

**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**TABLE OF CONTENTS**

**JUNE 30, 2008**

	<u><b>Page</b></u>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
<b>NOTES TO FINANCIAL STATEMENTS .....</b>	<b>7</b>
<b>SUPPLEMENTARY INFORMATION</b>	
Auditor's Report on Supplementary Information .....	17
Schedule of Average Daily Attendance .....	18
Schedule of Instructional Time .....	19
<b>AUDIT FINDINGS AND QUESTIONED COSTS</b>	
Schedule of Audit Findings and Questioned Costs .....	21
Status of Prior Year Findings and Recommendations .....	23



**BIANCHI, KASAVAN & POPE, LLP**

*Certified Public Accountants & Business Consultants*

Robert W. Bianchi, CPA  
Gail A. Delorey, CPA  
Charles D. Doglione, CPA  
Joseph A. Garcia, CRTP  
Mary Hubbell, CRTP  
Carla S. Hudson, CPA, ABV  
David G. Huey, CPA  
Jesse Lopez, CPA  
Kris Nolan, CPA  
Gordon A. Rubbo, CPA  
Michael J. Willett, CPA

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The International School of Monterey  
Monterey, California

We have audited the accompanying statement of financial position of The International School of Monterey (a nonprofit corporation) as of June 30, 2008 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The International School of Monterey as of June 30, 2008 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.

*Bianchi, Kasavan & Pope, LLP*

Salinas, California  
January 26, 2009

## **FINANCIAL STATEMENTS**

**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2008**

**ASSETS**

**CURRENT ASSETS**

Cash - Note 2	\$ 101,791
Accounts and grants receivable - Note 3	<u>299,376</u>

<b>TOTAL CURRENT ASSETS</b>	401,167
-----------------------------	---------

<b>PROPERTY AND EQUIPMENT - net - Note 4</b>	<u>39,338</u>
--	---------------

<b>TOTAL ASSETS</b>	<u><u>\$ 440,505</u></u>
---------------------	--------------------------

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Cash advance - Monterey County Treasury - Note 2	\$ 194,268
Accounts payable	123,815
Accrued paid-time-off (PTO)	18,871
Deferred pay	<u>63,535</u>

<b>TOTAL CURRENT LIABILITIES</b>	400,489
----------------------------------	---------

**COMMITMENTS AND CONTINGENCIES - Notes 6 and 8**

<b>NET ASSETS - UNRESTRICTED</b>	<u>40,016</u>
----------------------------------	---------------

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 440,505</u></u>
---	--------------------------

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

**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2008**

**SUPPORT AND REVENUE**

Grants - Note 5	\$ 2,356,377
ISM Foundation contributions - Note 12	295,000
Fees for after school programs	166,233
Other local revenue	65,800
Board of Directors pledges - Note 12	8,750
Interest income	4,933
Loss on disposal of assets	<u>(3,888)</u>

<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,893,205</u>
----------------------------------	------------------

**EXPENSES**

**Program Services**

Charter School	2,531,956
----------------	-----------

**Support Services**

General and Administrative	<u>199,238</u>
----------------------------	----------------

<b>TOTAL EXPENSES</b>	<u>2,731,194</u>
-----------------------	------------------

<b>CHANGE IN NET ASSETS</b>	162,011
-----------------------------	---------

<b>NET DEFICIT, BEGINNING OF YEAR</b>	<u>(121,995)</u>
---------------------------------------	------------------

<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 40,016</u></u>
--------------------------------	-------------------------

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

**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
<b>SALARIES AND RELATED EXPENSES</b>			
Salaries	\$ 1,670,218	\$ 82,763	\$ 1,752,981
Employee benefits	<u>457,499</u>	<u>41,119</u>	<u>498,618</u>
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<u>2,127,717</u>	<u>123,882</u>	<u>2,251,599</u>
<b>OTHER EXPENSES</b>			
Books and materials	82,135	-	82,135
Communications	1,516	379	1,895
Depreciation	24,343	6,086	30,429
Dues and subscriptions	14,217	3,555	17,772
Equipment	550	137	687
Insurance	10,330	2,582	12,912
Professional, consulting and other operating expenses	172,678	43,170	215,848
Rentals, leases and repairs	77,785	19,447	97,232
Travel and conferences	<u>20,685</u>	<u>-</u>	<u>20,685</u>
<b>TOTAL OTHER EXPENSES</b>	<u>404,239</u>	<u>75,356</u>	<u>479,595</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 2,531,956</u></u>	<u><u>\$ 199,238</u></u>	<u><u>\$ 2,731,194</u></u>

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

**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets \$ 162,011

**Adjustments to reconcile change in net assets to  
net cash provided by operating activities:**

Depreciation 30,429

Loss on disposal of assets 3,888

**(Increase) decrease in:**

Accounts and grants receivable (54,133)

