

# **ADELANTE CHARTER SCHOOL**

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## **ANNUAL FINANCIAL REPORT**

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**JUNE 30, 2012**

**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

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**JUNE 30, 2012**

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## INDEPENDENT AUDITORS' REPORT

Governing Board  
Adelante Charter School  
(A California Non-Profit Public Benefit Corporation)  
Santa Barbara, California

We have audited the accompanying statement of financial position of Adelante Charter School (the Charter School) (A California Non-Profit Public Benefit Corporation) as of June 30, 2012, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the 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, 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 2011-2012*, 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 previously present fairly, in all material respects, the financial position of the Charter School as of June 30, 2012, 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 December 7, 2012, 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 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.

*Varinck, Tein, Day & Co., LLP*

Rancho Cucamonga, California  
December 7, 2012

**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2012**

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**ASSETS**

Current Assets

Cash and cash equivalents	\$ 458,471	
Accounts receivable	371,592	
Prepaid expenses and other current assets	<u>1,599</u>	
Total Assets		<u>\$ 831,662</u>

**LIABILITIES**

Current Liabilities

Accounts payable	368,134	
Deferred revenue	<u>4,236</u>	
Total Liabilities		372,370

**NET ASSETS**

Temporary restricted	148,261	
Unrestricted	<u>311,031</u>	
Total Net Assets		<u>459,292</u>
Total Liabilities and Net Assets		<u>\$ 831,662</u>

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

**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**REVENUES**

Revenue limit sources	
In-lieu property taxes	\$ 1,027,103
Federal revenue	376,120
State revenue	450,617
Local revenues	204,351
<b>Total Revenue</b>	<u>2,058,191</u>

**EXPENSES**

Program services	
Teacher salaries and benefits	1,074,555
Student supplies	158,327
Special Education fee	229,942
<b>Total Program Services</b>	<u>1,462,824</u>
Management and general	
Clerical salaries and benefits	279,973
Insurance	16,724
Operating expenses	239,727
<b>Total Management and General</b>	<u>536,424</u>
<b>Total Expenses</b>	<u>1,999,248</u>

<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	58,943
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>400,349</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 459,292</u></u>

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

**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in unrestricted net assets	\$ 58,943
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Changes in operating assets and liabilities	
Increase in accounts receivable	20,384
Decrease in prepaid expenditures	(1,399)
Decrease in deferred revenue	4,236
Decrease in accounts payable	36,386
Net Cash Provided by Operating Activities	<u>118,550</u>

<b>NET INCREASE IN CASH</b>	118,550
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>339,921</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 458,471</u></u>

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

**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***NOTE 1 - ORGANIZATION AND MISSION***

The Adelante Charter School (the Charter School) is a non-profit public benefit corporation. The Charter School petitioned through Santa Barbara Elementary School District for a charter and was approved in 2000. On July 1, 2010, the charter was amended to continue for a four year period ending in 2014, and changed the charters name from Cesar Chavez Charter School to Adelante Charter School. The Charter School was approved by the State of California Department of Education on November 14, 2000, and will continue with the same charter identification number. The Charter School currently serves 225 students in kindergarten through grade six.

Charter school number authorized by the State: 0326

The mission of Adelante Charter School of Santa Barbara Language Immersion Program is to develop bi-literate, multi-cultural students whose strong academic and cultural foundation to prepare them to meaningfully participate in their family, their community, and their world to create a more just and equitable society.

***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 adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under the provisions of this statement, 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, 2012. 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.



**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**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".

**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 at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**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. Income tax returns for 2009 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 highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents also include cash with county treasury balances for purposes of the Statement of Cash Flows.

**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, 2012, management had determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter School has chosen to report the expenses when incurred.

**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, 2012, the Charter School did not have any designations.

**Fair Value Measurements**

In January 2010, accounting standards were amended to provide additional guidance for determining the fair value of a financial asset or financial liability when the volume and level of activity for such asset or liability decreased significantly and also to provide guidance for determining whether a transaction is orderly. The amendments were effective for annual reporting periods ended after December 15, 2010, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activities in Level 3 fair value measurements. Those disclosures are effective for fiscal years ended after December 15, 2011, and for interim periods with those fiscal years. Adoption of the amendments in 2009-2010 did not have a material impact on the Charter School's financial statements.

