

**LARCHMONT CHARTER SCHOOL****TABLE OF CONTENTS**  
**JUNE 30, 2011**

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**INDEPENDENT AUDITORS' REPORT**

Governing Board  
Larchmont Charter School  
(A California Non-Profit Public Benefit Corporation)  
Los Angeles Los Angeles, California

We have audited the accompanying statement of financial position of Larchmont Charter School (A California Non-Profit Public Benefit Corporation) (the Charter School) as of June 30, 2011, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Larchmont Charter 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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2010-11*, issued by the California Education Audit Appeals Panel as regulations. 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 Larchmont Charter School as of June 30, 2011, and the changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States America.

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2011, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information 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 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.

Rancho Cucamonga, California  
\_\_\_\_\_, 2011

**LARCHMONT CHARTER SCHOOL****STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2011**

	Larchmont Charter School	Larchmont Charter School West Hollywood	Central Administration Office	Total
<b>ASSETS</b>				
Current Assets				
Cash	\$ 378,323	\$ 647,452	\$ -	\$ 1,025,775
Accounts receivable	855,544	307,861	-	1,163,405
Prepaid expenses and other current assets	95,172	26,529	24,832	146,533
Total Current Assets	1,329,039	981,842	24,832	2,335,713
Non-Current Assets				
Fixed assets	279,609	16,415	5,137	301,161
Less: accumulated depreciation	234,013	7,227	2,355	243,595
Total Non-Current Assets	45,596	9,188	2,782	57,566
Total Assets	\$ 1,374,635	\$ 991,030	\$ 27,614	\$ 2,393,279
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 176,950	\$ 68,575	\$ 33,181	\$ 278,706
Deferred revenue	94,866	29,084	-	123,950
Total Current Liabilities	271,816	97,659	33,181	402,656
<b>NET ASSETS</b>				
Unrestricted	1,102,819	893,371	(5,567)	1,990,623
Total Net Assets	1,102,819	893,371	(5,567)	1,990,623
Total Liabilities and Net Assets	\$ 1,374,635	\$ 991,030	\$ 27,614	\$ 2,393,279

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

## LARCHMONT CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011

REVENUES	Larchmont	Larchmont	Central	Total
	Charter School	Charter School West Hollywood	Administration Office	
Revenue limit sources				
State apportionment	\$ 1,862,828	\$ 642,996	\$ -	\$ 2,505,824
In-lieu property taxes	585,902	213,748	-	799,650
Federal revenue	216,184	49,153	-	265,337
State revenue	1,324,512	351,450	-	1,675,962
Local revenues	865,291	686,534	529,610	2,081,435
Total Revenues	4,854,717	1,943,881	529,610	7,328,208
<b>EXPENSES</b>				
Program services				
Teacher salaries and benefits	2,789,002	959,488	34,197	3,782,687
Other student services	28,166	22,796	-	50,962
Educational programs	66,539	50,066	253	116,858
Occupancy	539,722	185,048	11,583	736,353
Student supplies	84,457	34,767	-	119,224
Student nutrition	164,033	113,502	-	277,535
Special Education fee	112,133	39,834	-	151,967
Depreciation	40,254	4,422	1,028	45,704
Capital outlay	25,017	4,779	2,009	31,805
Subtotal	3,849,323	1,414,702	49,070	5,313,095
Management and general				
Clerical salaries and benefits	316,305	182,689	249,162	748,156
District supervisory fee	27,416	9,939	-	37,355
Occupancy	-	2,011	-	2,011
Insurance	-	-	36,926	36,926
Other sources and uses	272,664	96,946	-	369,610
Operating expenses	176,714	68,024	200,019	444,757
Subtotal	793,099	359,609	486,107	1,638,815
Total Expenses	4,642,422	1,774,311	535,177	6,951,910
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	212,295	169,570	(5,567)	376,298
<b>NET ASSETS, BEGINNING OF YEAR</b>	890,524	723,801	-	1,614,325
<b>NET ASSETS, END OF YEAR</b>	\$ 1,102,819	\$ 893,371	\$ (5,567)	\$ 1,990,623