Prepaid expenses 39,019

**Increase in:**

Accounts payable 17,394

Accrued paid-time-off (PTO) 2,718

Deferred pay 26,659

65,974

**Net cash provided by operating activities**

227,985

**CASH FLOW FROM INVESTING ACTIVITIES**

Purchase of equipment (18,750)

**Net cash used in investing activities**

(18,750)

**CASH FLOW FROM FINANCING ACTIVITIES**

Repayments of cash advances - Monterey County Treasury (160,723)

**Net cash used in financing activities**

(160,723)

**NET INCREASE IN CASH**

48,512

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**

53,279

**CASH AND CASH EQUIVALENTS, END OF YEAR**

\$ 101,791

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



**THE INTERNATIONAL SCHOOL OF MONTEREY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The International School of Monterey (the School) is a nonprofit public benefit corporation, organized under the California Nonprofit Public Benefit Corporation law for public and charitable purposes.

The School, incorporated on May 26, 1998, is organized exclusively for charitable and education purposes, with the primary purpose to provide a comprehensive education in English for children ages 3 – 14 and to prepare them to continue their studies in English-speaking schools anywhere in the world.

The School operates an elementary school in Monterey, California and is recognized as a Charter School under the laws of the State of California.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Basis of Presentation**

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under those provisions, net assets and revenues, gains and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the School pursuant to those stipulations or that expire by the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the School. Generally, the donors of such assets permit the School to use all or part of the income earned on the assets.

**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Employee Retirement Plans**

Qualified employees are covered under contributory retirement plans maintained by agencies of the State of California. Contributions to these plans are paid or accrued based upon a percentage of qualified employee salaries.

**Property Tax**

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Monterey bills and collects the taxes for the School. Tax revenues are recognized by the School when received and are included in the financial statements under General Purpose Block Grant, Note 5.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

**Functional Allocation of Expenses**

The costs of providing the School's various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes**

The School is a California nonprofit corporation exempt from tax by the Internal Revenue Service under Section 501(c)(3) and is classified as an entity other than a private foundation. However, certain types of income are considered unrelated business taxable income which is taxed at regular corporate income tax rates. There was no unrelated business income tax for the year ended June 30, 2008.

**Advertising**

Advertising costs are expensed as incurred and totaled \$4,251 for the year ended June 30, 2008 and was included in professional, consulting and other operating expenses on the Statement of Functional Expenses.

**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property, Equipment and Depreciation**

The School records its fixed assets at cost and depreciates these assets using the straight-line method. Depreciation is based on the following estimated useful lives:

	<u>Years</u>
Classroom equipment	5
Computer equipment	3 - 5
Library equipment	5
Office equipment	5
Playground equipment	5

Maintenance and minor repairs are charged against income; major renewals and betterments are capitalized and depreciated.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid investments with a maturity of three months or less to be cash equivalents.

**2. CASH**

The School maintains cash deposits in excess of the federally insured limit of \$100,000 at one financial institution. Subsequent to year end, the federally insured limit was temporarily increased to \$250,000. The School believes there is no significant risk with respect to these deposits.

In accordance with Education Code Section 41001, the School maintains cash in the Monterey County Treasury. The County pools these funds with those of other charter schools and school districts in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are shared proportionately by all funds in the pool.

The County is restricted by Government Code 53635, pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, state treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit and repurchase or reverse repurchase agreements.

**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**2. CASH (Continued)**

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq.

**3. ACCOUNTS AND GRANTS RECEIVABLE**

Details of accounts and grants receivable are as follows:

State grant	\$ 186,984
Local (property tax)	107,242
Other	<u>5,150</u>
	<u>\$ 299,376</u>

**4. PROPERTY AND EQUIPMENT**

The details of property and equipment are as follows:

Classroom equipment	\$ 57,828
Computer equipment	139,664
Library equipment	18,253
Office equipment	24,260
Playground equipment	<u>9,963</u>
	249,968
Less accumulated depreciation	<u>(210,630)</u>
	<u>\$ 39,338</u>

**5. GRANTS**

Grant support consisted of the following:

General Purpose Block	\$ 1,942,519
Class Size Reduction	170,289
Categorical Block	163,443
State Lottery	48,959
Other State grants	24,912
Other Federal grants	<u>6,255</u>
	<u>\$ 2,356,377</u>

**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**6. LEASES**

Effective July 1, 2006, the School renewed their lease for its facility for a term of 5 years. The lease is payable in monthly installments of \$7,533. Lease expense totaled \$90,396 for the year ended June 30, 2008 and was included in rentals, leases and repair expenses on the Statement of Functional Expenses.

