



Camino Nuevo Charter Academy

CNCA Audit Committee Meeting

Published on November 28, 2023 at 12:15 PM PST

Date and Time

Friday December 1, 2023 at 1:00 PM PST

Location

Home Support Office
Conference Room
3435 W Temple St
Los Angeles, CA 90026

This meeting is open to the public at Home Support Office's Conference Room at 3435 W. Temple St, Los Angeles, CA 90026.

The board meeting is also accessible at every CNCA Campus and board member virtual locations via teleconference connection:

CNCA Burlington 697 S. Burlington Ave., Los Angeles, CA 90057
CNCA Kayne Siart 3400 W. 3rd Street., Los Angeles, CA 90020
CNCA Jose A. Castellanos 1723 W. Cordova St., Los Angeles, CA 90007
CNCA Jane B. Eisner 2755 W 15th St., Los Angeles, CA 90006
CNCA Sandra Cisneros 1018 Mohawk St., Los Angeles, CA 90026

Members of the public who wish to address the Board may make public comment at any of the meeting locations. Public comments are limited to 2 minutes each. The Board Chair has the discretion to modify the amount of time allotted for public comment if they deem it necessary. Brown Act regulations restrict the Board from discussing or taking action on any subject presented that is not on the agenda.

The CNCA Board can also be contacted via email at cnca.board@caminonuevo.org.

Agenda

	Purpose	Presenter	Time
I. Opening Items			1:00 PM
A. Record Attendance		David Gidlow	3 m
B. Call the Meeting to Order		David Gidlow	2 m
C. Approve Minutes	Approve Minutes	David Gidlow	3 m
Approve minutes for Audit Committee Meeting on December 6, 2022			
II. Public Comment			1:08 PM
A. Public Comment	FYI	David Gidlow	2 m
III. Audit Committee			1:10 PM
A. 2022-2023 Audit Report	Vote	Marlen Gomez	60 m
Draft 2022-223Audit Report to be presented by CliftonLarsenAllen LLP			
IV. Other Business			2:10 PM
A. Audit Firm Selection Fiscal Year 2022-2023	Vote	David Gidlow	20 m
V. Closing Items			2:30 PM
A. Adjourn Meeting	Vote	David Gidlow	1 m

Coversheet

Approve Minutes

Section: I. Opening Items
Item: C. Approve Minutes
Purpose: Approve Minutes
Submitted by:
Related Material: Minutes for Audit Committee Meeting on December 6, 2022

APPROVED



Camino Nuevo Charter Academy

Minutes

Audit Committee Meeting

Date and Time

Tuesday December 6, 2022 at 3:00 PM

Location

Topic: Audit Committee

Time: Dec 6, 2022 03:00 PM Pacific Time (US and Canada)

Join Zoom Meeting

[https://caminonuevo-org.zoom.us/j/99761318747?](https://caminonuevo-org.zoom.us/j/99761318747?pwd=UC9nMFFSNVg1YysrU1o1K0QyMk1Bdz09)

[pwd=UC9nMFFSNVg1YysrU1o1K0QyMk1Bdz09](https://caminonuevo-org.zoom.us/j/99761318747?pwd=UC9nMFFSNVg1YysrU1o1K0QyMk1Bdz09)

Meeting ID: 997 6131 8747

Passcode: bb6pHE

One tap mobile

+16699009128,,99761318747#,,,,*261758# US (San Jose)

+16694449171,,99761318747#,,,,*261758# US

Dial by your location

+1 669 900 9128 US (San Jose)

+1 669 444 9171 US

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 719 359 4580 US

+1 253 205 0468 US

+1 646 931 3860 US

+1 689 278 1000 US

+1 301 715 8592 US (Washington DC)

+1 305 224 1968 US

+1 309 205 3325 US

+1 312 626 6799 US (Chicago)
+1 360 209 5623 US
+1 386 347 5053 US
+1 507 473 4847 US
+1 564 217 2000 US
+1 646 558 8656 US (New York)

Meeting ID: 997 6131 8747

Passcode: 261758

Find your local number: <https://caminonuevo-org.zoom.us/j/99761318747>

Join by SIP

99761318747@zoomcrc.com

Join by H.323

162.255.37.11 (US West)

162.255.36.11 (US East)

115.114.131.7 (India Mumbai)

115.114.115.7 (India Hyderabad)

213.19.144.110 (Amsterdam Netherlands)

213.244.140.110 (Germany)

103.122.166.55 (Australia Sydney)

103.122.167.55 (Australia Melbourne)

149.137.40.110 (Singapore)

64.211.144.160 (Brazil)

149.137.68.253 (Mexico)

69.174.57.160 (Canada Toronto)

65.39.152.160 (Canada Vancouver)

207.226.132.110 (Japan Tokyo)

149.137.24.110 (Japan Osaka)

Meeting ID: 997 6131 8747

Passcode: 261758

In accordance with Mayor Garcetti's "Safer at Home" City Order ([Link](#)) and Governor Newsome's State Executive Order([Link](#)) CNCA will be holding Board Meetings via ZOOM video conference and telephone. No physical CNCA school locations will be open to the public.

This meeting is open to the public through the telephone 1 (669) 900-9128 (US Toll) and ZOOM video conference. To ensure meeting safety, there will be an online [ZOOM](#) waiting room set up for participants 10 minutes prior to the meeting. Attendees will be welcomed in prior to the start of the meeting at 3:00 pm. The waiting room will be checked regularly so that anyone joining the meeting late can still join.

[Zoom Link](#)

Members of the public who wish to address the Board regarding items on this agenda or who need special accommodations should contact Ruby Rodriguez in the Chief Executive Officer's office at 213-417-3400 ext. 1401 or ruby.rodriguez@pueblonuevo.org. Speakers are limited to no more than 2 minutes each. Speakers may also sign up in person the day of the meeting.

Committee Members Present

C. Smet (remote), D. Gidlow (remote)

Committee Members Absent

J. Ortega

Guests Present

N. Cabrel (remote), R. Rodriguez (remote), Sonia Oliva (remote)

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

C. Smet called a meeting of the Audit Committee Committee of Camino Nuevo Charter Academy to order on Tuesday Dec 6, 2022 at 3:07 PM.

C. Approve Minutes

C. Smet made a motion to approve the minutes Audit Committee on 10-29-21.

D. Gidlow seconded the motion.

The committee **VOTED** to approve the motion.

D. C Smet made a motion to amend the agenda to include a closed session regarding potential litigation and to correct the date on the minutes being approved to October 29, 2021. David Gidlow seconded the motion and it passed.

