



Camino Nuevo Charter Academy

CNCA Audit Committee Meeting

Published on November 19, 2024 at 12:44 PM PST

Date and Time

Friday November 22, 2024 at 8:30 AM PST

Location

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

OR

Join Zoom Meeting

<https://caminonuevo-org.zoom.us/j/98825115372?pwd=RuHWDVcOIVaDK0xw9xa3OHnQDSZD5u.1>

Meeting ID: 988 2511 5372

Passcode: 4sQ4Si

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 board member's virtual locations via teleconference connection:

601 W 5th Street, Los Angeles 90071

1818 Colby Ave, Los Angeles, CA 90025

633 W 5th St, Los Angeles, CA 90071

Requests for disability related modifications or accommodations shall be made 24 hours prior to the meeting to Sandra Herrera by email at Sandra.Herrera@CaminoNuevo.org or by telephone at 818-429-2514.

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. Procedures for public comment can be found at <https://bit.ly/cncapubliccomment>.

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

Agenda

	Purpose	Presenter	Time
I. Opening Items			8:30 AM
A. Record Attendance		Gil Flores	3 m
B. Call the Meeting to Order		Gil Flores	2 m
C. Approve Minutes	Approve Minutes	Gil Flores	3 m
Approve minutes for CNCA Audit Committee Meeting on December 1, 2023			
II. Public Comment			8:38 AM
A. Public Comment	FYI	Gil Flores	2 m
III. 2023-2024 Audit Report			8:40 AM
A. 2023-2024 Audit Report	Vote	Marlen Gomez	29 m
Draft 2023-2024 Audit Report to be presented by CliftonLarsenAllen LLP			
IV. Audit Firm Selection Fiscal Year 2024-2025			9:09 AM
A. Audit Firm Selection Fiscal Year 2024-2025	Vote	Gil Flores	20 m
V. Closing Items			9:29 AM

	Purpose	Presenter	Time
A. Adjourn Meeting	Vote	Gil Flores	1 m

Coversheet

Approve Minutes

Section: I. Opening Items
Item: C. Approve Minutes
Purpose: Approve Minutes
Submitted by:
Related Material: Minutes for CNCA Audit Committee Meeting on December 1, 2023

APPROVED



Camino Nuevo Charter Academy

Minutes

CNCA Audit Committee Meeting

Date and Time

Friday December 1, 2023 at 1:00 PM

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.

Committee Members Present

D. Gidlow, F. Jimenez

Committee Members Absent

J. Ortega

Guests Present

A. Abich, Marlen Gomez

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

D. Gidlow called a meeting of the Audit Committee Committee of Camino Nuevo Charter Academy to order on Friday Dec 1, 2023 at 1:09 PM.

C. Approve Minutes

D. Gidlow made a motion to approve the minutes from Audit Committee Meeting on 12-06-22.

F. Jimenez seconded the motion.

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

Roll Call

D. Gidlow Aye

F. Jimenez Aye

J. Ortega Absent

II. Public Comment

A. Public Comment

There was no public comment.

III. Audit Committee

A. 2022-2023 Audit Report

D. Gidlow made a motion to accept the final audit for FY 2022-2023 as prepared by Clifton Larsen Allen LLP.

F. Jimenez seconded the motion.

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

Roll Call

D. Gidlow Aye

F. Jimenez Aye

J. Ortega Absent

IV. Other Business

A. Audit Firm Selection Fiscal Year 2022-2023

D. Gidlow made a motion to approve the selection of Clifton Larsen Allen LLP as the auditors for FY 2023-2024.

F. Jimenez seconded the motion.

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

Roll Call

F. Jimenez Aye

J. Ortega Absent

D. Gidlow Aye

V. Closing Items

A. Adjourn Meeting

D. Gidlow made a motion to adjourn the meeting.

F. Jimenez seconded the motion.

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

Roll Call

J. Ortega Absent

F. Jimenez Aye

D. Gidlow Aye

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 1:49 PM.

