



**LARCHMONT CHARTER SCHOOL**

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**ANNUAL FINANCIAL REPORT**

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**JUNE 30, 2010**

# LARCHMONT CHARTER SCHOOL

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JUNE 30, 2010

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position, activities and changes in net assets, and cash flows of Larchmont Charter School (the Charter School) (A California Non-Profit Public Benefit Corporation) as of and for the year ended June 30, 2010. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2009-10* 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Larchmont Charter School, as of June 30, 2010, and the changes in net assets and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010, on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Varrinck, Tim, Day & Co., LLP

Rancho Cucamonga, California

November 22, 2010

# LARCHMONT CHARTER SCHOOL

## STATEMENT OF FINANCIAL POSITION JUNE 30, 2010

	Larchmont Charter School	Larchmont Charter School West Hollywood	Central Administration Office	Total
<b>ASSETS</b>				
Current Assets				
Cash	\$ 119,475	\$ 470,364	\$ 6,307	\$ 596,146
Accounts receivable	843,231	282,135	-	1,125,366
Prepaid expenses and other current assets	69,443	14,897	860	85,200
Total Current Assets	<u>1,032,149</u>	<u>767,396</u>	<u>7,167</u>	<u>1,806,712</u>
Non-Current Assets				
Fixed assets	246,330	7,098	5,137	258,565
Less: accumulated depreciation	193,759	2,805	1,327	197,891
Total Non-Current Assets	<u>52,571</u>	<u>4,293</u>	<u>3,810</u>	<u>60,674</u>
Total Assets	<u>\$ 1,084,720</u>	<u>\$ 771,689</u>	<u>\$ 10,977</u>	<u>\$ 1,867,386</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 194,196	\$ 47,888	\$ 10,977	\$ 253,061
Total Current Liabilities	<u>194,196</u>	<u>47,888</u>	<u>10,977</u>	<u>253,061</u>
<b>NET ASSETS</b>				
Unrestricted	890,524	723,801	-	1,614,325
Total Net Assets	<u>890,524</u>	<u>723,801</u>	<u>-</u>	<u>1,614,325</u>
Total Liabilities and Net Assets	<u>\$ 1,084,720</u>	<u>\$ 771,689</u>	<u>\$ 10,977</u>	<u>\$ 1,867,386</u>

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, 2010

	Larchmont Charter School	Larchmont Charter School West Hollywood	Central Administration Office	Total
<b>REVENUES</b>				
Revenue limit sources				
State apportionment	\$ 1,467,132	\$ 413,332	\$ -	\$ 1,880,464
In-lieu property taxes	604,377	164,030	-	768,407
Federal revenue	92,254	167,908	-	260,162
State revenue	1,207,634	322,642	-	1,530,276
Local revenues	1,084,748	674,494	335,595	2,094,837
Total Revenues	4,456,145	1,742,406	335,595	6,534,146
<b>EXPENSES</b>				
Program services				
Teacher salaries and benefits	2,365,200	739,306	15,154	3,119,660
Other student services	228,012	112,072	-	340,084
Educational programs	89,885	66,963	-	156,848
Occupancy	509,789	88,115	4,935	602,839
Student supplies	51,273	32,851	-	84,124
Student nutrition	131,655	82,860	989	215,504
Special Education fee	90,027	24,682	-	114,709
Depreciation	48,869	2,202	990	52,061
Capital outlay	11,935	25,177	-	37,112
Subtotal	3,526,645	1,174,228	22,068	4,722,941
Management and general				
Clerical salaries and benefits	410,806	176,227	157,464	744,497
District supervisory fee	22,278	5,745	-	28,023
Occupancy	-	220	-	220
Insurance	-	-	27,806	27,806
Other sources and uses	11,401	-	-	11,401
Operating expenses	173,683	43,009	148,257	364,949
Subtotal	618,168	225,201	333,527	1,176,896
Total Expenses	4,144,813	1,399,429	355,595	5,899,837
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	311,332	342,977	(20,000)	634,309
<b>NET ASSETS, BEGINNING OF YEAR</b>	579,192	380,824	20,000	980,016
<b>NET ASSETS, END OF YEAR</b>	\$ 890,524	\$ 723,801	\$ -	\$ 1,614,325

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

# LARCHMONT CHARTER SCHOOL

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2010

	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	\$ 311,332	\$ 342,977	\$ (20,000)	\$ 634,309
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities				
Depreciation expense	48,869	2,202	990	52,061
Changes in operating assets and liabilities				
Increase in accounts receivable	(389,607)	(193,087)	-	(582,694)
Increase in prepaid expenses	(22,521)	(10,970)	(860)	(34,351)
Decrease in accounts payable	106,396	39,520	2,281	148,197
Decrease in deferred revenue	(35,024)	(125,000)	-	(160,024)
Net Cash Provided (Used) by Operating Activities	<u>19,445</u>	<u>55,642</u>	<u>(17,589)</u>	<u>57,498</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Capital expenditures	<u>(5,932)</u>	<u>(4,565)</u>	<u>(2,250)</u>	<u>(12,747)</u>
Net Cash Used by Investing Activities	<u>(5,932)</u>	<u>(4,565)</u>	<u>(2,250)</u>	<u>(12,747)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Loan principal payments	<u>(329,751)</u>	-	-	<u>(329,751)</u>
Net Cash Used (Provided) by Financing Activities	<u>(329,751)</u>	-	-	<u>(329,751)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>(316,238)</u>	<u>51,077</u>	<u>(19,839)</u>	<u>(285,000)</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 119,475</u>	<u>\$ 470,364</u>	<u>\$ 6,307</u>	<u>\$ 596,146</u>