II. Public Comment

A. Public Comment

There was no public comment.

III. Audit Committee

A. 2021-2022 Audit Report

Marlen Gomez of Clifton Larson Allen presented the fiscal year 2021-22 audit for CNCA. The audit took longer to perform than in past years because of changes in the state laws and the fact that there are more programs to audit due to Covid.

It was a clean audit. There were no adjustments, no uncorrected misstatements nor disagreements. While there was a small loss from operations last year, CNCA continues to have a strong balance sheet. Cash and net equity are healthy.

Marlen advised that there will be new audit standards for leases in the coming year, and that there will be focus on Pre-K and T-K. Staff should be prepared for these changes.

IV. Other Business

A. Audit Firm Selection Fiscal Year 2021-2022

The committee recommended continuing with Clifton Larson Allen and with Marlen Gomez as the signing partner next year. It will be our 5th year with Marlen, and that is within the 6 year window of best practice.

V. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 4:17 PM.

Respectfully Submitted,
C. Smet

Coversheet

2022-2023 Audit Report

Section: III. Audit Committee
Item: A. 2022-2023 Audit Report
Purpose: Vote
Submitted by:
Related Material: 22-23 CNCA Governance Letter - Conclusion Draft.pdf
6-30-23 CNCA Audited FS Draft 11.27.23.pdf

Board of Directors
Camino Nuevo Charter Academy
Los Angeles, California

We have audited the financial statements of Camino Nuevo Charter Academy (the School) as of and for the year ended June 30, 2023, and have issued our report thereon dated REPORT DATE. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Appeals Panel, as well as certain information related to the planned scope and timing of our audit in our planning communication dated June 20, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Camino Nuevo Charter Academy are described in Note 1 to the financial statements.

The School changed accounting policies related to the change in accounting principle by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2016-02, Leases (ASC 842), for the year ended June 30, 2023.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Board of Directors
Camino Nuevo Charter Academy
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Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated REPORT DATE.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated REPORT DATE.

With respect to the Schedule of Instructional Time, Schedule of Average Daily Attendance (ADA), and Reconciliation of Annual Financial Report with Audited Financial Statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated REPORT DATE.

The Local Education Agency Organization Structure accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

* * *

Upcoming auditing standards

Our promise is to get to know you and help you. For your consideration, we provided recent auditing standards applicable to your entity.

Accounting Estimates and Risk Assessment –

- Effective for audits of financial statements for periods ending on or after December 15, 2023. For your entity – June 30, 2024's financial statements.
- Enhanced financial reporting framework surrounding management estimates, including a method, assumptions, and further audit process on the data (Statement on Auditing Standards (SAS) No. 143).
- Enhances the requirements and guidance on identifying and assessing the risks of material misstatement, particularly the areas of understanding the entity's system of internal control and assessing control risk (SAS 145).
- Additional consideration on the entity and its control environment, requiring separate assessment of inherent risk and control risk.
- Expanded testing and disclosures for the use of specialists and pricing information from external information sources.

Board of Directors
Camino Nuevo Charter Academy
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This communication is intended solely for the information and use of the Board of Directors and management of Camino Nuevo Charter Academy and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

DRAFT
For discussion purposes only
Subject to revision

Board of Directors
 Camino Nuevo Charter Academy
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Uncorrected Misstatements

Proposed Journal Entries JE # 4				
To accrue deductible related to legal settlement.				
02-5821	Legal		100,000.00	
02-9516	Accrued Payable			100,000.00
Total			100,000.00	100,000.00

DRAFT
 For discussion purposes only
 Subject to revision

CAMINO NUEVO CHARTER ACADEMY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023

CHARTER SCHOOLS:

Camino Nuevo Charter Academy – Burlington (CNCA#1) - #0293
Camino Nuevo Academy #2 – Kayne Siart (CNCA #2) - #1231
**Camino Nuevo Elementary #3 – Jose A. Castellanos/Jane B.
Eisner (CNCA #3) - #1212**
**Camino Nuevo Charter Academy #4 – Sandra Cisneros Learning
Academy (CNCA #4) - #1334**
**Camino Nuevo High #2 – Dalzell Lance High School
(CNHS #2) - #1540**

**CAMINO NUEVO CHARTER ACADEMY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Camino Nuevo Charter Academy
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Camino Nuevo Charter School (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 the School adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with response to this matter.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Board of Directors
Camino Nuevo Charter Academy

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The CNCA #1, CNCA #2, CNCA #3, CNCA #4, CNHS #2, and Central Admin Office columns in the statements of financial position, activities, and cash flows as well as the supplementary information (as identified in the table of contents), and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and, except for the portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

Board of Directors
Camino Nuevo Charter Academy

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. The Local Education Agency Organization Structure, which is marked “unaudited”, has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated REPORT DATE on our consideration of the 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 solely 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 effectiveness of 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* in considering the School’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023**