Respectfully Submitted,

D. Gidlow

Coversheet

2023-2024 Audit Report

Section: III. 2023-2024 Audit Report
Item: A. 2023-2024 Audit Report
Purpose: Vote
Submitted by:
Related Material: CNCA Governance Letter - Conclusion Draft.pdf
6-30-24 CNCA Audited FS Draft.pdf

Board of Directors
Camino Nuevo Charter Academy
Los Angeles, California

We have audited the financial statements of Camino Nuevo Charter Academy as of and for the year ended June 30, 2024, 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 *2023-2024 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 3, 2024. 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.

No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2024.

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
Page 2

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.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the Local Education Agency Organization Structure. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

Board of Directors
Camino Nuevo Charter Academy
Page 4

Upcoming accounting standards

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

ASU 2023-01 Leases (Topic 842): Common Control Arrangements–

- Effective for audits of financial statements for fiscal years beginning after December 31, 2023. Early adoption is permitted. For your School – June 30, 2025's financial statements.
- Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2023-01, Leases (Topic 842): Common Control Arrangements, clarifies applying Topic 842 to related party arrangements between entities under common control, reducing diversity in practice.
- ASU 2023-01 provides practical expedient to applied when a written agreement exists; to determine existence, accounting, and classification of a lease in common control arrangements. If no written terms exist, the practical expedient cannot be applied.
- ASU 2023-01 requires that leasehold improvements under common control leases be:
 - Amortized by the lease over the useful life of the improvements to the common control group (regardless of the lease term) and;
 - Accounted for as a transfer between entities under comment control through net assets, if and when, the lessee no longer controls the use of the underlying asset.

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

Board of Directors
 Camino Nuevo Charter Academy
 Page 5

Uncorrected Misstatements

Account		Description	Debit	Credit
Proposed Journal Entries				
Proposed Journal Entries JE # 8				
To record retainage through 6/30/24.				
03-9450	Work in Progress		17,500.00	
03-9516	Accrued Payable			17,500.00
Total			17,500.00	17,500.00

DRAFT
 For discussion purposes only
 Subject to revision

CAMINO NUEVO CHARTER ACADEMY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2024

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
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2024**

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF CASH FLOWS	6
STATEMENT OF FUNCTIONAL EXPENSES	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
SCHEDULE OF INSTRUCTIONAL TIME	20
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)	21
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS	22
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	23
NOTES TO SUPPLEMENTARY INFORMATION	24
OTHER INFORMATION	
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE	26
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 <i>GOVERNMENT AUDITING STANDARDS</i>	28
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	30
INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER STATE COMPLIANCE	33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	37
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	39

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, 2024, 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, 2024, 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.

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 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the local education agency organization structure but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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, 2024**