In February 2008, the Financial Accounting Standards Board (FASB) issued instructions that delayed the effective date of fair value measurement for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually) for fiscal years beginning after November 15, 2008. Adoption of the fair value measurement rules in 2009, for non-financial assets and non-financial liabilities subject to the delay did not have a material impact on the Charter School's financial statements.

**NOTE 3 - DEPOSITS**

Cash at June 30, 2012, consisted of the following:

	<u>Reported Amount</u>	<u>Bank Balance</u>
Deposits		
Cash on hand and in banks	<u>\$ 48,218</u>	<u>\$ 76,566</u>

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 bank deposit accounts that at times may exceed federally insured limits. The Charter School has not experienced any losses in such accounts. As of June 30, 2012, the Charter School did not have a balance in excess of FDIC insured limits.

**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***NOTE 4 - INVESTMENTS***

Investments at June 30, 2012, consisted of the following:

	Reported Amount	Fair Market Value
Santa Barbara County Treasury	<u>\$ 410,253</u>	<u>\$ 410,950</u>

***NOTE 5 - ACCOUNTS RECEIVABLE***

Accounts receivable at June 30, 2012, consisted of the following:

Revenue Limit Sources	
In-lieu property taxes	<u>\$ 55,961</u>
Federal receivables	244,366
State receivables	65,163
Local receivables	<u>6,102</u>
Total Accounts Receivable	<u>\$ 371,592</u>

***NOTE 6 - ACCOUNTS PAYABLE***

Accounts payable at June 30, 2012, consisted of the following:

Salaries and benefits	\$ 33,000
Due to Santa Barbara Unified School District	297,694
Vendor payables	<u>37,440</u>
Total Accounts Payable	<u>\$ 368,134</u>

**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***NOTE 7 - EMPLOYEE RETIREMENT SYSTEMS***

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and qualified classified employees are members of California Public Employees' Retirement System (CalPERS).

**CalSTRS**

**Plan Description**

The Charter School contributes to CalSTRS through the Santa Barbara 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, annual cost-of-living adjustments, 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 2011-2012 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The Charter School's contributions to CalSTRS for the fiscal years ending June 30, 2012, 2011, and 2010, were \$69,230, \$67,051, and \$79,617, respectively, and equal 100 percent of the required contributions for the year.

**CalPERS**

**Plan Description**

The Charter School contributes to the Charter School Employer Pool under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95811.

**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**Funding Policy**

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2011-2012 was 10.923 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2012, 2011, and 2010, were \$10,481, \$12,914, and \$11,845, respectively, and equal 100 percent of the required contributions for each year.

**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 \$49,151 (4.855 percent of annual payroll). 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 8 - 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 9 - 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 7, 2012, 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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**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**JUNE 30, 2012**

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**ORGANIZATION**

The Cesar Chavez Charter School was granted on November 14, 2000, by the Santa Barbara Elementary School District. The Charter School operates one school, grades K-6.

**GOVERNING BOARD**

<b><u>MEMBER</u></b>	<b><u>OFFICE</u></b>	<b><u>TERM EXPIRES</u></b>
Mary Docter	President	2012
Jonathan Lang	Vice President	2012
Jack Rivas	Treasurer	2012
Briana Aguilar	Secretary	2012
Estaban Ortiz	Member	2012
Chelsea Wann	Member	2012

**ADMINISTRATION**

Juanita Hernandez	Principal
Alma Theis	Office Manager

See accompanying note to supplementary information.

**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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		Final Report	
		Second Period Report	Annual Report
ELEMENTARY			
Kindergarten		36	35
First through third		87	87
Fourth through sixth		79	78
Total Elementary		<u>202</u>	<u>200</u>
ELEMENTARY - Classroom-based			
Kindergarten		36	35
First through third		87	87
Fourth through sixth		79	78
Total Elementary		<u>202</u>	<u>200</u>

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

See accompanying note to supplementary information.