ASSETS	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #2	Central Admin Office	Total
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 8,087,844	\$ 3,937,085	\$ 8,817,763	\$ 3,925,151	\$ 3,861,142	\$ 408,733	\$ 29,037,718
Accounts Receivable	1,083,822	1,519,332	904,760	1,232,185	873,120	-	5,613,219
Intercompany Receivable	-	-	-	-	-	148,271	148,271
Due from Others	147,325	843	3,312	-	4,259	-	155,739
Prepaid Expenses and Other Assets	27,447	24,121	65,406	16,930	24,960	24,531	183,395
Total Current Assets	<u>9,346,438</u>	<u>5,481,381</u>	<u>9,791,241</u>	<u>5,174,266</u>	<u>4,763,481</u>	<u>581,535</u>	<u>35,138,342</u>
NONCURRENT ASSETS							
Right of Use (ROU) Lease Asset - Operating	10,409,530	34,486	4,978,969	35,433	8,973,456	-	24,431,874
Total Noncurrent Assets	<u>10,409,530</u>	<u>34,486</u>	<u>4,978,969</u>	<u>35,433</u>	<u>8,973,456</u>	<u>-</u>	<u>24,431,874</u>
PROPERTY, PLANT, AND EQUIPMENT							
Land	-	12,579,941	-	-	-	-	12,579,941
Construction in Progress	27,022	-	-	-	-	-	27,022
Buildings	1,279,360	25,978,566	556,187	466,792	677,296	-	28,958,201
Leasehold Improvements	813,730	424,274	102,904	4,979	575,778	-	1,921,665
Equipment and Computers	1,110,253	1,386,682	1,124,947	782,771	1,518,354	-	5,923,007
Furniture	166,615	153,231	96,686	67,758	24,480	-	508,770
Accumulated Depreciation	<u>(1,862,397)</u>	<u>(5,528,977)</u>	<u>(835,931)</u>	<u>(571,390)</u>	<u>(1,477,074)</u>	<u>-</u>	<u>(10,275,769)</u>
Total Property, Plant, and Equipment	<u>1,534,583</u>	<u>34,993,717</u>	<u>1,044,793</u>	<u>750,910</u>	<u>1,318,834</u>	<u>-</u>	<u>39,642,837</u>
Total Assets	<u>\$ 21,290,551</u>	<u>\$ 40,509,584</u>	<u>\$ 15,815,003</u>	<u>\$ 5,960,609</u>	<u>\$ 15,055,771</u>	<u>\$ 581,535</u>	<u>\$ 99,213,053</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts Payable	\$ 781,151	\$ 565,826	\$ 771,622	\$ 380,003	\$ 236,626	\$ 12,668	\$ 2,747,896
Accrued Liabilities	725,649	503,874	588,147	466,976	560,124	232,098	3,076,868
Intercompany Payables	-	-	-	-	-	408,637	408,637
Deferred Revenue	3,675,407	2,198,408	3,677,084	1,899,163	1,387,424	-	12,837,486
Operating Lease Liability, Current Portion	556,121	11,979	281,136	12,308	477,462	-	1,339,006
Loans Payable, Current Portion	-	404,597	-	-	-	-	404,597
Total Current Liabilities	<u>5,738,328</u>	<u>3,684,684</u>	<u>5,317,989</u>	<u>2,758,450</u>	<u>2,661,636</u>	<u>653,403</u>	<u>20,814,490</u>
NONCURRENT LIABILITIES							
Operating Lease Liability, Net Current Portion	9,866,430	21,986	4,703,226	22,590	8,507,328	-	23,121,560
Loans Payable, Net of Current Portion	-	9,435,848	-	-	-	-	9,435,848
Total Noncurrent Liabilities	<u>9,866,430</u>	<u>9,457,834</u>	<u>4,703,226</u>	<u>22,590</u>	<u>8,507,328</u>	<u>-</u>	<u>32,557,408</u>
Total Liabilities	<u>15,604,758</u>	<u>13,142,518</u>	<u>10,021,215</u>	<u>2,781,040</u>	<u>11,168,964</u>	<u>653,403</u>	<u>53,371,898</u>
NET ASSETS							
Without Donor Restriction:							
Undesignated	3,656,135	1,519,035	3,894,294	1,747,989	2,218,941	(71,868)	12,964,526
Property, Plant, and Equipment, Net Related Debt	1,534,583	25,153,272	1,044,793	750,910	1,318,834	-	29,802,392
Designated/Deferred Maintenance	250,994	694,759	824,899	635,899	321,503	-	2,728,054
Total Without Donor Restriction	<u>5,441,712</u>	<u>27,367,066</u>	<u>5,763,986</u>	<u>3,134,798</u>	<u>3,859,278</u>	<u>(71,868)</u>	<u>45,494,972</u>
With Donor Restriction	244,081	-	29,802	44,771	27,529	-	346,183
Total Net Assets	<u>5,685,793</u>	<u>27,367,066</u>	<u>5,793,788</u>	<u>3,179,569</u>	<u>3,886,807</u>	<u>(71,868)</u>	<u>45,841,155</u>
Total Liabilities and Net Assets	<u>\$ 21,290,551</u>	<u>\$ 40,509,584</u>	<u>\$ 15,815,003</u>	<u>\$ 5,960,609</u>	<u>\$ 15,055,771</u>	<u>\$ 581,535</u>	<u>\$ 99,213,053</u>

See accompanying Notes to Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #2	Central Admin Office	Total
NET ASSETS WITHOUT DONOR RESTRICTION							
REVENUES							
State Revenue:							
State Aid	\$ 5,590,029	\$ 5,658,580	\$ 6,383,281	\$ 4,496,363	\$ 5,175,003	\$ -	\$ 27,303,256
Other State Revenue	2,360,175	2,419,148	3,042,194	2,079,694	1,613,527	-	11,514,738
Federal Revenue:							
Grants and Entitlements	1,616,888	2,073,534	1,422,836	1,791,383	1,303,499	-	8,208,140
Local Revenue:							
In-Lieu Property Tax Revenue	2,103,772	2,202,458	2,403,230	1,754,154	1,596,192	-	10,059,806
Contributions	157,040	200,348	206,172	160,114	126,853	-	850,527
Interest Income	76,640	68,243	75,300	66,521	57,910	-	344,614
Other Revenue	68,862	53,908	71,770	48,911	46,146	-	289,597
Total Revenues Without Donor Restriction	11,973,406	12,676,219	13,604,783	10,397,140	9,919,130	-	58,570,678
Net Assets Released from Restriction	-	7,275	-	16,199	7,252	-	30,726
Total Revenues Without Donor Restriction and Net Assets Released from Restriction	11,973,406	12,683,494	13,604,783	10,413,339	9,926,382	-	58,601,404
EXPENSES							
Program Services	10,208,958	10,932,708	11,620,154	9,117,602	8,460,836	-	50,340,258
Management and General	1,592,961	1,722,180	1,989,101	1,261,421	1,436,106	-	8,001,769
Fundraising	-	9,690	-	4,233	520	-	14,443
Total Expenses	11,801,919	12,664,578	13,609,255	10,383,256	9,897,462	-	58,356,470
OTHER INCOME (EXPENSE)							
Distribution from PNEDG	48,887	-	-	-	-	-	48,887
Change in Net Assets Without Donor Restriction	220,374	18,916	(4,472)	30,083	28,920	-	293,821
NET ASSETS WITH DONOR RESTRICTION							
Other State Revenue	97,803	-	29,802	-	-	-	127,605
Net Assets Released from Restriction	-	(7,275)	-	(16,199)	(7,252)	-	(30,726)
Change in Net Assets With Donor Restriction	97,803	(7,275)	29,802	(16,199)	(7,252)	-	96,879
CHANGE IN TOTAL NET ASSETS	318,177	11,641	25,330	13,884	21,668	-	390,700
Net Assets - Beginning of Year	5,367,616	27,355,425	5,768,458	3,165,685	3,865,139	(71,868)	45,450,455
NET ASSETS - END OF YEAR	<u>\$ 5,685,793</u>	<u>\$ 27,367,066</u>	<u>\$ 5,793,788</u>	<u>\$ 3,179,569</u>	<u>\$ 3,886,807</u>	<u>\$ (71,868)</u>	<u>\$ 45,841,155</u>