ASSETS	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #2	Central Admin Office	Total
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 7,049,321	\$ 4,817,245	\$ 8,191,900	\$ 4,400,372	\$ 3,807,501	\$ 1,432,023	\$ 29,698,362
Accounts Receivable	1,883,371	398,776	1,699,966	284,596	1,148,327	-	5,415,036
Intercompany Receivable	-	-	-	-	-	122,303	122,303
Due from Others	73,532	105,114	62,568	56,378	65,538	-	363,130
Prepaid Expenses and Other Assets	47,117	39,145	90,183	24,296	47,150	72,521	320,412
Total Current Assets	<u>9,053,341</u>	<u>5,360,280</u>	<u>10,044,617</u>	<u>4,765,642</u>	<u>5,068,516</u>	<u>1,626,847</u>	<u>35,919,243</u>
NONCURRENT ASSETS							
Right of Use (ROU) Lease Asset - Operating	10,236,604	23,316	4,880,350	23,956	8,826,391	-	23,990,617
Total Noncurrent Assets	<u>10,236,604</u>	<u>23,316</u>	<u>4,880,350</u>	<u>23,956</u>	<u>8,826,391</u>	<u>-</u>	<u>23,990,617</u>
PROPERTY, PLANT, AND EQUIPMENT							
EQUIPMENT							
Land	-	12,579,941	-	-	-	-	12,579,941
Construction in Progress	612,248	-	10,238	-	-	-	622,486
Buildings	1,129,665	25,960,773	516,487	435,682	547,610	-	28,590,217
Leasehold Improvements	252,346	174,918	189,079	4,979	112,358	-	733,680
Equipment and Computers	625,512	661,444	769,337	536,861	853,988	-	3,447,142
Furniture	73,228	35,259	143,963	67,758	40,074	-	360,282
Accumulated Depreciation	(583,021)	(4,950,696)	(566,266)	(419,342)	(574,690)	-	(7,094,015)
Total Property, Plant, and Equipment	<u>2,109,978</u>	<u>34,461,639</u>	<u>1,062,838</u>	<u>625,938</u>	<u>979,340</u>	<u>-</u>	<u>39,239,733</u>
Total Assets	<u>\$ 21,399,923</u>	<u>\$ 39,845,235</u>	<u>\$ 15,987,805</u>	<u>\$ 5,415,536</u>	<u>\$ 14,874,247</u>	<u>\$ 1,626,847</u>	<u>\$ 99,149,593</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts Payable	\$ 945,065	\$ 246,976	\$ 709,158	\$ 501,036	\$ 229,812	\$ 151,253	\$ 2,783,300
Accrued Liabilities	252,196	221,913	306,941	171,604	198,872	214,831	1,366,357
Intercompany Payables	-	-	-	-	-	1,332,631	1,332,631
Deferred Revenue	3,463,208	2,530,032	3,449,431	1,533,216	1,580,160	-	12,556,047
Operating Lease Liability, Current Portion	556,121	11,979	281,136	12,308	477,462	-	1,339,006
Loans Payable, Current Portion	-	412,729	-	-	-	-	412,729
Total Current Liabilities	<u>5,216,590</u>	<u>3,423,629</u>	<u>4,746,666</u>	<u>2,218,164</u>	<u>2,486,306</u>	<u>1,698,715</u>	<u>19,790,070</u>
NONCURRENT LIABILITIES							
Operating Lease Liability, Net Current Portion	9,630,644	11,337	4,575,714	11,649	8,305,958	-	22,535,302
Loans Payable, Net of Current Portion	-	9,023,119	-	-	-	-	9,023,119
Total Noncurrent Liabilities	<u>9,630,644</u>	<u>9,034,456</u>	<u>4,575,714</u>	<u>11,649</u>	<u>8,305,958</u>	<u>-</u>	<u>31,558,421</u>
Total Liabilities	<u>14,847,234</u>	<u>12,458,085</u>	<u>9,322,380</u>	<u>2,229,813</u>	<u>10,792,264</u>	<u>1,698,715</u>	<u>51,348,491</u>
NET ASSETS							
Without Donor Restriction:							
Undesignated	3,780,112	1,554,202	4,683,333	1,860,172	2,687,036	(71,868)	14,492,987
Property, Plant, and Equipment, Net Related Debt	2,109,978	25,025,791	1,062,838	625,938	979,340	-	29,803,885
Designated/Deferred Maintenance	392,216	807,157	915,070	699,613	398,347	-	3,212,403
Total Without Donor Restriction	<u>6,282,306</u>	<u>27,387,150</u>	<u>6,661,241</u>	<u>3,185,723</u>	<u>4,064,723</u>	<u>(71,868)</u>	<u>47,509,275</u>
With Donor Restriction	270,383	-	4,184	-	17,260	-	291,827
Total Net Assets	<u>6,552,689</u>	<u>27,387,150</u>	<u>6,665,425</u>	<u>3,185,723</u>	<u>4,081,983</u>	<u>(71,868)</u>	<u>47,801,102</u>
Total Liabilities and Net Assets	<u>\$ 21,399,923</u>	<u>\$ 39,845,235</u>	<u>\$ 15,987,805</u>	<u>\$ 5,415,536</u>	<u>\$ 14,874,247</u>	<u>\$ 1,626,847</u>	<u>\$ 99,149,593</u>

