

***GOLDEN OAK MONTESSORI OF HAYWARD
CHARTER SCHOOL
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2014***

DEC 15 2014

GOLDEN OAK MONTESSORI OF HAYWARD CHARTER SCHOOL

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HILL, MORGAN AND ASSOCIATES, LLP

Certified Public Accountants

19602 Fariman Drive Carson, CA 90746 Phone (310) 749-1014 Fax (310) 639-0498
9031 Krueger Street, Culver City, CA 90232 Phone (323) 377-4385 Fax (310) 836-5727

Partners
Jeffrey Hill, CPA
Raymond Morgan, CPA

To the Board of Directors
Golden Oak Montessori of Hayward Charter School
Hayward, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of **Golden Oak Montessori of Hayward Charter School** which comprise the statement of financial position as of June 30, 2014, 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 the 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.

Auditor's 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 the Education Audit Appeals Panel's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*. 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 auditor's judgment, including the assessment of the risk of material misstatement of the financial statements 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 statement 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 control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriated to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Golden Oak Montessori of Hayward Charter School** as of June 30, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is 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 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 November 25, 2014 on our consideration of **Golden Oak Montessori of Hayward Charter School's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering **Golden Oak Montessori of Hayward Charter School's** internal control over financial reporting and compliance.

Hill, Morgan and Associates, LLP

Carson, California
November 25, 2014

GOLDEN OAK MONTESSORI OF HAYWARD CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

At June 30, 2014

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	577,851
Accounts receivable		92,330
Security Deposit		<u>2,750</u>
Total current assets		<u>672,931</u>

PROPERTY AND EQUIPMENT:

Furniture and fixtures		3,261
Building improvements		20,818
Less accumulated depreciation		<u>(24,079)</u>

Net property and equipment -

Total assets \$ 672,931

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$	25,837
Accrued salaries		<u>40,014</u>

Total current liabilities 65,851

NET ASSETS:

Unrestricted 607,080

Total net assets 607,080

Total liabilities and net assets \$ 672,931

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

GOLDEN OAK MONTESSORI OF HAYWARD CHARTER SCHOOL
STATEMENT OF ACTIVITIES
For the year ended June 30, 2014

CHANGES IN UNRESTRICTED NET ASSETS:

REVENUES:

State support	\$ 1,259,704
Local support	25,936
Private donation	5,000
Other local support	<u>153,952</u>

Total revenues 1,444,592

EXPENSES:

Certificated salaries	676,731
Classified salaries	219,781
Fringe benefits	157,135
Books and supplies	41,565
Services and other operating expenses	299,638
Depreciation	1,540
District oversight fee	<u>11,287</u>

Total expenses 1,407,677

Increase in net assets 36,915

Net assets, beginning of the year 570,165

Net assets, end of the year \$ 607,080

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

GOLDEN OAK MONTESSORI OF HAYWARD CHARTER SCHOOL

STATEMENT OF CASH FLOWS

For the year ended June 30, 2014

Cash flows from operating activities:	
Increase in net assets	\$ 36,915
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,540
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	157,550
Prepaid expense	4,535
Increase (decrease) in liabilities:	
Accrued salaries	40,014
Accounts payable	<u>22,614</u>
Net cash provided by operating activities	<u>263,168</u>
Cash flows from financing activities:	
Repayment of loan principal	<u>(50,000)</u>
Net cash used in financing activities	<u>(50,000)</u>
Net increase in cash	213,168
Cash and cash equivalents, beginning of the year	<u>364,683</u>
Cash and cash equivalents, end of the year	<u><u>\$ 577,851</u></u>

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

GOLDEN OAK MONTESSORI OF HAYWARD CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES

Golden Oak Montessori of Hayward Charter School (the School), located in Alameda County, was approved and formed as a nonprofit public benefit corporation on December 9, 2008. The School was granted a charter by the governing board of the Hayward Unified School District for a term of five years. The School began its operations in August 2009.

The School offers a classroom based education program, offering education to students in grades 1-8. The School's mission is to provide students in the Hayward area with the opportunity to acquire an education based on the educational philosophy of Dr. Maria Montessori, with an emphasis on independent learning, hands-on material for holistic education, and mixed-aged classrooms to encourage mutual teaching.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements are prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide, "Not-for-Profit Organizations."

ESTIMATES

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

CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, the School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Property and equipment is capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

These notes are an integral part of the preceding financial statements.

GOLDEN OAK MONTESSORI OF HAYWARD CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(continued)

INCOME TAXES

The School is a not-for-profit organization that is exempt from Federal and state income taxes under the Internal Revenue Code Section 501(c) (3) and the California State Revenue and Taxation Code 23701 (d) except on net income derived from unrelated business activities. The School's management believes that it has support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The School Forms 990, Return of Organization Exempt from Income Tax for the years ending June 30, 2010, 2011, 2012, 2013 and 2014 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

NOTE 3 - EMPLOYEE RETIREMENT PLANS

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

STATE TEACHERS RETIREMENT SYSTEM (STRS)

Plan Description

The School contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. 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. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2013-2014 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. For the year ended June 30, 2014, The School's contribution to CalSTRS was approximately \$42,780.

These notes are an integral part of the preceding financial statements.

GOLDEN OAK MONTESSORI OF HAYWARD CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CONCENTRATION OF CREDIT RISK

CASH AND CASH EQUIVALENTS

The School maintains one bank account. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Total cash exceeded the federally insured limits by \$327,871 as of June 30, 2014.

NOTE 5 - SUBSEQUENT EVENTS

The School's management has evaluated subsequent events for the period from June 30, 2014 through November 25, 2014, the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements

These notes are an integral part of the preceding financial statements.