See accompanying Notes to Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #2	Central Admin Office	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in Net Assets	\$ 318,177	\$ 11,641	\$ 25,330	\$ 13,884	\$ 21,668	\$ -	\$ 390,700
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:							
Depreciation	174,239	645,195	174,216	143,354	190,238	-	1,327,242
(Increase) Decrease in Assets:							
Accounts Receivable	378,989	150,491	737,917	123,068	211,613	-	1,602,078
Intercompany Receivable	-	-	-	-	-	(148,271)	(148,271)
Due from Others	29,219	(843)	(1,984)	-	(3,076)	(183)	23,133
Prepaid Expenses and Other Assets	33,485	(6,257)	(36,802)	(5,669)	40,578	55,717	81,052
ROU Lease Asset - Operating	(10,409,530)	(34,486)	(4,978,969)	(35,433)	(8,973,456)	-	(24,431,874)
Increase (Decrease) in Liabilities:							
Accounts Payable and Accrued Liabilities	1,020,659	447,145	681,656	180,173	106,008	69,109	2,504,750
Intercompany Payables	-	-	-	-	-	(765,204)	(765,204)
Deferred Revenue	2,405,638	1,530,670	2,696,727	1,494,522	619,046	-	8,746,603
Operating Lease Liability	10,422,551	33,965	4,984,362	34,898	8,984,790	-	24,460,566
Net Cash Provided (Used) by Operating Activities	4,373,427	2,777,521	4,282,453	1,948,797	1,197,409	(788,832)	13,790,775
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of Property, Plant, and Equipment	(331,882)	(291,991)	(400,139)	(76,746)	(194,158)	-	(1,294,916)
Net Cash Used by Investing Activities	(331,882)	(291,991)	(400,139)	(76,746)	(194,158)	-	(1,294,916)
CASH FLOWS FROM FINANCING ACTIVITIES							
Repayment of Prop 55 Funding	-	(396,625)	-	-	-	-	(396,625)
Net Cash Used by Financing Activities	-	(396,625)	-	-	-	-	(396,625)
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,041,545	2,088,905	3,882,314	1,872,051	1,003,251	(788,832)	12,099,234
Cash and Cash Equivalents - Beginning of Year	4,046,299	1,848,180	4,935,449	2,053,100	2,857,891	1,197,565	16,938,484
CASH AND CASH EQUIVALENTS, - END OF YEAR	<u>\$ 8,087,844</u>	<u>\$ 3,937,085</u>	<u>\$ 8,817,763</u>	<u>\$ 3,925,151</u>	<u>\$ 3,861,142</u>	<u>\$ 408,733</u>	<u>\$ 29,037,718</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION							
Cash Paid for Interest	\$ -	\$ 202,768	\$ -	\$ -	\$ -	\$ -	\$ 202,768

See accompanying Notes to Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 20,704,902	\$ 2,314,318	\$ -	\$ 23,019,220
Pension Expense	4,157,197	541,087	-	4,698,284
Other Employee Benefits	1,926,069	202,741	-	2,128,810
Payroll Taxes	569,960	171,151	-	741,111
Management Fees	3,923,166	1,681,358	-	5,604,524
Legal Expenses	-	98,456	-	98,456
Accounting Expenses	-	10,500	-	10,500
Other Fees for Services	8,665,590	900,652	-	9,566,242
Advertising and Promotion Expenses	-	24,493	-	24,493
Instructional Materials	1,068,430	-	-	1,068,430
Office Expenses	1,255,714	381,004	-	1,636,718
Printing and Postage Expenses	-	16,620	-	16,620
Information Technology Expenses	-	501,211	-	501,211
Occupancy Expenses	3,633,452	410,488	-	4,043,940
Travel Expenses	43,651	-	-	43,651
Interest Expense	-	202,768	-	202,768
Depreciation Expense	1,253,999	73,243	-	1,327,242
Insurance Expense	-	35,456	-	35,456
Other Expenses	3,138,128	436,223	14,443	3,588,794
Total Expenses by Function	<u>\$ 50,340,258</u>	<u>\$ 8,001,769</u>	<u>\$ 14,443</u>	<u>\$ 58,356,470</u>

See accompanying Notes to Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Camino Nuevo Charter Academy (CNCA) is a nonprofit benefit corporation under the laws of the state of California. CNCA is designed to meet the educational needs of largely Latino community neighborhoods, west of downtown Los Angeles, in the greater MacArthur Park communities. CNCA was established as an alternative to existing traditional public schools in the neighborhoods in which conditions of over-crowding and year-round schedules existed. CNCA consists of six charter schools operating as of June 30, 2023, as follows:

- Burlington Campus (CNCA #1)
- Kayne Siart Campus (CNCA #2)
- Jose A. Castellanos/Jane B. Eisner Campuses (CNCA #3)
- Sandra Cisneros Learning Academy Campus (CNCA #4)
- Dalzell Lance High School (CNHS #2)

The charters may be revoked by the Los Angeles Unified School District (LAUSD) for material violations of the charters, failure to meet pupil outcomes identified in the charters, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

In March 2016, the Pueblo Nuevo Education Development Group (PNEDG) Corporation was formed as a nonprofit public benefit corporation, organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes. PNEDG was formed for the benefit of and to carry out the purposes of CNCA. PNEDG serves as a sole statutory member of CNCA. Its primary function is resource-development and capacity building to support the CNCA mission and programs that extend beyond the publicly funded, instructional K-12 program, yet are crucial to students' early childhood education, academic, college, and lifelong success. All private dollars raised, capacity building offered, and support services delivered by PNEDG are done so to enrich the K-12 instructional program CNCA offers and to benefit CNCA students and alumni and to maximize their fullest academic potential.

Basis of Accounting

The consolidating financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying consolidating financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

Use of Estimates

The preparation of consolidating 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, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Costs of providing CNCA's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The expenses that are allocated include pension expense, other employee benefits, payroll taxes, occupancy, and depreciation, which are allocated on the basis of estimates of time and effort.

Cash and Cash Equivalents

CNCA defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing boards had designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Designation of Net Assets

Designated net assets represent those portions of net assets segregated for a specific purpose in accordance with board policy. CNCA's board established a policy which designated part of the fund balance (1% of total expenses) to a deferred maintenance fund. This policy was implemented in anticipation of increased vendor repair and maintenance expenses expected to be incurred due to the age of CNCA's various buildings sites.

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2023. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased, or at estimated fair value, if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. CNCA capitalizes all expenditures for land, buildings, and equipment in excess of \$1,000. Depreciation expense was \$1,327,242 for the year ended June 30, 2023.

