR ENDED JUNE 30, 2022
 (SEE INDEPENDENT AUDITORS' REPORT)
 UNAUDITED**

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

Charter School number authorized by the state: 1383

The board of directors and the administrators as of the year ended June 30, 2022 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term End (Two-Year Term)</u>
Davis Leung	Chair	December 2022
Donald Williams	Vice Chair	February 2024
Greg Klein	Treasurer	June 2023
Sarah Morill	Member	December 2023
Maru Salazar	Member	October 2023
Kara Fortuna	Member	October 2023

Administrators

Krishna Feeney	Head of School
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**URBAN MONTESSORI CHARTER SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2022**

	Instructional Minutes		Traditional Calendar Days	Status
	Requirement	Actual		
Kindergarten	36,000	60,645	179	In Compliance
Grade 1	50,400	55,275	179	In Compliance
Grade 2	50,400	55,275	179	In Compliance
Grade 3	50,400	55,275	179	In Compliance
Grade 4	54,000	55,275	179	In Compliance
Grade 5	54,000	55,275	179	In Compliance
Grade 6	54,000	55,275	179	In Compliance
Grade 7	54,000	55,275	179	In Compliance
Grade 8	54,000	55,275	179	In Compliance

See accompanying Notes to Supplementary Information.

**URBAN MONTESSORI CHARTER SCHOOL
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2022**

	Second Period Report		Audit Adjustments		Second Period Report (Audited)	
	Classroom		Classroom		Classroom	
	Based	Total	Based	Total	Based	Total
Grades TK/K-3	177.31	178.65	-	(1.34)	177.31	177.31
Grades 4-6	103.71	103.91	-	(0.20)	103.71	103.71
Grades 7-8	33.51	33.56	-	(0.05)	33.51	33.51
ADA Totals	<u>314.53</u>	<u>316.12</u>	<u>-</u>	<u>(1.59)</u>	<u>314.53</u>	<u>314.53</u>

	Annual Report		Audit Adjustments		Annual Report (Audited)	
	Classroom		Classroom		Classroom	
	Based	Total	Based	Total	Based	Total
Grades TK/K-3	178.14	179.42	-	(1.28)	178.14	178.14
Grades 4-6	103.26	103.80	-	(0.54)	103.26	103.26
Grades 7-8	33.27	33.52	-	(0.25)	33.27	33.27
ADA Totals	<u>314.67</u>	<u>316.74</u>	<u>-</u>	<u>(2.07)</u>	<u>314.67</u>	<u>314.67</u>

See accompanying Notes to Supplementary Information.

**URBAN MONTESSORI CHARTER SCHOOL
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

June 30, 2022 Annual Financial Report Fund Balances (Net Assets)	\$ 1,468,305
Adjustments and Reclassifications:	
Increase (Decrease) of Fund Balance (Net Assets):	
Accounts Receivable - Federal and State	200,220
Accounts Payable and Accrued Liabilities	(168,898)
Deferred Revenue	13,979
Net Adjustments and Reclassifications	<u>45,301</u>
June 30, 2022 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 1,513,606</u>

See accompanying Notes to Supplementary Information.

**URBAN MONTESSORI CHARTER SCHOOL
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

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

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

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

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

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



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

Board of Directors
Urban Montessori Charter School
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Urban Montessori Charter School (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated March 28, 2023.

Report on Internal Control Over Financial Reporting

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

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

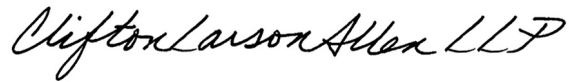
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Glendora, California
March 28, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
Urban Montessori Charter School
Oakland, California

Opinion on State Compliance

We have audited Urban Montessori Charter School's (the School) compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2022. The School's state compliance requirements are identified in the table below.

In our opinion, the School complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for the compliance with the state laws and regulations as identified below.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to below occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to below and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our audit procedures disclosed instances of noncompliance, which are required to be reported in accordance with *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002. Our opinion on each state program is not modified with respect to this matter.