**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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Grade Level	1982-83	Reduced	1986-87	Reduced	2011-12	Number of Days		Status
	Actual	1982-83	Minutes	1986-87	Actual	Traditional	Multitrack	
	Minutes	Minutes	Requirement	Requirement	Minutes	Calendar	Calendar	
Kindergarten	*	*	36,000	34,971	55,710	180	-	Complied
Grades 1 - 3								
Grade 1	*	*	50,400	48,960	57,645	180	-	Complied
Grade 2	*	*	50,400	48,960	57,645	180	-	Complied
Grade 3	*	*	50,400	48,960	57,645	180	-	Complied
Grades 4 - 6								
Grade 4	*	*	54,000	52,500	59,580	180	-	Complied
Grade 5	*	*	54,000	52,500	59,580	180	-	Complied
Grade 6	*	*	54,000	52,500	59,580	180	-	Complied

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

The minutes requirement has been reduced pursuant to paragraph (b)(6)(A)(i) of the instructional time audit guide.

See accompanying note to supplementary information.

**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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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, 2012.

See accompanying note to supplementary information.

**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2012**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Local Education Agency Organization Structure**

This schedule provides information about the schools boundaries, schools 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 Riverside County Office of Education to Cesar Chavez 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 the 1986-87 requirements, as required by *Education Code* Section 46201. Senate Bill 2 of the 2009-2010 Fourth Extraordinary Session (SBX4 2) allows for an equivalent five-day reduction to the required number of instructional minutes for the fiscal years 2009-2010 through 2012-2013.

**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.

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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  
Adelante Charter School  
(A California Non-Profit Public Benefit Corporation)  
Santa Barbara, California

We have audited the financial statements of Adelante Charter School (the Charter School) (A California Non-Profit Public Benefit Corporation) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 7, 2012. 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**

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 *Governmental 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, 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.

*Vannink, Tein, Day & Co., LLP*

Rancho Cucamonga, California  
December 7, 2012



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board  
Adelante Charter School  
(A California Non-Profit Public Benefit Corporation)  
Santa Barbara, California

We have audited Adelante Charter School's (the Charter School) (A California Non-Profit Public Benefit Corporation) compliance with the requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2011-2012*, applicable to the Charter School's government programs as noted below for the year ended June 30, 2012. Compliance with the requirements referred to above is the responsibility of the Charter School's management. Our responsibility is to express an opinion on the 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 2011-2012*, 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 the 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 the Charter School's compliance with those requirements.

In our opinion, the 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, 2012.

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

	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance reporting	6	Not Applicable
Teacher Certification and Misassignments	3	Not Applicable
Kindergarten continuance	3	Not Applicable
Independent study	23	Not Applicable
Continuation education	10	Not Applicable
Instructional Time:		
School districts	6	Not Applicable
County offices of education	3	Not Applicable

	Procedures in Audit Guide	Procedures Performed
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
Juvenile Court Schools	8	Not Applicable
Exclusion of Pupils - Pertussis Immunization	2	Not Applicable
Class Size Reduction Program (including in charter schools):		
General requirements	7	Yes
Option one classes	3	Not Applicable
Option two classes	4	Not Applicable
Districts or charter schools with only one school serving K-3	4	Yes
After School Education and Safety Program:		
General requirements	4	Not Applicable
After school	5	Not Applicable
Before school	6	Not Applicable
Charter Schools:		
Contemporaneous records of attendance	3	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	4	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.

*Varinik, Tim, Day & Co., LLP*

Rancho Cucamonga, California  
December 7, 2012



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

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**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**SUMMARY OF AUDITORS' RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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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**

Type of auditors' report issued on compliance for programs:	<u>Unqualified</u>
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**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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None reported.

**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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None reported.

**ADELANTE CHARTER SCHOOL**  
**(A California Non-Profit Public Benefit Corporation)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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