Revenue Recognition

Amounts received from the California Department of Education are conditional and recognized as revenue by CNCA based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when CNCA has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2023, CNCA has conditional grants of \$18,874,871 of which \$12,837,486 is recognized as deferred revenue in the statement of financial position.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of CNCA is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of CNCA. The entire compensated absences liability is included in accrued liabilities on the statement of financial position. Employees of CNCA are paid for days or hours worked based upon board approved schedules which include vacation. Sick leave is accumulated with a 30-day maximum for each eligible employee. Sick leave with pay is provided when employees are absent for health reasons and is not paid out upon departure of an employee. Unused sick leave does not carry over from year to year.

Income Taxes

CNCA is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. CNCA files an exempt organization return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Contributed Assets and Services

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair values in the period received.

Allocations Between Charter Schools

For the year ended June 30, 2023, CNCA has chosen to identify each charter school separately within the financial statements. In cases where specific identification of each charter's activities was not possible, items were allocated according to Average Daily Attendance (ADA).

Leases

CNCA leases facilities and equipment. CNCA determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the statement of financial position. Finance leases are included in financing ROU assets, and lease liabilities – financing on the statement of financial position.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent CNCA's right to use an underlying asset for the lease term and lease liabilities represent CNCA's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, CNCA uses its risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that CNCA will exercise that option. CNCA has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

CNCA has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

In evaluating contracts to determine if they qualify as a lease, CNCA considers factors such as if CNCA has obtained substantially all of the rights to the underlying asset through exclusivity, if CNCA can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Adoption of New Accounting Standards

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

CNCA adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption. CNCA has elected to adopt the package of practical expedients available in the year of adoption. CNCA has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of CNCA's ROU assets.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

CNCA elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, CNCA recognized on July 1, 2022 a ROU asset at the carrying amount of the operating lease asset of \$24,578,969. CNCA also recognized on July 1, 2022 a lease liability of \$24,578,969, which represents the present value of the remaining finance lease payments discounted using a risk-free rate ranging from 2.85% to 3.11%.

Evaluation of Subsequent Events

CNCA has evaluated subsequent events through REPORT DATE, the date these consolidating financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

CNCA multi-year operating budgets are designed to manage restricted cash allocations via the use of 12-month rolling cash flow forecasts. On a weekly basis, liquidity is tracked via the use of cash position reporting tool to monitor payroll schedules, accounts payable and cash balances across the CNCA County Treasury Accounts and private bank operating accounts. Weekly CNCA Cash Position reporting allows CNCA to forecast cash account transfer amounts to ensure execution of accurate cash transfers specific to monthly operating account cash flow needs.

As of June 30, 2023, financial assets available for general expenditures are comprised of the following:

Cash and Cash Equivalents	\$ 29,037,718
Accounts Receivable	5,613,219
Due From Others	155,739
Less: Net Assets With Donor Restrictions	(346,183)
Financial Assets Available for General Expenditure	<u>\$ 34,460,493</u>

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CONCENTRATION OF CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, CNCA's deposits may not be returned to it. CNCA maintains bank accounts with one institution, certain of which are interest bearing. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, cash in these accounts exceeds the insured amounts. CNCA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

CNCA maintains cash in the Los Angeles County Treasury (the County). The County pools these funds with those of other educational organizations in the county and invests the cash. These pooled funds are carried at costs which approximates fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The funds maintained by the County are either secured by federal depository insurance or collateralized. The fair value of Camino Nuevo Charter School's deposits in this pool as of June 30, 2023, as provided by the pool sponsor, was approximately \$28,268,975.

NOTE 4 RELATED PARTY TRANSACTIONS

Support Services

PNEDG provides CNCA with limited services and support, including, among other things, the staff necessary to provide this support, to CNCA schools so that they operate in a manner consistent with the terms of their charters and agreements with their authorizer. It is the intent of CNCA and PNEDG that the CNCA Board and CNCA's Chief Executive Officer retain ultimate responsibility for and control of the management and operation of CNCA's charter schools, including but not limited to governance and the administration and delivery of curriculum. As compensation for the services, CNCA transfers to PNEDG 12% of the operational funding. The total amount of the support services were \$5,604,524 for the year ended June 30, 2023. CNCA also paid PNEDG for mental health program services, ELOP, and other support services in the amount of \$770,221 and \$614,286, respectively, for the year ended June 30, 2023.

Contributions

PNEDG provided grants to CNCA schools amounting to \$450,000 for the year ended June 30, 2023. PNEDG also transferred \$48,887 of fixed assets to CNCA as a result of the closure of the early childhood center for the year ended June 30, 2023.

Leases

CNCA has entered into multiple lease agreements with Grupo Nuevo Los Angeles (GNLA) and its subsidiary LLCs for various facilities. GNLA was formed for the benefit and to carry out the purposes of CNCA. CNCA is responsible for the related party taxes on these facilities. The leases are through 2057 and require monthly payments in line with a payment schedule outlined in the lease. Rent expenses recorded for these leases was \$1,476,582 for the year ended June 30, 2023. Refer to Note 9 for general lease disclosures.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 COMMITMENTS

CNCA #3 – In June 2010, CNCA signed a facility use agreement with LAUSD for use of property located at 1723 W. Cordova Street, Los Angeles, California. The agreement commenced in August 2010 and carries a term that coincides with CNCA #3's charter. The agreement does not require CNCA to pay a lease amount for the use of the property, but instead CNCA pays regulatory fees, police service fees, utilities, and certain maintenance and repairs. These fees are negotiated annually and therefore cannot be determined for future years. Total fees paid to LAUSD for CNCA #3 for the year ended June 30, 2023 were \$184,462.

CNCA #4 – In June 2011, CNCA signed a facility use agreement with LAUSD for use of property located at 1018 Mohawk Street, Los Angeles, California. The agreement commenced in August 2011 and carries a term that coincides with CNCA #4's charter. The agreement does not require CNCA to pay a lease amount for the use of the property, but instead CNCA pays regulatory fees, police service fees, utilities, and certain maintenance and repairs. These fees are negotiated annually and therefore cannot be determined for future years. Total fees paid to LAUSD for CNCA #4 for the year ended June 30, 2023 were \$128,587.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

Subject to Specific Purpose:

Nutrition Program	\$ 346,183
Total Net Assets With Donor Restriction	<u>\$ 346,183</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

Release of Restrictions

Purpose:

Nutrition Program	\$ 30,726
Total	<u>\$ 30,726</u>

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 EMPLOYEE RETIREMENT

Multi-Employer Defined Benefit Pension Plans

Qualified employees are covered under multi-employer defined benefit pension plans maintained by agencies of the state of California.