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

## LARCHMONT CHARTER SCHOOL

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Larchmont Charter School	Larchmont Charter School West Hollywood	Central Administration Office	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Increase (Decrease) in unrestricted net assets	\$ 212,295	\$ 169,570	\$ (5,567)	\$ 376,298
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities				
Depreciation expense	40,254	4,422	1,028	45,704
Changes in operating assets and liabilities				
Increase in accounts receivable	(12,313)	(25,726)	-	(38,039)
Increase in prepaid expenses	(25,729)	(11,632)	(23,972)	(61,333)
Decrease in accounts payable	(17,246)	20,687	22,204	25,645
Decrease in deferred revenue	94,866	29,084	-	123,950
Net Cash Provided (Used) by Operating Activities	292,127	186,405	(6,307)	472,225
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Capital expenditures	(33,279)	(9,317)	-	(42,596)
Net Cash Used by Investing Activities	(33,279)	(9,317)	-	(42,596)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	258,848	177,088	(6,307)	429,629
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	119,475	470,364	6,307	596,146
	\$ 378,323	\$ 647,452	\$ -	\$ 1,025,775

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

**LARCHMONT CHARTER SCHOOL****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

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***NOTE 1 - ORGANIZATION AND MISSION*****Larchmont Charter School**

The Larchmont Charter School (the Charter School) is a non-profit public benefit corporation. The Charter School petitioned through Los Angeles Unified School District (LAUSD) for a charter and was approved by the State of California Department of Education on September 25, 2005 and renewed on February 16, 2010, for a period of five years ending in 2015.

Charter School number authorized by the State: 0717

Larchmont Charter School located on 815 North El Centro Ave, Los Angeles, California, opened in September 2005, and currently serves 501 students in grades kindergarten through fifth. The Charter School strives to have the essential combination of a research-based, innovative curriculum, parent involvement in school governance and excellent test scores. It emphasizes constructivism in student learning.

**Larchmont Charter School West Hollywood**

The Larchmont Charter School West Hollywood (the Charter School) operates under the Larchmont Charter School non-profit public benefit corporation. The Charter School petitioned through LAUSD for a charter and was approved by the State of California Department of Education on July 8, 2008, for a period of five years ending in 2013.

Charter School number authorized by the State: 1040

Larchmont Charter School West Hollywood located on 1265 North Fairfax Ave., West Hollywood, California, opened in September 2008, and currently serves 176 students in grades kindergarten through second. Larchmont Charter School West Hollywood strives to have the essential combination of a research-based, innovative curriculum, parent involvement in school governance and excellent test scores. It emphasizes constructivism in student learning.

**Central Administrative Office**

Administrative functions are consolidated for both Charter Schools and accounted for separately within the financial statements using an allocation based on student enrollment.

**Other Related Entities**

**Joint Powers Agency and Risk Management Pools** - Larchmont Charter School is associated with the California Charter Schools Association Joint Powers Authority (CCSA-JPA). The CCSA-JPA does not meet the criteria for inclusion as a component unit of the Charter School. Additional information is presented in Note 9 to the financial statements.

**LARCHMONT CHARTER SCHOOL****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

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***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant policies followed by the Charter School are described below to enhance the financial statements.

**Financial Statement Presentation**

The Charter School is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Charter School had no temporarily or permanently restricted net assets, as of June 30, 2011. In addition, the Charter School is required to present a Statement of Cash Flows.

**Accounting Method - Basis of Accounting**

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

**Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as "net assets released from restrictions."

**Income Taxes**

The Charter School is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. It is also exempt from state franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements.

**Cash**

For purposes of the Statement of Cash Flows, the Charter School considers all cash on hand and in banks.



**LARCHMONT CHARTER SCHOOL****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2011, management had determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Fixed Assets**

It is the Charter School's policy to capitalize individual property and equipment purchases over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Furniture and equipment are depreciated using the straight-line method, over 3 to 5 years. As of June 30, 2011, depreciation expense was \$45,704.

**Donated Services, Goods, and Facilities**

A substantial number of volunteers have donated their time and experience to the Foundation's program services and fundraising campaigns during the year. However, these donated services are not reflected in the financial statements since there is no readily determined method of valuing the services.

**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 and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the value of the beneficial interest in a charitable remainder trust.

**Reclassifications**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**Unrestricted/Designated Net Assets**

Designations of the ending net assets indicate tentative plans for financial resource utilization in a future period. As of June 30, 2011, the Charter School has no designations.