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

# LARCHMONT CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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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 452 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 120 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, 2010

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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, 2010. 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, 2010

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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, 2010, 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, 2010, depreciation expense was \$52,061.

### **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, 2010, the Charter School has no designations.

# LARCHMONT CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

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### Changes in Accounting Principles

#### Subsequent Events

In May 2009, the Financial Accounting Standards Board (FASB) issued guidance which requires the effects of events that occur subsequent to the balance sheet date be evaluated through the date the financial statements are either issued or available to be issued. Entities are to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. Entities are required to reflect in their financial statements the effects of subsequent events that provide additional evidence about conditions at the balance sheet date (recognized subsequent events). Entities are also prohibited from reflecting in their financial statements the effects of subsequent events that provide evidence about condition that arose after the balance sheet date (nonrecognized subsequent events), but requires information about those events to be disclosed if the financial statements would otherwise be misleading. This guidance was effective for annual financial periods ended after December 15, 2009, with prospective application. The Charter School adopted the guidance for the year ended June 30, 2010, by including the required disclosures in Note 10 to the financial statements.

#### Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles

In June 2009, accounting standards were revised to establish the Accounting Standards Codification (the Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The Codification does not change current GAAP, but is intended to simplify user access to all authoritative GAAP by providing all the authoritative literature related to a particular topic in one place. The Codification is effective for annual periods ended after September 15, 2009, and as of the effective date, all existing accounting standard documents were superseded. Adoption of the Codification in 2009-2010 did not have a material impact on the Charter School's financial statements.

#### NOTE 3 - CASH

Cash at June 30, 2010, consists of the following:

	Reported Amount				
	Larchmont Charter School	Larchmont Charter School West Hollywood	Central Administration Office	Total	Bank Balance
Deposits					
Cash on hand and in banks	\$ 119,475	\$ 470,364	\$ 6,307	\$ 596,146	\$ 643,559

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, 2010, the Charter School was not in excess of FDIC limits.

# LARCHMONT CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

### NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2010, consists of the following:

	Larchmont Charter School	Larchmont Charter School West Hollywood	Total
Revenue limit sources			
General purpose block grant	\$ 426,182	\$ 163,363	\$ 589,545
Categorical block grant	58,107	21,494	79,601
In-lieu property taxes	80,959	10,586	91,545
Total Revenue Limit Sources	<u>565,248</u>	<u>195,443</u>	<u>760,691</u>
Federal receivable	62,496	13,990	76,486
State receivable	120,294	58,952	179,246
Lottery	31,957	11,573	43,530
Local receivable	63,236	2,177	65,413
Total Accounts Receivable	<u>\$ 843,231</u>	<u>\$ 282,135</u>	<u>\$ 1,125,366</u>

### NOTE 5 - FIXED ASSETS

Fixed assets at June 30, 2010, consist of the following:

	Larchmont Charter School	Larchmont Charter School West Hollywood	Central Administration Office	Total
Improvement of sites	\$ 243,658	\$ 5,665	\$ 2,250	\$ 251,573
Computer equipment	2,672	1,433	2,887	6,992
	<u>246,330</u>	<u>7,098</u>	<u>5,137</u>	<u>258,565</u>
Less: accumulated depreciation	(193,759)	(2,805)	(1,327)	(197,891)
Total Fixed Assets	<u>\$ 52,571</u>	<u>\$ 4,293</u>	<u>\$ 3,810</u>	<u>\$ 60,674</u>

During the year ended June 30, 2010, \$52,061 was charged to depreciation expense.

# LARCHMONT CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

### NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2010, consist of the following:

	Larchmont Charter School	Larchmont Charter School West Hollywood	Central Administration Office	Total
Salaries and benefits	\$ 20,582	\$ 18,386	\$ -	\$ 38,968
Vendor payables	55,326	17,657	10,977	83,960
Due to grantor	118,288	11,845	-	130,133
Total Accounts Payable	<u>\$ 194,196</u>	<u>\$ 47,888</u>	<u>\$ 10,977</u>	<u>\$ 253,061</u>

### 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, 2010.

The future minimum annual payments for the non-cancelable long-term lease agreement as of June 30, 2010, are as follows:

Year Ending June 30,	Classroom Space
2011	\$ 572,443
2012	250,404
2013	30,900
Total	<u>\$ 853,747</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).