See accompanying Notes to Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #2	Central Admin Office	Total
NET ASSETS WITHOUT DONOR RESTRICTION							
REVENUES							
State Revenue:							
State Aid	\$ 6,280,322	\$ 6,756,264	\$ 6,996,105	\$ 4,836,673	\$ 6,057,868	\$ -	\$ 30,927,232
Other State Revenue	3,585,560	2,952,232	3,303,124	2,505,779	1,411,506	-	13,758,201
Federal Revenue:							
Grants and Entitlements	2,110,144	1,055,382	2,301,158	757,782	1,124,827	-	7,349,293
Local Revenue:							
In-Lieu Property Tax Revenue	2,241,931	2,476,028	2,558,671	1,785,498	1,799,625	-	10,861,753
Contributions	212,888	147,643	167,773	121,240	121,750	-	771,294
Interest Income	301,918	263,201	293,371	236,490	193,363	-	1,288,343
Other Revenue	46,186	104,895	44,684	28,281	28,895	-	252,941
Loss on Disposal of Fixed Assets	(254,974)	(25,861)	(80,631)	(36,301)	(380,291)	-	(778,058)
Total Revenues Without Donor Restriction	14,523,975	13,729,784	15,584,255	10,235,442	10,357,543	-	64,430,999
Net Assets Released from Restriction	-	-	25,618	44,771	10,269	-	80,658
Total Revenues Without Donor Restriction and Net Assets Released from Restriction	14,523,975	13,729,784	15,609,873	10,280,213	10,367,812	-	64,511,657
EXPENSES							
Program Services	11,596,455	11,701,574	12,370,653	8,837,793	8,554,960	-	53,061,435
Management and General	2,083,745	1,993,193	2,341,963	1,388,442	1,606,676	-	9,414,019
Fundraising	3,181	14,933	2	3,053	731	-	21,900
Total Expenses	13,683,381	13,709,700	14,712,618	10,229,288	10,162,367	-	62,497,354
Change in Net Assets Without Donor Restriction	840,594	20,084	897,255	50,925	205,445	-	2,014,303
NET ASSETS WITH DONOR RESTRICTION							
Other State Revenue	26,302	-	-	-	-	-	26,302
Net Assets Released from Restriction	-	-	(25,618)	(44,771)	(10,269)	-	(80,658)
Change in Net Assets With Donor Restriction	26,302	-	(25,618)	(44,771)	(10,269)	-	(54,356)
CHANGE IN TOTAL NET ASSETS	866,896	20,084	871,637	6,154	195,176	-	1,959,947
Net Assets - Beginning of Year	5,685,793	27,367,066	5,793,788	3,179,569	3,886,807	(71,868)	45,841,155
NET ASSETS - END OF YEAR	<u>\$ 6,552,689</u>	<u>\$ 27,387,150</u>	<u>\$ 6,665,425</u>	<u>\$ 3,185,723</u>	<u>\$ 4,081,983</u>	<u>\$ (71,868)</u>	<u>\$ 47,801,102</u>

See accompanying Notes to Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024**