**LARCHMONT CHARTER SCHOOL****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011****NOTE 3 - CASH**

Cash at June 30, 2011, consisted of the following:

	Reported Amount			Total	Bank Balance
	Larchmont Charter School	Larchmont Charter School West Hollywood	Central Administration Office		
Deposits					
Cash on hand and in banks	\$ 378,323	\$ 647,452	\$ -	\$ 1,025,775	\$ 1,235,369

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The Charter School maintains its cash in accounts with a financial institution that participates in the FDIC Temporary Liquidity Guarantee Program, which provides unlimited insurance for funds held in non-interest bearing accounts. At June 30, 2011, the Charter School has a balance of \$4,845 in excess of FDIC insured limits. Management believes the Charter School is not exposed to any significant risk related to cash.

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2011, consisted of the following:

	Larchmont Charter School		Total
	Larchmont Charter School	Larchmont Charter School West Hollywood	
Revenue limit sources			
General purpose block grant	\$ 563,563	\$ 207,560	\$ 771,123
Total Revenue Limit Sources	563,563	207,560	771,123
Federal receivable	47,431	16,879	64,310
State receivable	72,181	63,237	135,418
Lottery	33,544	14,094	47,638
Local receivable	138,825	6,091	144,916
Total Accounts Receivable	\$ 855,544	\$ 307,861	\$ 1,163,405

**LARCHMONT CHARTER SCHOOL****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011****NOTE 5 - FIXED ASSETS**

Fixed assets at June 30, 2011, consisted of the following:

	Larchmont Charter School	Larchmont Charter School West Hollywood	Central Administration Office	Total
Improvement of sites	\$ 257,894	\$ 13,665	\$ 2,250	\$ 273,809
Computer equipment	12,704	2,750	2,887	18,341
Furniture	9,011	-	-	9,011
	279,609	16,415	5,137	301,161
Less: accumulated depreciation	(234,013)	(7,227)	(2,355)	(243,595)
Total Fixed Assets	\$ 45,596	\$ 9,188	\$ 2,782	\$ 57,566

During the year ended June 30, 2011, \$45,704 was charged to depreciation expense.

**NOTE 6 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2011, consisted of the following:

	Larchmont Charter School	Larchmont Charter School West Hollywood	Central Administration Office	Total
Salaries and benefits	\$ 43,933	\$ 21,768	\$ 122	\$ 65,823
Vendor payables	42,752	14,966	27,493	85,211
Compensated absences	16,513	6,156	5,566	28,235
Due to Los Angeles Unified School District	-	100	-	100
Due to grantor	73,752	25,585	-	99,337
Total Accounts Payable	\$ 176,950	\$ 68,575	\$ 33,181	\$ 278,706

**NOTE 7 - LEASE COMMITMENTS**

Larchmont Charter School has a long-term operating lease agreement for the rental of its educational facility and a second leased facility for Larchmont Charter School West Hollywood that renews on an annual basis. Both properties are located in Los Angeles, California. The long-term lease agreement dated September 11, 2006, has a term of five years. The amount of rent due is \$1.75 per square foot adjusted by five percent every year on August 1<sup>st</sup>. Rent expense was \$532,917 for the year ended June 30, 2011.

**LARCHMONT CHARTER SCHOOL****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

The future minimum annual payments for the non-cancelable long-term lease agreement as of June 30, 2011, are as follows:

Year Ending June 30,	Classroom Space
2012	\$ 771,451
2013	30,900
Total	<u>\$ 802,351</u>

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of a 403(b) Tax Deferred Annuity Plan (TDA).

**CalSTRS****Plan Description**

The Charter School contributes to CalSTRS through the Los Angeles County Office of Education, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, California 95826.

**Funding Policy**

Active plan members are required to contribute 8.0 percent of their salary and the Charter School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2010-2011 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The Charter's contributions to CalSTRS for the fiscal years ending June 30, 2011, 2010 and 2009, were \$204,040, \$151,811, and \$131,377, respectively, and equal 100 percent of the required contributions for each year.

The Charter School also contributes to a classified employee 403(b) Tax Deferred Annuity Plan (TDA), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

**LARCHMONT CHARTER SCHOOL****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2011**

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**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the Charter School. These payments consist of State General Fund contributions to CalSTRS in the amount of \$107,508 (4.267 percent of salaries subject to CalSTRS). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

***NOTE 9 - PARTICIPATION IN JOINT POWERS AUTHORITY***

Larchmont Charter School is a participant in the California Charter Schools Association Joint Powers Authority (CCSA-JPA) for risk management services for workers' compensation insurance and charter school liability insurance. The relationship between Larchmont Charter School and the CCSA-JPA is such that the CCSA-JPA is not considered a component unit of the Charter School for financial reporting purposes.