# LARCHMONT CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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### 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 2009-2010 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, 2010, 2009 and 2008, were \$151,811, \$131,377 and \$86,019, 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.

#### 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 \$80,889 (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.

# LARCHMONT CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

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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 2009-2010 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2010, Larchmont Charter School made payments of \$27,806 to CCSA-JPA for services received. At June 30, 2010, 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 November 22, 2010, 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, 2010

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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	March 31, 2011
Gabi Loeb	Treasurer	March 31, 2011
Mayra Francis	Secretary	March 31, 2011
Kriste Dragon	Member	March 31, 2011
Heather Boylston	Member	March 31, 2011
Carl Cade	Member	March 31, 2011
Gene Straub	Member	March 31, 2011
Richard Wright	Member	March 31, 2011
Amber Young	Member	March 31, 2011

### 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, 2010**

<b>LARCHMONT CHARTER SCHOOL</b>	Second Period Report	Annual Report
<b>ELEMENTARY SCHOOL - Total</b>		
Kindergarten	62	63
First through third grade	188	188
Fourth through sixth grade	177	176
Total Elementary School	427	427
<b>ELEMENTARY SCHOOL - Classroom Based Instruction</b>		
Kindergarten	62	63
First through third grade	188	188
Fourth through sixth grade	177	176
Total Elementary School - Classroom Based Instruction	427	427
 <b>LARCHMONT CHARTER SCHOOL - WEST HOLLYWOOD</b>		
<b>ELEMENTARY SCHOOL - Total</b>		
Kindergarten	38	39
First through second grade	79	78
Total Elementary School	117	117
<b>ELEMENTARY SCHOOL - Classroom Based Instruction</b>		
Kindergarten	38	39
First through second grade	79	78
Total Elementary School - Classroom Based Instruction	117	117

The Charter School has no Non-Classroom Based Instruction.

See accompanying note to supplementary information.

# LARCHMONT CHARTER SCHOOL

## SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2010

Grade Level	1982-83	Reduced 1982-83	1986-87	Reduced 1986-87	2009-10	Number of Days		Status
	Actual Minutes	Actual Minutes	Minutes Requirement	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	*	*	36,000	35,000	54,345	175	N/A	Complied
Grades 1 - 3								
Grade 1	*	*	50,400	49,000	54,345	175	N/A	Complied
Grade 2	*	*	50,400	49,000	54,345	175	N/A	Complied
Grade 3	*	*	50,400	49,000	54,345	175	N/A	Complied
Grades 4 - 5								
Grade 4	*	*	54,000	52,500	54,345	175	N/A	Complied
Grade 5	*	*	54,000	52,500	54,345	175	N/A	Complied
Grade 6	*	*	54,000	52,500	54,345	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, 2010**

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There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2010.

See accompanying note to supplementary information.

# LARCHMONT CHARTER SCHOOL

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2010

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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  
(A California Non-Profit Benefit Corporation)  
Los Angeles, California

We have audited the statements of financial position, activities and changes in net assets, and cash flows of Larchmont Charter School (the Charter School) (A California Non-Profit Benefit Corporation) as of and for the year ended June 30, 2010, have issued our report thereon dated November 22, 2010. 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**

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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Charter School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Charter School's financial statements that is more than inconsequential will not be prevented or detected by the Charter School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Charter School's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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

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*.

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.

Varrinck, Tai, Day & Co., LLP

Rancho Cucamonga, California  
November 22, 2010





INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

We have audited the statements of financial position, activities and changes in net assets, and cash flows of Larchmont Charter School (the Charter School) (A California Non-Profit Public Benefit Corporation) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 22, 2010. 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 2009-10, 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 opinions.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Larchmont Charter School's management. 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:

Table with 3 columns: Item, Procedures in Audit Guide, Procedures Performed. Rows include Attendance Accounting (Attendance reporting, Independent study, Continuation education), Instructional Time (Charter School, County offices of education), Instructional Materials general requirements, Ratios of Administrative Employees to Teachers, Classroom Teacher Salaries, Early retirement incentive, Gann limit calculation, School Accountability Report Card.

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
<b>Class Size Reduction Program (including in Charter Schools):</b>		
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
<b>After School Education and Safety Program:</b>		
General requirements	4	Not Applicable
After school	4	Not Applicable
Before school	5	Not Applicable
<b>Charter Schools:</b>		
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

Based on our audit, we found that for the items tested, the Larchmont Charter School complied with the State laws and regulations referred to above. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Larchmont Charter School had not complied with the laws and regulations. Our audit does not provide a legal determination on Larchmont Charter School compliance with the State laws and regulations referred to above.

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.

*Vannin, Train, Day & Co., LLP*

Rancho Cucamonga, California  
November 22, 2010

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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, 2010

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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, 2010**

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None reported.

**LARCHMONT CHARTER SCHOOL**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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None reported.

**LARCHMONT CHARTER SCHOOL**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010**

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