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 CNCA chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. CNCA has no plans to withdraw from this multi-employer plan.

State Teachers' Retirement System (STRS)

Plan Description

CNCA contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-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. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2022, total STRS plan net assets are \$300 billion, the total actuarial present value of accumulated plan benefits is \$434 billion, contributions from all employers totaled \$6.513 billion, and the plan is 74.4% funded. CNCA did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after that are required to contribute 10.21% of their salary. CNCA 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 year ended June 30, 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

CNCA's contributions to STRS for the past three years were as follows:

<u>Year Ended June 30,</u>	<u>STRS Required Contribution</u>	<u>STRS Percent Contributed</u>
2021	\$ 2,231,033	100 %
2022	2,592,834	100
2023	3,032,050	100

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)

Public Employees' Retirement System (PERS)

Plan Description

CNCA contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multi-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. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2022, the School Employer Pool total plan assets are \$79.3 billion, the present value of accumulated plan benefits is \$113.7 billion, contributions from all employers totaled \$3.55 billion, and the plan is 69.8% funded. CNCA did not contribute more than 5% of the total contributions to the plan.

Copies of the CalPERS' annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814 and www.calpers.ca.gov.

Funding Policy

Active plan members are required to contribute 8.0% of their salary for Public Employees' Pension Reform Act (PEPRA) members and 7.0% of their salary for classic members. CNCA 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 year ended June 30, 2023 was 25.37%. The contribution requirements of the plan members are established and may be amended by state statute.

Contributions to PERS

CNCA's contributions to PERS for each of the last three years were as follows:

<u>Year Ended June 30,</u>	<u>PERS Required Contribution</u>	<u>PERS Percent Contributed</u>
2021	\$ 831,593	100 %
2022	1,384,912	100
2023	1,666,234	100

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 LONG-TERM DEBT

Proposition 55

In April 2011, CNCA entered into a Memorandum of Understanding (MOU) and Funding Agreement with the State Allocation Board and the California School Finance Authority (individually or collectively referred to as the State) for Charter School Facility Program (CSFP) funding to purchase and/or construct a real property as a permanent school facility (the Project) for CNCA #2. The Project was approved in October 2013 and the State provided grant funding for 50% of the approved costs for the Project. The final apportionment amount was reduced by any advance apportionment amounts received by CNCA #2 as well as any lump sum contribution by the State. CNCA #2 is required to pay back the State the 50% of the final apportionment funding. Payment to the State commenced one full year after the Project was opened and operating its educational program. The loan has a 30-year term and requires an interest rate prescribed in Section 17078.57(a)(l)(D) and (E) of the Education Code.

CNCA #2 has received all of the State apportionment which totaled \$29,557,192. CNCA #2 has recorded debt related to this funding of \$12,493,596; the balance at June 30, 2023 is \$9,840,445.

Future payments of Proposition 55 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 404,597
2025	412,729
2026	421,025
2027	429,488
2028	438,121
Thereafter	7,734,485
Total	<u>\$ 9,840,445</u>

NOTE 9 LEASES – ASC 842

CNCA leases school facilities and equipment from various related and unrelated parties under long-term, non-cancelable lease agreements. Related party leases are between CNCA and Grupo Nuevo Los Angeles (GNLA). The leases expire at various dates through 2057. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Additionally, the agreements generally require CNCA to pay real estate taxes, insurance, and repairs. Some lease agreements also require CNCA to comply with certain covenants and to maintain certain financial ratios. As of June 30, 2023, CNCA believes it was in compliance with all ratios and covenants.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 LEASES – ASC 842 (CONTINUED)

The following table provides quantitative information concerning CNCA's leases for the year ended June 30, 2023:

Lease Costs	
Operating Lease Costs	\$ 281,562
Total Lease Costs	<u>\$ 281,562</u>

Other Information:

Cash Paid for Amounts Included in the

Measurement of Lease Liabilities:

Operating Cash Flows from Operating Leases	\$ 248,522
Right-Of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 24,578,969

Weighted-Average Remaining Lease Term -
Operating Leases 33.6 Years

Weighted-Average Discount Rate - Operating 3.11%

CNCA classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	Operating Leases (Related Party)	Operating Leases	Total
2024	\$ 1,239,064	\$ 99,942	\$ 1,339,006
2025	1,239,064	99,942	1,339,006
2026	1,239,064	99,942	1,339,006
2027	1,239,064	-	1,239,064
2028	1,239,064	-	1,239,064
Thereafter	30,888,035	-	30,888,035
Totale Lease Payments	<u>37,083,355</u>	<u>299,826</u>	<u>37,383,181</u>
Less: Imputed Interest	(12,906,163)	(16,452)	(12,922,615)
Present Value of Lease Liabilities	<u>\$ 24,177,192</u>	<u>\$ 283,374</u>	<u>\$ 24,460,566</u>

NOTE 10 CONTINGENCIES, RISKS, AND UNCERTAINTIES

CNCA 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 required reimbursement would not be material.

In the normal course of business, CNCA is subject to legal claims. After consultation with the CNCA's legal counsel, management of CNCA is of the opinion that liabilities, if any, arising from such claims would not have a material effect on CNCA's financial position.

SUPPLEMENTARY INFORMATION

DRAFT
For discussion purposes only
Subject to revision

**CAMINO NUEVO CHARTER ACADEMY
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)
UNAUDITED**

CNCA is a nonprofit public benefit corporation. CNCA operates a central administration office and the following six charter schools:

Charter Name	Charter Number	Sponsoring District
Camino Nuevo Charter Academy - Burlington Campus (CNCA #1)	0293	Los Angeles Unified School District
Camino Nuevo Academy #2 - Kayne Siart Campus (CNCA #2)	1231	Los Angeles Unified School District
Camino Nuevo Elementary #3 - Jose A. Castellanos/Jane B. Eisner Campuses (CNCA #3)	1212	Los Angeles Unified School District
Camino Nuevo Charter Academy #4 - Sandra Cisneros Learning Academy Campus (CNCA #4)	1334	Los Angeles Unified School District
Camino Nuevo High #2 - Dalzell Lance High School (CNHS #2)	1540	Los Angeles Unified School District

CNCA commenced operations May 2000 with Camino Nuevo Charter Academy #1 – Burlington Camps (CNCA #1). Below is the charter information for each charter school identified above:

Charter Name	Original School Start Date	Charter Expiration	Enrollment Average
Camino Nuevo Charter Academy - Burlington Campus (CNCA #1)	August 8, 2010	June 30, 2028	589
Camino Nuevo Academy #2 - Kayne Siart Campus (CNCA #2)	August 18, 2010	June 30, 2028	665
Camino Nuevo Elementary #3 - Jose A. Castellanos/Jane B. Eisner Campuses (CNCA #3)	August 18, 2010	June 30, 2028	720
Camino Nuevo Charter Academy #4 - Sandra Cisneros Learning Academy Campus (CNCA #4)	September 6, 2011	June 30, 2027	537
Camino Nuevo High #2 - Dalzell Lance High School (CNHS #2)	August 19, 2013	June 30, 2026	464

**CAMINO NUEVO CHARTER ACADEMY
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (CONTINUED)
 YEAR ENDED JUNE 30, 2023
 (SEE INDEPENDENT AUDITORS' REPORT)
 UNAUDITED**

CNCA is the latest in a series of highly successful empowerment projects developed by Grupo Nuevo Los Angeles (GNLA), a nonprofit community development corporation.

The board of directors and the administrators as of the year ended June 30, 2023 were as follows:

BOARD OF DIRECTORS

Member	Office	3 Year Term Expires
David Gidlow	Chair	6/30/2023
Gil Flores	Treasurer	7/31/2025
Elena Lopez	Secretary	7/31/2025
Cindy Lee Smet	Director	6/30/2023
Celia Alvarado	Director	6/30/2023
Tamara Powers	Director	6/30/2024
Lida Jennings	Director	6/30/2023
Jazmin Ortega	Director	7/31/2025

ADMINISTRATORS

Adriana Abich	Chief Executive Officer
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**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2023**

	Instructional Minutes		Traditional Calendar Days	Status
	Requirement	Actual		
CNCA #1				
Kindergarten	36,000	60,715	185	In compliance
Grade 1	50,400	56,085	185	In compliance
Grade 2	50,400	56,085	185	In compliance
Grade 3	50,400	56,085	185	In compliance
Grade 4	54,000	64,750	185	In compliance
Grade 5	54,000	64,750	185	In compliance
Grade 6	54,000	66,489	185	In compliance
Grade 7	54,000	66,489	185	In compliance
Grade 8	54,000	66,489	185	In compliance
CNCA #2				
Kindergarten	36,000	62,800	185	In compliance
Grade 1	50,400	60,025	185	In compliance
Grade 2	50,400	60,025	185	In compliance
Grade 3	50,400	60,025	185	In compliance
Grade 4	54,000	60,025	185	In compliance
Grade 5	54,000	60,025	185	In compliance
Grade 6	54,000	64,493	185	In compliance
Grade 7	54,000	66,023	185	In compliance
Grade 8	54,000	66,023	185	In compliance
CNCA #3				
Kindergarten	36,000	60,885	185	In compliance
Grade 1	50,400	62,850	185	In compliance
Grade 2	50,400	62,850	185	In compliance
Grade 3	50,400	62,850	185	In compliance
Grade 4	54,000	58,519	185	In compliance
Grade 5	54,000	58,519	185	In compliance
Grade 6	54,000	63,634	185	In compliance
Grade 7	54,000	63,634	185	In compliance
Grade 8	54,000	63,634	185	In compliance
CNCA #4				
Kindergarten	36,000	66,055	185	In compliance
Grade 1	50,400	63,580	185	In compliance
Grade 2	50,400	63,580	185	In compliance
Grade 3	50,400	63,580	185	In compliance
Grade 4	54,000	63,580	185	In compliance
Grade 5	54,000	63,580	185	In compliance
Grade 6	54,000	58,907	185	In compliance
Grade 7	54,000	58,907	185	In compliance
Grade 8	54,000	58,907	185	In compliance
CNHS #2				
Grade 9	64,800	67,189	185	In compliance
Grade 10	64,800	67,189	185	In compliance
Grade 11	64,800	67,189	185	In compliance
Grade 12	64,800	67,189	185	In compliance

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2023**

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
CNCA #1				
Grades K-3	270.37	270.37	271.60	271.60
Grades 4-6	174.05	174.05	174.53	174.53
Grades 7-8	113.40	113.40	113.97	113.97
ADA Totals	<u>557.82</u>	<u>557.82</u>	<u>560.10</u>	<u>560.10</u>
CNCA #2				
Grades K-3	208.77	208.77	210.49	210.49
Grades 4-6	211.46	211.46	212.10	212.10
Grades 7-8	163.40	163.40	163.98	163.98
ADA Totals	<u>583.63</u>	<u>583.63</u>	<u>586.57</u>	<u>586.57</u>
CNCA #3				
Grades K-3	257.35	257.35	256.94	256.94
Grades 4-6	233.69	233.69	234.47	234.47
Grades 7-8	155.11	155.11	155.51	155.51
ADA Totals	<u>646.15</u>	<u>646.15</u>	<u>646.92</u>	<u>646.92</u>
CNCA #4				
Grades K-3	164.90	164.90	164.17	164.17
Grades 4-6	166.53	166.53	165.33	165.33
Grades 7-8	134.54	134.54	134.02	134.02
ADA Totals	<u>465.97</u>	<u>465.97</u>	<u>463.52</u>	<u>463.52</u>
CNHS #2				
Grades 9-12	<u>427.20</u>	<u>427.20</u>	<u>425.61</u>	<u>425.61</u>
ADA Totals	<u>427.20</u>	<u>427.20</u>	<u>425.61</u>	<u>425.61</u>
ADA Totals	<u><u>2,680.77</u></u>	<u><u>2,680.77</u></u>	<u><u>2,682.72</u></u>	<u><u>2,682.72</u></u>

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

There were no differences between the Annual Financial Report and the Audited Financial Statements.

DRAFT
For discussion purposes only
Subject to revision

See accompanying Auditors' Report and Notes to Supplementary Information.