The CCSA-JPA has budgeting and financial reporting requirements independent of member units and the CCSA-JPA's financial statements are not presented in these financial statements; however, transactions between the CCSA-JPA and the Charter School are included in these statements. Audited financial statements for CCSA-JPA were not available for fiscal year 2010-2011 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2011, Larchmont Charter School made payments of \$105,388 to CCSA-JPA for services received. At June 30, 2011, the Charter School had no recorded accounts receivable or accounts payable to the CCSA-JPA.

***NOTE 10 - SUBSEQUENT EVENTS***

The Charter School's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through \_\_\_\_\_, 2011, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

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*SUPPLEMENTARY INFORMATION*

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**LARCHMONT CHARTER SCHOOL****LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
JUNE 30, 2011**

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**ORGANIZATION**

The Larchmont Charter School was granted on February 8, 2005, and Larchmont Charter School West Hollywood was granted on July 8, 2008, by the Los Angeles Unified School District. The Charter School operates two elementary schools.

**GOVERNING BOARD**

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Danny Corwin	Chair	Term as Board Chair expires March 31, 2012; term as Board Member expires March 31, 2013
Gene Straub	Member	March 31, 2012
Gabi Loeb	Treasurer	March 31, 2012
Mayra Francis	Secretary	March 31, 2012
Kriste Dragon	Member	March 31, 2012
Richard Wright	Member	March 31, 2012
Amber Young	Member	March 31, 2012
Carl Cade	Member	March 31, 2012
Alicia Lara	Member	January 31, 2012
Nicole Jaeger	Member	March 31, 2013
Susan Lee	Member	April 30, 2013
Rebecca Hutchinson	Member	April 30, 2013

**ADMINISTRATION**

Brian C. Johnson	Executive Director
Delores Patton	Larchmont Charter School ( <i>Elementary</i> )
Rick Esquivel	Larchmont Charter School ( <i>Middle</i> )
Kristin Droege	Larchmont Charter School West Hollywood

See accompanying note to supplementary information.

**LARCHMONT CHARTER SCHOOL****SCHEDULE OF APPORTIONMENT DAYS OF ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Report	
	Second Period Report	Annual Report
<b>LARCHMONT CHARTER SCHOOL</b>		
<b>ELEMENTARY SCHOOL - Total</b>		
Kindergarten	63.00	62.98
First through third grade	190.68	190.97
Fourth through sixth grade	178.41	179.59
Seventh grade	42.95	43.29
Total Elementary School	<u>475.04</u>	<u>476.83</u>
<b>ELEMENTARY SCHOOL - Classroom Based Instruction</b>		
Kindergarten	62.22	62.31
First through third grade	189.27	189.34
Fourth through sixth grade	177.44	178.69
Seventh grade	42.83	43.21
Total Elementary School - Classroom Based Instruction	<u>471.76</u>	<u>473.55</u>
<b>LARCHMONT CHARTER SCHOOL - WEST HOLLYWOOD</b>		
<b>ELEMENTARY SCHOOL - Total</b>		
Kindergarten	42.60	42.67
First through third grade	126.15	126.32
Total Elementary School	<u>168.75</u>	<u>168.99</u>
<b>ELEMENTARY SCHOOL - Classroom Based Instruction</b>		
Kindergarten	41.77	42.01
First through third grade	124.61	125.16
Total Elementary School - Classroom Based Instruction	<u>166.38</u>	<u>167.17</u>

The Charter School has Non-Classroom Based Instruction.

See accompanying note to supplementary information.



**LARCHMONT CHARTER SCHOOL****SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2011**

Grade Level	1982-83	Reduced 1982-83	1986-87	Reduced 1986-87	2010-11	Number of Days		Status
	Actual Minutes	Actual Minutes	Requirement Minutes	Requirement Minutes	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	*	*	36,000	34,971	57,105	175	N/A	Complied
Grades 1 - 3								
Grade 1	*	*	50,400	48,960	54,480	175	N/A	Complied
Grade 2	*	*	50,400	48,960	54,480	175	N/A	Complied
Grade 3	*	*	50,400	48,960	54,480	175	N/A	Complied
Grades 4 - 6								
Grade 4	*	*	54,000	52,457	54,480	175	N/A	Complied
Grade 5	*	*	54,000	52,457	54,480	175	N/A	Complied
Grade 6	*	*	54,000	52,457	59,640	175	N/A	Complied
Grades 7	*	*	54,000	52,457	59,640	175	N/A	Complied

\* The Charter School was not operating in 1982-83.