	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #2	Central Admin Office	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in Net Assets	\$ 866,896	\$ 20,084	\$ 871,637	\$ 6,154	\$ 195,176	\$ -	\$ 1,959,947
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:							
Depreciation	190,637	693,886	202,896	142,676	205,329	-	1,435,424
Loss on Disposal of Fixed Assets	254,974	25,861	80,631	36,301	380,291	-	778,058
(Increase) Decrease in Assets:							
Accounts Receivable	(799,549)	1,120,556	(795,206)	947,589	(275,207)	-	198,183
Intercompany Receivable	-	-	-	-	-	25,968	25,968
Due from Others	73,793	(104,271)	(59,256)	(56,378)	(61,279)	-	(207,391)
Prepaid Expenses and Other Assets	(19,670)	(15,024)	(24,777)	(7,366)	(22,190)	(47,990)	(137,017)
ROU Lease Asset - Operating	172,926	11,170	98,619	11,477	147,065	-	441,257
Increase (Decrease) in Liabilities:							
Accounts Payable and Accrued Liabilities	(309,539)	(600,811)	(343,670)	(174,339)	(368,066)	121,318	(1,675,107)
Intercompany Payables	-	-	-	-	-	923,994	923,994
Deferred Revenue	(212,199)	331,624	(227,653)	(365,947)	192,736	-	(281,439)
Operating Lease Liability	(235,786)	(10,649)	(127,512)	(10,941)	(201,370)	-	(586,258)
Net Cash Provided (Used) by Operating Activities	(17,517)	1,472,426	(324,291)	529,226	192,485	1,023,290	2,875,619
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of Property, Plant, and Equipment	(1,021,006)	(187,669)	(301,572)	(54,005)	(246,126)	-	(1,810,378)
Net Cash Used by Investing Activities	(1,021,006)	(187,669)	(301,572)	(54,005)	(246,126)	-	(1,810,378)
CASH FLOWS FROM FINANCING ACTIVITIES							
Repayment of Prop 55 Funding	-	(404,597)	-	-	-	-	(404,597)
Net Cash Used by Financing Activities	-	(404,597)	-	-	-	-	(404,597)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,038,523)	880,160	(625,863)	475,221	(53,641)	1,023,290	660,644
Cash and Cash Equivalents - Beginning of Year	8,087,844	3,937,085	8,817,763	3,925,151	3,861,142	408,733	29,037,718
CASH AND CASH EQUIVALENTS, - END OF YEAR	\$ 7,049,321	\$ 4,817,245	\$ 8,191,900	\$ 4,400,372	\$ 3,807,501	\$ 1,432,023	\$ 29,698,362
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION							
Cash Paid for Interest	\$ -	\$ 194,796	\$ -	\$ -	\$ -	\$ -	\$ 194,796

See accompanying Notes to Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 20,613,976	\$ 2,622,167	\$ -	\$ 23,236,143
Pension Expense	4,185,827	640,492	-	4,826,319
Other Employee Benefits	1,725,036	217,918	-	1,942,954
Payroll Taxes	583,571	181,963	-	765,534
Management Fees	4,278,642	1,833,704	-	6,112,346
Legal Expenses	-	87,129	-	87,129
Other Fees for Services	10,063,180	986,944	-	11,050,124
Advertising and Promotion Expenses	-	20,045	-	20,045
Instructional Materials	1,310,888	-	-	1,310,888
Office Expenses	1,252,463	911,935	-	2,164,398
Printing and Postage Expenses	-	12,780	-	12,780
Information Technology Expenses	-	589,282	-	589,282
Occupancy Expenses	3,941,479	507,708	-	4,449,187
Travel Expenses	97,966	-	-	97,966
Interest Expense	-	194,796	-	194,796
Depreciation Expense	1,365,211	70,213	-	1,435,424
Insurance Expense	-	51,158	-	51,158
Nutrition Program Food and Supplies	1,815,136	-	-	1,815,136
Other Expenses	1,828,060	485,785	21,900	2,335,745
Total Expenses by Function	<u>\$ 53,061,435</u>	<u>\$ 9,414,019</u>	<u>\$ 21,900</u>	<u>\$ 62,497,354</u>

See accompanying Notes to Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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 five charter schools operating as of June 30, 2024, 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, 2024**

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, 2024. 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, 2024**

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 \$1,435,424 for the year ended June 30, 2024.

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, 2024, CNCA has conditional grants of \$15,094,226 of which \$12,556,047 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, 2024**

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, 2024, 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, 2024**

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.

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 bi-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. 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, 2024, financial assets available for general expenditures are comprised of the following:

Cash and Cash Equivalents	\$ 29,698,362
Accounts Receivable	5,415,036
Due From Others	363,130
Less: Net Assets With Donor Restrictions	<u>(291,827)</u>
Financial Assets Available for General Expenditure	<u><u>\$ 35,184,701</u></u>

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024, as provided by the pool sponsor, was approximately \$24,827,699.

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 \$6,112,346 for the year ended June 30, 2024. CNCA also paid PNEDG for mental health program services, ELOP, and other support services in the amount of \$846,390 and \$397,925, respectively, for the year ended June 30, 2024.

Contributions

PNEDG provided grants to CNCA schools amounting to \$55,000 for the year ended June 30, 2024.

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 \$1,200,763 for the year ended June 30, 2024. Refer to Note 9 for general lease disclosures.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024 were \$195,151.

