



**Peak to Peak
Mountain Charter**
HOME OF THE BEARS

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Peak to Peak Mountain Charter
(A California Nonprofit Public Benefit Corporation)
Pine Mountain Club, California

Report on the Financial Statements

We have audited the accompanying financial statements of Peak to Peak Mountain Charter (the Charter School) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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; and *the 2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 from 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Charter School's preparation and fair presentation of the financial statements 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 Charter School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

Vannink, Tui, Day & Co., LLP
Rancho Cucamonga, California
December 14, 2015

FINANCIAL STATEMENTS

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS

Current Assets

Cash	\$ 579,799	
Accounts receivable	173,997	
Total Current Assets		\$ 753,796

Non-Current Assets

Fixed assets	32,967	
Less: Accumulated depreciation	1,929	
Total Non-Current Assets		31,038
Total Assets		\$ 784,834

LIABILITIES

Current Liabilities

Accounts payable	\$ 9,364	
Deferred revenue	120,369	
Current portion of long-term obligation	40,000	
Total Current Liabilities		\$ 169,733

Long-Term Debt

Non-current portion of long-term obligations		160,000
Total Liabilities		329,733

NET ASSETS

Unrestricted

Designated	10,380	
Undesignated	444,721	
Total Net Assets		455,101
Total Liabilities and Net Assets		\$ 784,834

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

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2015

REVENUES

Local Control Funding Formula	\$ 677,527
Federal revenue	211,676
Other State revenue	46,650
Local revenues	<u>16,561</u>
Total Revenue	<u>952,414</u>

EXPENSES

Program services	
Teacher salaries and benefits	346,118
Other instructional salaries and benefits	96,851
Other student services	8,199
Educational programs	1,946
Student supplies	72,843
Depreciation	1,929
Equipment	<u>84,642</u>
Subtotal	<u>612,528</u>
Management and general	
Clerical salaries and benefits	45,683
Occupancy	20,270
Insurance	10,101
Other sources and uses	6,039
Operating expenses	<u>59,322</u>
Subtotal	<u>141,415</u>
Total Expenses	<u>753,943</u>

INCREASE IN UNRESTRICTED NET ASSETS	198,471
NET ASSETS, BEGINNING OF YEAR (AS RESTATED)	<u>256,630</u>
NET ASSETS, END OF YEAR	<u><u>\$ 455,101</u></u>

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

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in unrestricted net assets	
Adjustments to reconcile increase in net assets to net cash provided by operating activities	\$ 198,471
Depreciation expense	1,929
Changes in operating assets and liabilities	
Decrease in cash equivalent	4,419
Decrease in accounts receivable	62,960
Decrease in prepaid expenditures	3,285
Increase in deferred revenue	27,991
Decrease in accounts payable	(63,010)
Net Cash Provided by Operating Activities	<u>236,045</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	<u>(32,967)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

Loan Proceeds	<u>200,000</u>
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NET INCREASE IN CASH 403,078

CASH AND CASH EQUIVALANTS, BEGINNING OF YEAR (AS RESTATED) 176,721

CASH AND CASH EQUIVALANTS, END OF YEAR \$ 579,799

Supplemental cash flow disclosure:

Cash paid during the period for interest \$ -

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

**PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 - ORGANIZATION AND MISSION

The Peak to Peak Mountain Charter (the Charter School) is a non-profit public benefit corporation and was approved for a charter by the Maricopa Unified School District on May 9, 2013, for a period of five years ending in 2018.

Charter school number authorized by the State: 1575

The Charter School located at 19009 Cerro Noroeste Road, Pine Mountain Club, California, 93222, opened on August 14, 2013, and currently serves approximately 90 students in grades kindergarten through eight.

The primary goal of Peak to Peak Mountain Charter is to provide an exemplary, individualized, standards-based education for all children, with an emphasis on cooperative, hands-on, theme-based learning. The Charter School believes all children are unique and gifted individuals.

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, 2015. 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 the situation 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.

**PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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." During 2014-2015, the Charter School did not receive any donor-restricted contributions.

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 and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). 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. Income tax returns for 2010 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Charter School considers all cash on hand in banks and in Kern County pooled investment funds and highly liquid investments with an initial maturity of three months to be cash equivalents.

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, 2015, management has determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

Prepaid Expenses

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has reported prepaid items either when purchased or during the benefiting period.

**PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Fixed Assets

Assets purchased or acquired with an original cost of \$1,000 or more are capitalized and reported at historical cost or estimated historical cost. This includes new or replacement items such as computers, furniture, equipment, fixtures, etc. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the various estimated useful lives ranging from three to 39 years. Depreciation expense for the year ended June 30, 2015, was \$1,929.

Contributed assets are reported at fair market value as of the date received.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the Charter School prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Charter School has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Certain grants received before the eligibility requirements are met are recorded as deferred revenue.