Future minimum lease payments for the year ended June 30 are as follows:

2009	\$	90,396
2010		90,396
2011		<u>90,396</u>
	\$	<u>271,188</u>

**7. EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the Public Employees' Retirement System (PERS).

**State Teachers' Retirement System**

**Plan Description**

The International School of Monterey contributes to the State Teachers' Retirement System, a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**7. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Funding Policy**

Active plan members are required to contribute 8.0% of their salary and The International School of Monterey is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-2008 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The School's contribution to STRS for the fiscal year ending June 30, 2008, was \$74,757 and equals 100% of the required contribution for that year.

**Public Employees' Retirement System**

**Plan Description**

The International School of Monterey contributes to the School Employer Pool under the California Public Employees' Retirement System (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 death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

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 95814.

**Funding Policy**

Active plan members are required to contribute 7% of their salary (7% of monthly salary in excess of \$133 if the member participates in Social Security), and the School 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 2007-2008 was 7% of annual payroll. The contribution requirements of the plan members are established by state statute. The School's contribution to CalPERS for the fiscal year ending June 30, 2008, was \$50,493 and equals 100% of the required contribution for that year.

**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**7. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Disclosures**

All other required disclosures under SFAS Statements No. 87 and 132 are not readily available as of the date of this report.

**8. COMMITMENTS AND CONTINGENCIES**

**State and Federal Allowances, Awards and Grants**

The 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 expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

**Sick Leave**

Sick leave is accumulated for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees, therefore, are never paid for any sick leave balance at termination of employment or any other time. It is, therefore, not appropriate to accrue the value of accumulated sick leave.

**Paid-Time-Off**

Full-time employees are entitled to four days of paid-time-off (PTO) per year of active service. PTO can accrue up to a maximum of twelve days. An employee whose employment terminates is paid for their accrued unused PTO on a pro rata basis. PTO liability is calculated using the employee's fiscal year end PTO balances multiplied by the employee's fiscal year end rate of pay.

**9. OVERSIGHT COSTS**

In January 2007, the School executed an agreement with the MPUSD to provide oversight services. Both the School and MPUSD agreed to review this agreement annually. Oversight costs totaled \$12,559 for the year ended June 30, 2008 and are included in professional, consulting and other operating expenses on the Statement of Functional Expenses.

**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**10. RESERVES**

As a part of the Memorandum of Understanding between the School and MPUSD, the School is required to maintain a 3% reserve of the ending fund balance. At June 30, 2008, the School was in compliance with regard to the reserved fund balance.

The calculation to determine whether the School has met the reserve requirement is based upon governmental reporting requirements. Differences exist between governmental financial reporting and nonprofit financial reporting. These financial statements have been prepared under nonprofit financial reporting requirements. The following reconciliation is necessary to detail the primary differences between governmental and nonprofit reporting.

The computation is as follows:

Ending Net Assets – Unrestricted, page 3	\$ 40,016
Adjustments:	
Depreciation	30,429
Loss on disposal of assets	3,888
Purchase of equipment	(18,750)
Repayments of cash advances	(160,723)
Difference between governmental financial reporting and nonprofit financial reporting from prior years	<u>451,572</u>
Ending Fund Balance	<u>\$ 346,432</u>
Available reserves as a percentage of total outgo	<u>11.90%</u>

Total outgo for governmental reporting purposes is calculated as follows:

Total expenses, page 5	\$ 2,731,194
Repayments of cash advances, page 6	160,723
Cash payments for the purchase of equipment, page 6	<u>18,750</u>
Total outgo	<u>\$ 2,910,667</u>



**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**11. CONTRIBUTED SERVICES**

No amounts have been recorded in the financial statements for donated services because they do not meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received and Made*. The School pays for most services requiring specific expertise. However, many individuals volunteer their time in performing a variety of tasks that assist the School with its programs, administration and fundraising.

**12. RELATED PARTY TRANSACTIONS**

The School receives financial support from the Board of Directors and the ISM Foundation. During the year ended June 30, 2008, the School received \$303,750 from the Board of Directors and the ISM Foundation which was approximately 11% of total revenue and support.

## **SUPPLEMENTARY INFORMATION**



**BIANCHI, KASAVAN & POPE, LLP**

*Certified Public Accountants & Business Consultants*

Robert W. Bianchi, CPA  
Gail A. Delorey, CPA  
Charles D. Doglione, CPA  
Joseph A. Garcia, CRTP  
Mary Hubbell, CRTP  
Carla S. Hudson, CPA, ABV  
David G. Huey, CPA  
Jesse Lopez, CPA  
Kris Nolan, CPA  
Gordon A. Rubbo, CPA  
Michael J. Willett, CPA

## **AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION**

Board of Directors  
The International School of Monterey  
Monterey, California

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements of The International School of Monterey. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Bianchi, Kasavan & Pope, LLP*