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, 2024 were \$240,590.

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	\$ 291,827
Total Net Assets With Donor Restriction	<u>\$ 291,827</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	\$ 80,658
Total	<u>\$ 80,658</u>

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2023, total STRS plan net assets are \$316.9 billion, the total actuarial present value of accumulated plan benefits is \$455 billion, contributions from all employers totaled \$7.738 billion, and the plan is 75.9% 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 10.205% 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, 2024 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>
2022	\$ 2,592,834	100 %
2023	3,032,050	100
2024	3,019,770	100

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2023, the School Employer Pool total plan assets are \$84.3 billion, the present value of accumulated plan benefits is \$120.5 billion, contributions from all employers totaled \$4.457 billion, and the plan is 70% 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, 2024 was 26.68%. 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>
2022	\$ 1,384,912	100 %
2023	1,666,234	100
2024	1,806,549	100

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024 is \$9,435,848.

Future payments of Proposition 55 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 412,729
2026	421,025
2027	429,488
2028	438,121
2029	446,927
Thereafter	7,287,558
Total	<u>\$ 9,435,848</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, 2024, CNCA believes it was in compliance with all ratios and covenants.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 LEASES – ASC 842 (CONTINUED)

The following table provides quantitative information concerning CNCA's leases for the year ended June 30, 2024:

Lease Costs	
Operating Lease Costs	\$ 901,297
Total Lease Costs	<u>\$ 901,297</u>

Other Information:

Cash Paid for Amounts Included in the

Measurement of Lease Liabilities:

Operating Cash Flows from Operating Leases \$ 1,189,658

Right-Of-Use Assets Obtained in Exchange for New Operating Lease Liabilities \$ -

Weighted-Average Remaining Lease Term - Operating Leases 32.7 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:

Year Ending June 30,	Operating Leases (Related Party)	Operating Leases	Total
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
2029	1,239,064	-	1,239,064
Thereafter	28,588,083	-	28,588,083
Totale Lease Payments	<u>34,783,403</u>	<u>199,884</u>	<u>34,983,287</u>
Less: Imputed Interest	(11,103,627)	(5,352)	(11,108,979)
Present Value of Lease Liabilities	<u>\$ 23,679,776</u>	<u>\$ 194,532</u>	<u>\$ 23,874,308</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
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2024**

	Instructional Minutes		Traditional Calendar Days	Status
	Requirement	Actual		
CNCA #1				
Kindergarten	36,000	58,282	185	In compliance
Grade 1	50,400	58,282	185	In compliance
Grade 2	50,400	58,282	185	In compliance
Grade 3	50,400	58,282	185	In compliance
Grade 4	54,000	58,282	185	In compliance
Grade 5	54,000	58,282	185	In compliance
Grade 6	54,000	61,077	185	In compliance
Grade 7	54,000	61,077	185	In compliance
Grade 8	54,000	61,077	185	In compliance
CNCA #2				
Kindergarten	36,000	60,396	185	In compliance
Grade 1	50,400	60,396	185	In compliance
Grade 2	50,400	60,396	185	In compliance
Grade 3	50,400	60,396	185	In compliance
Grade 4	54,000	60,396	185	In compliance
Grade 5	54,000	60,396	185	In compliance
Grade 6	54,000	61,215	185	In compliance
Grade 7	54,000	63,755	185	In compliance
Grade 8	54,000	63,755	185	In compliance
CNCA #3				
Kindergarten	36,000	61,042	185	In compliance
Grade 1	50,400	61,042	185	In compliance
Grade 2	50,400	61,042	185	In compliance
Grade 3	50,400	61,042	185	In compliance
Grade 4	54,000	61,042	185	In compliance
Grade 5	54,000	61,042	185	In compliance
Grade 6	54,000	62,222	185	In compliance
Grade 7	54,000	62,222	185	In compliance
Grade 8	54,000	62,222	185	In compliance
CNCA #4				
Kindergarten	36,000	60,352	185	In compliance
Grade 1	50,400	63,112	185	In compliance
Grade 2	50,400	63,112	185	In compliance
Grade 3	50,400	63,112	185	In compliance
Grade 4	54,000	63,112	185	In compliance
Grade 5	54,000	63,112	185	In compliance
Grade 6	54,000	59,785	185	In compliance
Grade 7	54,000	59,785	185	In compliance
Grade 8	54,000	59,785	185	In compliance
CNHS #2				
Grade 9	64,800	67,121	185	In compliance
Grade 10	64,800	67,121	185	In compliance
Grade 11	64,800	67,121	185	In compliance
Grade 12	64,800	67,121	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, 2024**