The School's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In Person Instruction Grant	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
March 28, 2023

**URBAN MONTESSORI CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

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

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III Findings and Questioned Costs – State Compliance

2022-001 Non-classroom-Based Instruction/ Independent Study **40000**

Criteria: If ADA was reported by the charter school to the CDE as generated through nonclassroom-based instruction (independent study) the charter school is required to follow Education Code section 51747, which includes the adoption and implementation of written policies for independent study.

Condition: During Nonclassroom-based/independent study testing we found that the majority of the students classified as nonclassroom based were mostly quarantine based which should have been classified as classroom based on the P-2 and P-Annual. Additionally, the documentation required to complete the required audit procedures could not be obtained.

Effect: Urban Montessori is not in compliance with the Education Code Section 51747 and over reported ADA on its P2 of 1.59.

Cause: This incorrect filing was the result of a configuration error in the Student Information System which has since been corrected.

**URBAN MONTESSORI CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

2022-001 Non-classroom-Based Instruction/ Independent Study (Continued) 40000

Questioned Costs: Decrease in apportionment of \$15,090.

Repeat Finding: This is not a repeat finding.

Corrective Action Plan: The reporting codes within the student information system have changed to ensure that the ADA is not misreported in the future and for those students that will be reported as nonclassroom-based, all required documents will be maintained on file for audit purposes.

2022-002 In Person Instruction 40000

Criteria: Per Education Code section 43521(c)(2)(B) a local educational agency shall be considered to be offering in-person instruction if it does at least all of the following: For a local educational agency in a county in the purple tier pursuant to the State Department of Public Health's Blueprint for a Safer Economy that is neither open nor eligible to open as defined in the COVID-19 industry sector guidance for schools and school-based programs, the local educational agency offers optional in-person instruction pursuant to the State Department of Public Health's Guidance Related to Cohorts to all pupils who are individuals with exceptional needs, if consistent with each pupil's individualized education program, and to all prioritized pupil groups described in paragraph (4), unless the number of pupils in the prioritized pupil groups seeking in-person instruction exceeds the practical capacity of a local educational agency to maintain health and safety pursuant to its COVID-19 safety plan, in which case the local educational agency may limit the number of pupils within the prioritized pupil groups that receive in-person instruction to its maximum practical capacity. For elementary schools, for kindergarten and grades 1 to 6, inclusive, as applicable, the following applies: For a local educational agency in a county in the purple tier pursuant to the State Department of Public Health's Blueprint for a Safer Economy, when eligible pursuant to COVID-19 industry sector guidance for schools and school-based programs, the local educational agency offers optional in-person instruction to all pupils required to be offered in-person instruction pursuant to subparagraph (A), and to all pupils in kindergarten and grades 1 and 2. When eligible pursuant to COVID-19 industry sector guidance for schools and school-based programs to provide in-person instruction for kindergarten and grades 1 to 12, inclusive, the local educational agency offers optional in-person instruction to all pupils required to be offered in-person instruction pursuant to clause (i), and to all pupils in grade 3 through the highest elementary school grade, up to grade 6, inclusive.

Condition: The school reported a return to in person instruction date of April 12, 2021; however as of this date, in-person instruction was not offered to all required groups as identified in the Education Code. The School provided in-person instruction to all required groups on April 19, 2021, which resulted in a total of five days of instruction as identified in the school calendar adopted for the 2020–21 school year that is in effect on March 1, 2021 that the School did not provide in-person instruction.

Effect: The School is not in compliance with Education Code 43521(c)(2)(B) and over-reported five days of having offered in-person instruction.

Cause: Complications due to COVID-19 and resource constraints resulted in the delay of providing in-person instruction to all required groups until April 19, 2021.

**URBAN MONTESSORI CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

2022-002 In Person Instruction (Continued)

40000

Questioned Costs: Decrease In Person Instruction \$6,297

Repeat Finding: This is not a repeat finding.

Corrective Action Plan: The School will be closely monitoring compliance requirements for future grants.

**URBAN MONTESSORI CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

There were no findings in the prior year.



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