Salinas, California  
January 26, 2009

**INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**

**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Second Period Report</u>	<u>Annual Report</u>
<b>ELEMENTARY</b>		
<b>RESIDENT</b>		
Kindergarten	36	35
Grades One through Three	99	99
Grades Four through Six	115	114
Grades Seven and Eight	<u>39</u>	<u>39</u>
<b>Resident Elementary Totals</b>	<u>289</u>	<u>287</u>
<b>NON-RESIDENT</b>		
Kindergarten	3	3
Grades One through Three	15	16
Grades Four through Six	28	29
Grades Seven and Eight	<u>9</u>	<u>8</u>
<b>Non-Resident Elementary Totals</b>	<u>55</u>	<u>56</u>
<b>ADA GRAND TOTAL</b>	<u><u>344</u></u>	<u><u>343</u></u>

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to the School. This schedule provides information regarding the attendance of students at various grade levels.

**INTERNATIONAL SCHOOL OF MONTEREY  
(A Nonprofit Corporation)**

**SCHEDULE OF INSTRUCTIONAL TIME**

**FOR THE YEAR ENDED JUNE 30, 2008**

<u>Grade Level</u>	<u>Minimum Minutes Required</u>	<u>2007 – 2008 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	55,800	180	Complied
1 <sup>st</sup> – 2 <sup>nd</sup> Grade	50,400	61,200	180	Complied
3 <sup>rd</sup> Grade	50,400	63,000	180	Complied
4 <sup>th</sup> – 5 <sup>th</sup> Grade	54,000	63,000	180	Complied
6 <sup>th</sup> – 8 <sup>th</sup> Grade	54,000	63,900	180	Complied

This schedule presents information on the amount of instruction time offered by the School and whether the School complied with the provisions of Education Code Sections 47612.5 and 46201.

**AUDIT FINDINGS  
AND  
QUESTIONED COSTS**

**THE INTERNATIONAL SCHOOL OF MONTEREY**  
**(A Nonprofit Corporation)**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2008**

**Code 10000**

**Finding #08-01: Attendance**

During our audit of ADA, we noted clerical errors were made when transferring ADA totals from the School's computerized spreadsheets to the Annual ADA report. The spreadsheets were submitted to the Chartering District, who completed and filed the ADA reports. The School did not have an opportunity to review the reports before they were submitted to the State to verify the information reported. The error resulted in an overstatement of Annual ADA of .11 resulting in an overstated value of approximately \$609 for Annual ADA.

**Recommendation:**

We recommend that the School amend the annual reports. We recommend that all ADA reports and computerized spreadsheets used for ADA reporting be reviewed and verified for accuracy and that the School adopt training and procedures that insure the cooperation of faculty with attendance staff in completing the attendance forms accurately.

**School Response:**

The School will amend the annual reports as recommended. The School has implemented a system for reviewing all ADA reports and computerized spreadsheets used for ADA reporting. The School has requested from the Chartering District to provide an opportunity for the School to review the P-1, P-2, and the Annual reports prior to submittal to the State.

**THE INTERNATIONAL SCHOOL OF MONTEREY  
(A Nonprofit Corporation)**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Code 40000  
Finding #08-2: Compliance**

The Charter Schools Act of 1992 requires charter schools to submit a copy of their independent financial audit report to the Chartering agency (MPUSD) and the State Department of Education by December 15 of each year. The School did not file their audit report timely. Per discussion with CDE, there is no financial impact to the School as a result of this finding.

**Recommendation:**

We recommend that the School take necessary steps to ensure timely filing of its annual audit report.

**School Response:**

The School will take necessary steps to ensure timely filing of its annual audit report.



**THE INTERNATIONAL SCHOOL OF MONTEREY  
(A Nonprofit Corporation)**

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Code 10000  
Finding #07-01: Attendance**

During our audit of ADA, we noted that an error was made in transferring the attendance summary totals to the worksheet used to prepare the annual report. As a result, the School received credit for 1 extra attendance day during the school year. The error resulted in an overstatement of Annual ADA of .01 resulting in an overstated value of approximately \$50 for Annual ADA.

We recommended that all ADA reports and computerized spreadsheets used for ADA reporting be reviewed and verified for accuracy and that the School adopt training and procedures that insure the cooperation of faculty with attendance staff in completing the attendance forms accurately.

**Current Status: Partially Implemented**

**Code 10000  
Finding #07-02: Attendance**

During our audit of ADA, we noted that the spreadsheet used to summarize monthly attendance contained a formula error. The School received credit for 1 extra attendance day during the school year. The error resulted in an overstatement of Annual ADA of .01 resulting in an overstated value of approximately \$52 for Annual ADA.

We recommended that all ADA reports and computerized spreadsheets used for ADA reporting be reviewed and verified for accuracy and that the School adopt training and procedures that insure the cooperation of faculty with attendance staff in completing the attendance forms accurately.

**Current Status: Implemented**