	Second Period Report		Annual Report	
	Classroom	Total	Classroom	Total
	Based		Based	
CNCA #1				
Grades K-3	282.34	282.34	281.78	281.78
Grades 4-6	171.70	171.70	171.65	171.65
Grades 7-8	115.59	115.59	115.37	115.37
ADA Totals	<u>569.63</u>	<u>569.63</u>	<u>568.80</u>	<u>568.80</u>
CNCA #2				
Grades K-3	256.86	256.86	256.74	256.74
Grades 4-6	212.20	212.20	213.47	213.47
Grades 7-8	161.01	161.01	162.31	162.31
ADA Totals	<u>630.07</u>	<u>630.07</u>	<u>632.52</u>	<u>632.52</u>
CNCA #3				
Grades K-3	262.85	262.85	265.53	265.53
Grades 4-6	224.84	224.84	226.84	226.84
Grades 7-8	162.14	162.14	162.06	162.06
ADA Totals	<u>649.83</u>	<u>649.83</u>	<u>654.43</u>	<u>654.43</u>
CNCA #4				
Grades K-3	176.14	176.14	177.78	177.78
Grades 4-6	151.74	151.74	152.73	152.73
Grades 7-8	124.60	124.60	126.01	126.01
ADA Totals	<u>452.48</u>	<u>452.48</u>	<u>456.52</u>	<u>456.52</u>
CNHS #2				
Grades 9-12	457.87	457.87	455.78	455.78
ADA Totals	<u>457.87</u>	<u>457.87</u>	<u>455.78</u>	<u>455.78</u>
ADA Totals	<u>2,759.88</u>	<u>2,759.88</u>	<u>2,768.05</u>	<u>2,768.05</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, 2024**

	<u>CNCA #1</u>	<u>CNCA #2</u>	<u>CNCA #3</u>	<u>CNCA #4</u>	<u>CNHS #2</u>
June 30, 2024 Annual Financial Report Fund Balances (Net Assets)	\$ 6,552,688	\$ 27,387,151	\$ 6,665,426	\$ 3,185,724	\$ 4,081,982
Adjustments and Reclassifications:					
Increase (Decrease) of Fund Balance (Net Assets):					
Accounts Receivable	(155,752)	(73,289)	-	-	-
Prepaid Expenses and Other Assets	(1,657)	(36,296)	-	-	-
Accounts Payable and Accrued Liabilities	-	(1)	(1)	(1)	1
Deferred Revenue	157,410	109,585	-	-	-
Net Adjustments and Reclassifications	<u>1</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>1</u>
June 30, 2024 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 6,552,689</u>	<u>\$ 27,387,150</u>	<u>\$ 6,665,425</u>	<u>\$ 3,185,723</u>	<u>\$ 4,081,983</u>