See accompanying note to supplementary information.

**LARCHMONT CHARTER SCHOOL****RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

FUND BALANCE	Larchmont Charter School	Larchmont Charter School West Hollywood
Balance, June 30, 2010, Unaudited Actuals	\$ 1,122,199	\$ 925,258
Increase in:		
Cash	2	-
Accounts payables	(19,188)	(31,819)
Prepaid expenses and other current assets	-	256
Decrease in:		
Cash	-	(1)
Accounts receivable	(194)	(323)
Balance, June 30, 2010, Audited Financial Statement	<u>\$ 1,102,819</u>	<u>\$ 893,371</u>
 FUND BALANCE		
Balance, June 30, 2010, Unaudited Actuals	\$ 1,122,199	\$ 925,258
Increase(decreasing) the fund balance		
Audit Adjustment		
Cash	2	(1)
Accounts receivable	(194)	(323)
Prepaid expense and other current assets	-	256
Accounts payable	(19,188)	(31,819)
Balance, June 30, 2010, Audited Financial Statement	<u>\$ 1,102,819</u>	<u>\$ 893,371</u>

See accompanying note to supplementary information.

**LARCHMONT CHARTER SCHOOL****NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2011**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES*****Local Education Agency Organization Structure**

This schedule provides information about the schools operated, members of the governing board, and members of the administration.

**Schedule of Apportionment Days of Attendance**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with provisions of *Education Code* Sections 46200 and 46206. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made through the Los Angeles County Office of Education to Larchmont Charter School.

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of *Education Code* Sections 46200 through 46206.

The Charter School must maintain their instructional minutes at either 1982-83 actual minutes or the 1986-87 requirements; whichever is greater, as required by *Education Code* Section 46201.

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

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

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***INDEPENDENT AUDITORS' REPORTS***

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**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***

Governing Board  
Larchmont Charter School  
Los Angeles, California

We have audited the accompanying statement of financial position of Larchmont Charter School (A California Non-Profit Public Benefit Corporation) (the Charter School) as of June 30, 2011, and the related statements of activities, and cash flows for the year then ended, which collectively comprise Larchmont Charter School's basic financial statements and have issued our report thereon dated \_\_\_\_\_, 2011. 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**

The management of Larchmont Charter School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Larchmont Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Larchmont Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Larchmont Charter 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 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.

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.

**Compliance and Other Matters** <sup>3</sup>

As part of obtaining reasonable assurance about whether Larchmont Charter 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*.

We noted certain matters that we reported to management of Larchmont Charter School in a separate letter dated \_\_\_\_\_, 2011.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Rancho Cucamonga, California  
\_\_\_\_\_, 2011

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board  
Larchmont Charter School  
Los Angeles Los Angeles, California

We have audited Larchmont Charter School's (A California Non-Profit Public Benefit Corporation) (the Charter School) compliance with the requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2010-11* applicable to Larchmont Charter School's government programs as noted below for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of Larchmont Charter School's management. Our responsibility is to express an opinion on Larchmont Charter 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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2010-11* 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 material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Larchmont Charter 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 opinions. Our audit does not provide a legal determination of Larchmont Charter School's compliance with those requirements.

In our opinion, Larchmont Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2011.

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

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance reporting	8	Not Applicable
Kindergarten continuance	3	Not Applicable
Independent study	23	Not Applicable
Continuation education	10	Not Applicable
Instructional Time:		
School districts	6	Not Applicable
County offices of education	3	Not Applicable

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
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
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Not Applicable
District or charter schools with only one school serving K-3	4	Not Applicable
After School Education and Safety Program:		
General requirements	4	Not Applicable
After school	4	Not Applicable
Before school	5	Not Applicable
Charter Schools:		
Contemporaneous records of attendance	1	Yes
Mode of instruction	1	Yes
Non classroom-based instruction/independent study	15	Not Applicable
Determination of funding for non classroom-based instruction	3	Not Applicable
Annual instruction minutes classroom based	3	Yes

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, the California Department of Finance, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rancho Cucamonga, California  
 \_\_\_\_\_, 2011



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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**LARCHMONT CHARTER SCHOOL****SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>

**LARCHMONT CHARTER SCHOOL**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

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None reported.

**LARCHMONT CHARTER SCHOOL**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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None reported.

**LARCHMONT CHARTER SCHOOL**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

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There were no audit findings reported in the prior year's schedule of financial statement findings.