SUPPLEMENTARY INFORMATION

GOLDEN OAK MONTESSORI OF HAYWARD CHARTER SCHOOL

SUPPLEMENTARY INFORMATION

LOCAL EDUCATIONAL AGENCY ORGANIZATION STRUCTURE

Name of School	Golden Oak Montessori of Hayward Charter School
Sponsoring District	Hayward Unified School District
Original date of charter	9/1/2009
Charter expiration date	6/30/2015

GOVERNING BOARD

<u>Member</u>	<u>Title</u>	<u>Term Expires</u>
Chris Pagel	Member	6/30/15
Patti Presto	Secretary	6/30/16
Jackie Moses	Co-chair	6/30/14
Mike Gorski	Member	6/30/16
Murielle Bichard	Treasurer	6/30/14
Mary June Manglicmot	Secretary	6/30/15
Aneema Van Groenou	Member	6/30/16
Nenshad Bardoliwalla	Member	4/10/16
Meher Van Groenou	Co-chair	6/30/14

MANAGEMENT TEAM

Deirdre Fennessy – Head of School
Elizabeth So, Office Assistant
Maria Omari - Business Manager

GOLDEN OAK MONTESSORI OF HAYWARD CHARTER SCHOOL

SUPPLEMENTARY INFORMATION

SCHEDULE OF AVERAGE DAILY ATTENDANCE

	<u>Annual ADA</u>	<u>Second Period ADA</u>
<i>Elementary School</i>		
Grades one through three-classroom based	80.12	79.97
Grades four through six-classroom based	75.88	74.91
Grades seven and eight-classroom based	34.93	33.84
Total	<u>190.93</u>	<u>188.72</u>

The above schedule of 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.

SCHEDULE OF INSTRUCTIONAL TIME

<u>Grade level</u>	<u>Minute requirement</u>	<u>Actual minutes</u>	<u>Number of days</u>	<u>Status</u>
Grade 1	48,960	57,840	175	Complied
Grade 2	48,960	57,840	175	Complied
Grade 3	48,960	57,840	175	Complied
Grade 4	52,457	57,840	175	Complied
Grade 5	52,457	57,840	175	Complied
Grade 6	52,457	57,840	175	Complied
Grade 7	52,457	57,840	175	Complied
Grade 8	52,457	57,840	175	Complied

The above 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.

***SUPPLEMENTARY INFORMATION SECTION REQUIRED BY
GOVERNMENT AUDITING STANDARDS***

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Partners
Jeffrey Hill, CPA
Raymond Morgan, CPA

To the Board of Directors
Golden Oak Montessori of Hayward Charter School
Hayward, California

INDEPENDENT AUDITOR'S 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

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 **Golden Oak Montessori of Hayward Charter School**, which comprise the statement of financial position as of June 30, 2014 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 November 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Golden Oak Montessori of Hayward Charter 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 **Golden Oak Montessori of Hayward Charter School's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Golden Oak Montessori of Hayward Charter 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 **Golden Oak Montessori of Hayward Charter School's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

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.

Hill, Morgan and Associates, LLP

Carson, California
November 25, 2014

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To the Board of Directors
Golden Oak Montessori of Hayward Charter School
Hayward, California

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Compliance

We have audited **Golden Oak Montessori of Hayward Charter School** compliance with the types of compliance requirements identified in the Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14 that could have a direct and material effect on each of **Golden Oak Montessori of Hayward Charter School** State programs as noted below for the year ended June 30, 2014.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of **Golden Oak Montessori of Hayward Charter School** State programs based on our audit of the types of compliance requirements referred to above. 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 2013-14. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the applicable State programs listed below. An audit includes examining, on a test basis, evidence about **Golden Oak Montessori of Hayward Charter School** 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 **Golden Oak Montessori of Hayward Charter School** compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine **Golden Oak Montessori of Hayward Charter School** compliance with the State laws and regulations applicable to the following:

	<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
Independent study	23	Not applicable
Continuation education	10	Not applicable
Instructional Time:		
School districts	10	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
Juvenile court schools	8	Not applicable
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Not applicable
After school education and safety program: (Including Charter Schools):		
General requirements	4	Not applicable
After school	5	Not applicable
Before school	6	Not applicable
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Not applicable
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Charter Schools:		
Contemporaneous record of attendance	8	Yes
Mode of instructions	1	Yes
Non classroom-based instruction/independent study	15	Not applicable
Determination of funding for non-classroom-based instruction	3	Not applicable
Annual instructional minutes-classroom based	4	Yes
Charter School Facility Grant Program	1	Not applicable

Opinion

In our opinion, **Golden Oak Montessori of Hayward Charter School** complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2014.

Hill, Morgan and Associates, LLP

Carson, California
November 25, 2014

GOLDEN OAK MONTESSORI OF HAYWARD CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDINGS

None noted.

STATE AWARDS FINDINGS AND QUESTIONED COSTS

None noted.

STATUS OF PRIOR YEAR FINDINGS

None noted.

GOLDEN OAK MONTESSORI OF HAYWARD CHARTER SCHOOL
 Schedule to Reconcile the Unaudited Actuals Report
 With the Audited Financial Statements
 For the year ended June 30, 2014

June 30, 2014 unaudited actual report of net assets		\$ 582,219
RESTATEMENTS:		
None		
AUDIT ADJUSTMENTS:		
Increase (decrease) in net assets:		
Accounts receivable	\$ 7,153	
Accounts payable	1,040	
Long term liabilities	<u>16,668</u>	
Net adjustments		<u>24,861</u>
June 30, 2014 Audited actual report of net assets		\$ <u>607,080</u>