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

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	\$ 257,165	\$ 250,695	\$ 295,608	\$ 233,289	\$ 190,993	\$ 1,227,750
Title II, Part A, Teacher Quality	84.367	14341	27,881	29,363	32,973	23,887	21,414	135,518
Title III, Limited English Proficiency	84.365	14346	54,999	42,428	50,285	25,273	10,083	183,068
Title IV, Part A, Student Support & Academic Enrichment	84.424	N/A	22,030	21,764	20,232	18,502	15,561	98,089
Special Education Cluster:								
Special Education - IDEA	84.027	13379	145,324	160,743	166,262	115,437	116,812	704,578
Total Special Education Cluster:			145,324	160,743	166,262	115,437	116,812	704,578
Coronavirus Aid, Relief, and Economic Security Act (CARES Act) COVID-19:								
Elementary and Secondary School Emergency Relief III (ESSER III) Fund								
Elementary and Secondary School Emergency Relief III								
(ESSER III) Fund: Learning Loss	84.425U	10155	339,583	156,725	155,474	119,314	2,717	773,813
American Rescue Plan Elementary and Secondary School Emergency								
Relief - Homeless Children and Youth (ARP-HCY)								
	84.425W	N/A	-	1,531	-	-	-	1,531
Total CARES Act (COVID-19 Funding):			1,062,916	181,757	1,303,135	124,335	555,041	3,227,184
Total U.S. Department of Education			1,570,315	686,750	1,868,495	540,723	909,904	5,576,187
U.S. Department of Agriculture								
Pass-Through Program From								
California Department of Education:								
Child Nutrition Cluster:								
Especially Needy Breakfast	10.553	13526	67,508	53,967	63,341	31,777	42,985	259,578
National School Lunch Program	10.555	23165	400,309	279,493	328,041	164,572	171,938	1,344,353
Meal Supplements	10.555	N/A	72,012	35,172	41,281	20,710	-	169,175
Child Nutrition Cluster Subtotal			539,829	368,632	432,663	217,059	214,923	1,773,106
Total U.S. Department of Agriculture			539,829	368,632	432,663	217,059	214,923	1,773,106
Total Federal Expenditures			<u>\$ 2,110,144</u>	<u>\$ 1,055,382</u>	<u>\$ 2,301,158</u>	<u>\$ 757,782</u>	<u>\$ 1,124,827</u>	<u>\$ 7,349,293</u>

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, 2024**

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, 2024. 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. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 5 INDIRECT COST RATE

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

OTHER INFORMATION

DRAFT
For discussion purposes only
Subject to revision

**CAMINO NUEVO CHARTER ACADEMY
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2024**

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	557
Camino Nuevo Academy #2 - Kayne Siart Campus (CNCA #2)	August 18, 2010	June 30, 2028	664
Camino Nuevo Elementary #3 - Jose A. Castellanos/Jane B. Eisner Campuses (CNCA #3)	August 18, 2010	June 30, 2028	690
Camino Nuevo Charter Academy #4 - Sandra Cisneros Learning Academy Campus (CNCA #4)	September 6, 2011	June 30, 2027	476
Camino Nuevo High #2 - Dalzell Lance High School (CNHS #2)	August 19, 2013	June 30, 2026	496

**CAMINO NUEVO CHARTER ACADEMY
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (CONTINUED)
JUNE 30, 2024**

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, 2024 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>3 Year Term Expires</u>
David Gidlow	Chair	6/30/2026
Gil Flores	Treasurer	7/31/2025
Elena Lopez	Secretary	7/31/2025
Celia Alvarado	Director	6/30/2026
Tamara Powers	Director	6/30/2024
Lida Jennings	Director	6/30/2026
Jazmin Ortega	Director	7/31/2025
Frankie Jimenez	Director	6/30/2026
Ronnie Arenas	Director	6/30/2026
Juan Hernandez	Director	6/30/2026

ADMINISTRATORS

Adriana Abich	Chief Executive Officer
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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, 2024, 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, 2024. 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, 2024.

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 *2023-2024 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, 2024. 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, 2024.

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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and *2023-2024 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 *2023-2024 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 *2023-2024 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 *2023-2024 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:	
Proposition 28 Arts and Music in Schools	Yes
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 ¹
Immunizations	Not Applicable ²
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable ³
Career Technical Education Incentive Grant (CTEIG)	Not Applicable ⁴
Expanded Learning Opportunities Program	Yes
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 report ADA pursuant to Education Code section 51749.5.

Not Applicable²: 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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

Not Applicable³: CNCA did not have any expenditures ELO-G in the year under audit.

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 *2023-2024 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, 2024**

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
84.425U	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

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, 2024**

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, 2024.

**CAMINO NUEVO CHARTER ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024**

There were no findings and questioned costs related to the basic financial statements, federal awards, or state awards for the prior year.

DRAFT
For discussion purposes only
Subject to revision