Donated Services, Goods, and Facilities

A substantial number of volunteers have donated their time and experience to the Charter School'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.

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, 2015, the Charter School has no designated balance.

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 - CASH

Cash at June 30, 2015, consisted of the following:

	<u>Reported Amount</u>	<u>Bank Balance</u>
Deposits		
Cash on hand and in banks	<u>\$ 579,799</u>	<u>\$ 631,628</u>

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).. The Charter School maintains its cash in bank deposit accounts that at times may exceed insured limits. The Charter School has not experienced any losses in such accounts. At June 30, 2015, the Charter School had a balance of \$381,628 in excess of insured limits. Management believes the Charter School is not exposed to any significant risk.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015, consisted of the following:

Local Control Funding Formula	\$ 91,713
Federal receivable	67,162
Other State receivable	8,005
Lottery	7,117
Total Accounts Receivable	<u>\$ 173,997</u>

NOTE 5 - FIXED ASSETS

Fixed assets at June 30, 2015, consisted of the following:

Building and improvements	\$ 9,000
Computer and equipment	23,967
Subtotal	<u>32,967</u>
Less: Accumulated depreciation	<u>(1,929)</u>
Total Fixed Assets	<u>\$ 31,038</u>

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consisted of the following:

Vendor payables	\$ 8,845
Due to grantor	519
Total Accounts Payable	<u>\$ 9,364</u>

NOTE 7 - LONG-TERM OBLIGATIONS

Summary

The changes in the Charter Schools long-term obligations during the year consisted of the following:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due in</u> <u>One Year</u>
Charter school revolving loan program	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 40,000</u>

Charter School Revolving Loan Program

During the 2014-2015 fiscal year, the Charter Schools applied for, and was accepted into the California Department of Education Charter School Revolving Loan Program. The Charter School received a loan in the amount of \$200,000. The loan bears an interest rate of 0.26 percent and will be repaid during the months of September, October, November, December, January, and March of each year. During 2014-2015, the Charter Schools made no payments.

<u>Repayment</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2016	\$ 40,000	\$ 802	\$ 40,802
2017	40,000	374	40,374
2018	40,000	272	40,272
2019	40,000	169	40,169
2020	40,000	67	40,067
Total	<u>\$ 200,000</u>	<u>\$ 1,684</u>	<u>\$ 201,684</u>

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 - OPERATING LEASE

The Charter School entered into a lease agreement with Westside Recreation and Park District on April 1, 2012, for the property located at 19009 Cerro Noroeste Road, Pine Mountain Club, California. Monthly payments in the amount of \$1,450 shall be made beginning in fiscal year 2013-2014. The term of the lease expires on July 31, 2020. Lease payments during 2014-2015 we \$17,400.

Future payments are as follows:

Year Ending June 30,	Facility Lease Payments
2016	\$ 17,400
2017	17,400
2018	17,400
2019	17,400
2020	1,450
Total	<u>\$ 71,050</u>

NOTE 9 - NET ASSETS

Net assets at June 30, 2015, consisted of the following:

Unrestricted net assets	
Designated for instructional materials	\$ 5,584
Designated for Southwest Healthcare Grant	4,796
Unassigned	444,721
Total net assets	<u>\$ 455,101</u>

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

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

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The risks of participating in this multi-employer defined benefit pension plan are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and State contribution rates are set by the California Legislature, and (c) if the Charter School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Charter School has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2014, total actuarial value of assets are \$158 billion, the actuarial obligation is \$231 billion, contributions from all employers totaled \$2.3 billion, and the plan is 68.5 percent funded. The Charter School did not contribute more than five percent of the total contributions to the plan.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Charter School contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

**PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required State contribution rate	5.95%	5.95%

Contributions

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the Charter School's total contributions were \$26,003.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The Charter School has elected to use Social Security as its alternative plan. That Charter School and employee contributions are determined by statute.

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 calculated as 5.679 percent of the Charter School's 2011-2012 creditable compensation 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, for the 2014-2015 year no amounts have been recorded in these financial statements due to the Charter School not existing in the 2012-2013 year.

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 - CONTINGENCIES

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

Litigation

The Charter School has no outstanding claims or litigation.

NOTE 12 - RESTATEMENT

The Charter School has removed activity from the outside parent organization. As a result, the effect on the current fiscal year is as follows:

Statement of Net Assets

Net Assets - Beginning	\$ 270,931
Elimination of outside parent organization account activity	<u>(14,301)</u>
Net Net Assets - Beginning as Restated	<u><u>\$ 256,630</u></u>

NOTE 13 - 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 December 14, 2015, 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.