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**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #2	Total
U.S. Department of Education								
Pass-Through Program From California Department of Education:								
Every Student Succeeds Act								
Title I, Part A, Basic Grants:								
Low-Income and Neglected	84.010	14329	\$ 280,043	\$ 276,658	\$ 257,193	\$ 235,194	\$ 197,805	\$ 1,246,893
Title II, Part A, Teacher Quality	84.367	14341	26,859	32,492	27,323	29,834	23,930	140,438
Title III, Limited English Proficiency	84.365	14346	55,074	36,184	38,579	29,134	14,367	173,338
Title IV, Part A, Student Support & Academic Enrichment	84.424	N/A	24,189	21,868	21,529	18,446	15,513	101,545
Special Education Cluster:								
Special Education - IDEA	84.027	13379	135,712	141,991	157,202	113,239	103,933	652,077
Total Special Education Cluster:			135,712	141,991	157,202	113,239	103,933	652,077
Coronavirus Aid, Relief, and Economic Security Act (CARES Act) COVID-19:								
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	581,387	74	333,018	70	227,439	1,141,988
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	-	1,163,256	33,393	936,465	385,502	2,518,616
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	-	48,180	138,339	168,319	169,607	524,445
American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth (ARP-HCY)	84.425W	N/A	-	4,858	-	1,501	-	6,359
Total CARES Act (COVID-19 Funding):			581,387	1,216,368	504,750	1,106,355	782,548	4,191,408
Total U.S. Department of Education			1,103,264	1,725,561	1,006,576	1,532,202	1,138,096	6,505,699
U.S. Department of Agriculture								
Pass-Through Program From California Department of Education:								
Child Nutrition Cluster:								
Especially Needy Breakfast	10.553	13526	67,930	51,690	61,856	38,472	32,932	252,880
National School Lunch Program	10.555	23165	382,800	263,686	315,544	196,254	131,726	1,290,010
Meal Supplements	10.555	N/A	62,144	31,847	38,110	23,703	-	155,804
Child Nutrition Cluster Subtotal			512,874	347,223	415,510	258,429	164,658	1,698,694
Total U.S. Department of Agriculture			512,874	347,223	415,510	258,429	164,658	1,698,694
U.S. Department of Health and Human Services								
Pass-Through Program From Los Angeles County Office of Education:								
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	N/A	750	750	750	752	745	3,747
Total U.S. Department of Health and Human Services			750	750	750	752	745	3,747
Total Federal Expenditures			\$ 1,616,888	\$ 2,073,534	\$ 1,422,836	\$ 1,791,383	\$ 1,303,499	\$ 8,208,140

N/A - Pass-through entity number not readily available or not applicable.

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

This schedule presents information on the amount of instructional time offered by CNCA and whether CNCA complied with the provisions of California Education Code.

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)

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

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.

NOTE 4 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of CNCA under programs of the federal governmental for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures reported on the Schedule are reported on the accrual basis of accounting. Because the Schedule presents only a selected portion of operations of CNCA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CNCA.

NOTE 5 INDIRECT COST RATE

CNCA has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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***

Board of Directors
Camino Nuevo Charter Academy
Los Angeles, 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 consolidating financial statements of Camino Nuevo Charter Academy (CNCA), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the consolidating financial statements, and have issued our report thereon dated REPORT DATE.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidating financial statements, we considered CNCA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CNCA's internal control. Accordingly, we do not express an opinion on the effectiveness of CNCA'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 entity'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 or significant deficiencies may exist that have not been identified.

Board of Directors
Camino Nuevo Charter Academy

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CNCA's consolidating 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 consolidated financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Camino Nuevo Charter Academy
Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Camino Nuevo Charter School's (CNCA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of CNCA's major federal programs for the year ended June 30, 2023. CNCA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, CNCA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CNCA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of CNCA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to CNCA's federal programs.

Board of Directors
Camino Nuevo Charter Academy

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CNCA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CNCA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CNCA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CNCA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of CNCA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Directors
Camino Nuevo Charter Academy

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER STATE COMPLIANCE

Board of Directors
Camino Nuevo Charter Academy
Los Angeles, California

Report on Compliance

Opinion on State Compliance

We have audited Camino Nuevo Charter School's (CNCA) compliance with the types of compliance requirements applicable to CNCA described in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, for the year ended June 30, 2023. CNCA's applicable State compliance requirements are identified in the table below.

In our opinion, the CNCA complied, in all material respects, with the compliance requirements referred to above that are applicable to CNCA for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CNCA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of CNCA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to CNCA's state programs.

Board of Directors
Camino Nuevo Charter Academy

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CNCA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CNCA's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CNCA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CNCA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* but not for the purpose of expressing an opinion on the effectiveness of CNCA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Directors
Camino Nuevo Charter Academy

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable ¹
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable ²
Immunizations	Not Applicable ³
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant (CTEIG)	Not Applicable ⁴
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not Applicable ⁵
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable ⁶
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Not Applicable¹: CNCA did not have any expenditures for California Clean Energy Jobs Act in the year under audit or a completed project between 12 and 15 months prior to any month in the audit year.

Not Applicable²: CNCA did not report ADA pursuant to Education Code section 51749.5.

Not Applicable³: CNCA did not have any charter school subject to audit of immunizations as listed in the California Department of Public Health (CDPH) website as listed in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

Not Applicable⁴: CNCA did not receive a CTEIG allocation for the audit year.

Not Applicable⁵: CNCA did not report ADA to the CDE as generated through nonclassroom-based instruction (independent study).

Not Applicable⁶: CNCA did not report more than 20% of its ADA as generated through nonclassroom-based instruction (independent study).

Board of Directors
Camino Nuevo Charter Academy

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Consolidating Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425D	Elementary and Secondary School Emergency Relief II (ESSER II) Fund
84.425U	Elementary and Secondary School Emergency Relief III (ESSER III) Fund
84.425U	Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss
84.425W	ARP-HCY
84.010	Title I, Part A, Basic Grants: Low-Income and Neglected

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results (Continued)

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Findings and Questioned Costs – State Compliance

There were no findings or questioned costs related to state awards for June 30, 2023.

**CAMINO NUEVO CHARTER ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

STATE COMPLIANCE

2022-001 Expanded Learning Opportunities ELO-G

40000

Camino Nuevo Charter Academy – Burlington (CNCA#1) - #0293

Camino Nuevo Academy #2 – Kayne Siart (CNCA #2) - #1231

Camino Nuevo Elementary #3 – Jose A. Castellanos/Jane B. Eisner (CNCA #3) - #1212

Camino Nuevo Charter Academy #4 – Sandra Cisneros Learning Academy (CNCA #4) - #1334

Camino Nuevo High #2 – Dalzell Lance High School (CNHS #2) - #1540

Criteria: The governing board of CNCA was required to adopt on or before June 1, 2021, in a public meeting, a plan describing how the apportioned ELO-G funds would be used in accordance with Education Code section 43522 and submit the plan within 5 days of adoption pursuant to subdivision (e) of Education Code section 43522.

Condition: During ELO-G testing, it was noted that the spending plan was approved by the board on June 1, 2021 and was submitted to its chartering authority on August 9, 2022. The submission date was not within 5 days of adoption of the spending plan.

Status: Not applicable, this test was removed from the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.