SUPPLEMENTARY INFORMATION

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2015

ORGANIZATION

The Peak to Peak Mountain Charter (the Charter School) (Charter School No. 1575) was granted on May 9, 2013, by the Maricopa Unified School District. The Charter School operates one school grades kindergarten through eight.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM</u>
Michelle Neville	President	June 30, 2015
James "Rob" Carruth	Treasurer	June 30, 2015
Laura Andresen	Secretary	June 30, 2016
Nancy Dudley	Member	June 30, 2016
Mary Ann Kemmer	Member	June 30, 2016

ADMINISTRATION

Juan Ricoy ¹	Principal
Wendy Worster	Office manager

¹ Resigned June 30, 2015

See accompanying note to supplementary information.

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2015

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	44.71	44.18
Fourth through sixth	31.00	30.78
Seventh and eighth	9.97	10.29
Total Regular ADA	<u>85.68</u>	<u>85.25</u>
Classroom based ADA		
Transitional kindergarten through third	44.71	44.18
Fourth through sixth	31.00	30.78
Seventh and eighth	9.97	10.29
Total Classroom Based ADA	<u>85.68</u>	<u>85.25</u>

The Charter did not operate a Non-Classroom Based Instruction program.

See accompanying note to supplementary information.

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2015

Grade Level	1986-87	Reduced 1986-87	2014-15 Actual Minutes	Number of Days		Status
	Minutes Requirement	Minutes Requirement		Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	34,971	38,925	180	N/A	Complied
Grades 1 - 3	50,400	48,960				
Grade 1			54,525	180	N/A	Complied
Grade 2			54,525	180	N/A	Complied
Grade 3			54,525	180	N/A	Complied
Grade 4 - 7	54,000	52,457				
Grade 4			54,525	180	N/A	Complied
Grade 5			54,525	180	N/A	Complied
Grade 6			54,525	180	N/A	Complied
Grade 7			54,525	180	N/A	Complied

See accompanying note to supplementary information.

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2015.

See accompanying note to supplementary information.

**PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)**

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES

Local Education Agency Organization Structure

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

Schedule of Average Daily 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 Kern County Office of Education to Peak to Peak Mountain Charter.

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, if applicable.

Charter schools must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial 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.

INDEPENDENT AUDITOR'S REPORTS



**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**

Governing Board
Peak to Peak Mountain Charter
(A California Nonprofit Public Benefit Corporation)
Pine Mountain Club, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Peak to Peak Mountain Charter (the Charter School) (A California Nonprofit Public Benefit Corporation) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Peak to Peak Mountain Charter's basic financial statements, and have issued our report thereon dated December 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Peak to Peak Mountain Charter'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Peak to Peak Mountain Charter's internal control. Accordingly, we do not express an opinion on the effectiveness of Peak to Peak Mountain Charter'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 Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Peak to Peak Mountain Charter's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School'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 Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vannink, Tai, Day & Co., LLP

Rancho Cucamonga, California
December 14, 2015



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Peak to Peak Mountain Charter
(A California Nonprofit Public Benefit Corporation)
Pine Mountain Club, California

Report on State Compliance

We have audited Peak to Peak Mountain Charter's (the Charter School) (A California Nonprofit Public Benefit Corporation) compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a direct and material effect on each of the Peak to Peak Mountain Charter's State government programs as noted below for the year ended June 30, 2015.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Peak to Peak Mountain Charter's 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 the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These 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 material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Peak to Peak Mountain Charter'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 Peak to Peak Mountain Charter's compliance with those requirements.

Unmodified Opinion

In our opinion, Peak to Peak Mountain Charter 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, 2015,

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

	<u>Procedures Performed</u>
Attendance Accounting:	
Attendance Reporting	No, see below
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	No, see below
Instructional Materials	No, see below
Ratios of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	No, see below
School Accountability Report Card	No, see below
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	No, see below
Regional Occupational Centers or Programs Maintenance of Effort	No, see below
Adult Education Maintenance of Effort	No, see below
California Clean Energy Jobs Act	No, see below
After School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	No, see below
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Charter Schools:	
Contemporaneous Records of Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	Yes
Charter School Facility Grant Program	Yes

Testing procedures are not applicable to charter schools; therefore, we did not perform any related procedures.

The Charter School does not operate the California Clean Energy Jobs Acts; therefore, we did not perform any related procedures.

The Charter School does not operate the After School Education and Safety Program; therefore, we did not perform any related procedures.

The Charter School did not have expenditures for Common Core Implementation Funds; therefore, we did not perform any related procedures.

The Charter School does not offer Non Classroom-Based Instruction; therefore, we did not perform any procedures related to Non Classroom-Based Instruction/Independent Study or Determination of Funding for Non Classroom-Based Instruction.

Vannink, Tui, Day & Co., LLP

Rancho Cucamonga, California
December 14, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)**

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS

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

STATE AWARDS

Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>
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PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

None reported.

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

None reported.

PEAK TO PEAK MOUNTAIN CHARTER
(A California Nonprofit Public Benefit Corporation)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

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