

**CAMINO NUEVO CHARTER ACADEMY
CONSOLIDATING FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Pueblo Nuevo Education and Development Group (PNEDG)

Grupo Nuevo Los Angeles and Subsidiaries (GNLA)

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 Charter High – Miramar High School
(CNHS #1) - #0635**

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

**CAMINO NUEVO CHARTER ACADEMY
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Tentative
For discussion purposes only
Subject to revision



INDEPENDENT AUDITORS' REPORT

Board of Directors
Camino Nuevo Charter Academy
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying consolidating financial statements of Camino Nuevo Charter Academy (CNCA), a California nonprofit public benefit corporation, which comprise the consolidating statement of financial position as of June 30, 2020, and the related consolidating statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidating financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidating financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidating financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidating financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidating financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidating financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidating financial statements.

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

Opinion

In our opinion, the consolidating financial statements referred to on page 1 present fairly, in all material respects, the financial position of CNCA as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on CNCA's consolidating financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The consolidating information presented on the face of the consolidating statements of financial position, activities, cash flows and functional expenses and the accompanying supplementary schedules, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic consolidating 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 consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating 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 consolidating financial statements as a whole.

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 CNCA'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 on CNCA's 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 CNCA's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

CAMINO NUEVO CHARTER ACADEMY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

	CNCA	PNEDG	GNLA	Eliminations	Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 10,771,360	\$ 5,281,980	\$ 1,206,251	\$ -	\$ 17,259,591
Accounts Receivable	4,974,463	116,380	-	-	5,090,843
Intercompany Receivable	21,504	415,253	72,936	(509,693)	-
Due from Others	176,958	465,432	-	(375,000)	267,390
Prepaid Expenses and Other Assets	359,888	166,359	2,890	(101,369)	427,768
Total Current Assets	16,304,173	6,445,404	1,282,077	(986,062)	23,045,592
PROPERTY, PLANT, AND EQUIPMENT					
Land	12,579,941	3,540,752	7,693,778	-	23,814,471
Construction in Progress	4,798	-	-	-	4,798
Buildings	50,400,855	405,786	33,342,819	-	84,149,460
Leasehold Improvements	1,802,477	438,716	4,819,353	-	7,060,546
Equipment and Computers	3,559,461	317,976	345,855	-	4,223,292
Furniture	312,955	48,727	29,315	-	390,997
Accumulated Depreciation	(10,539,797)	(550,071)	(12,407,343)	-	(23,497,211)
Total Property, Plant, and Equipment	58,120,690	4,201,886	33,823,777	-	96,146,353
Total Noncurrent Assets	58,120,690	4,201,886	33,823,777	-	96,146,353
Total Assets	\$ 74,424,863	\$ 10,647,290	\$ 35,105,854	\$ (986,062)	\$ 119,191,945
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 1,891,330	\$ 110,068	\$ 28,970	\$ -	\$ 2,030,368
Accrued Liabilities	2,458,860	162,181	49,775	-	2,670,816
Intercompany Payables	405,210	72,936	31,547	(509,693)	-
Deferred Revenue	19,000	-	119,863	(101,369)	37,494
Loans Payable, Current Portion	1,046,455	-	186,454	(375,000)	857,909
Bonds Payable, Current Portion	-	-	517,330	-	517,330
Total Current Liabilities	5,820,855	345,185	933,939	(986,062)	6,113,917
NONCURRENT LIABILITIES					
Loans Payable, Net of Current	19,647,278	-	2,053,062	-	21,700,340
Bonds Payable, Net of Current	-	-	9,559,424	-	9,559,424
Liabilities Related to Interest Swap Agreements	-	-	170,838	-	170,838
Total Noncurrent Liabilities	19,647,278	-	11,783,324	-	31,430,602
Total Liabilities	25,468,133	345,185	12,717,263	(986,062)	37,544,519
NET ASSETS					
Without Donor Restriction:					
Contributed Capital	-	-	22,012,686	-	22,012,686
Undesignated	9,437,159	1,282,846	375,905	-	11,095,910
Property, Plant, and Equipment, Net Related Debt	37,426,957	4,201,886	-	-	41,628,843
Designated/Deferred Maintenance	2,086,607	430,621	-	-	2,517,228
Total Without Donor Restriction	48,950,723	5,915,353	22,388,591	-	77,254,667
With Donor Restriction	6,007	4,386,752	-	-	4,392,759
Total Net Assets	48,956,730	10,302,105	22,388,591	-	81,647,426
Total Liabilities and Net Assets	\$ 74,424,863	\$ 10,647,290	\$ 35,105,854	\$ (986,062)	\$ 119,191,945

See accompanying Notes to Consolidating Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	CNCA	PNEDG	GNLA	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTION					
REVENUES					
State Revenue:					
State Aid	\$ 26,895,401	\$ -	\$ -	\$ -	\$ 26,895,401
Other State Revenue	4,273,403	578,100	-	-	4,851,503
Federal Revenue:					
Grants and Entitlements	4,111,837	-	-	-	4,111,837
Local Revenue:					
In-Lieu Property Tax Revenue	9,704,047	-	-	-	9,704,047
Contributions	290,777	1,740,620	-	-	2,031,397
Support Services	-	5,025,574	-	(5,025,574)	-
Interest Income	137,472	1,523	-	-	138,995
Other Revenue	361,189	761,741	1,584,024	(1,584,024)	1,122,930
Total Revenue Without Donor Restriction	45,774,126	8,107,558	1,584,024	(6,609,598)	48,856,110
Net Assets Released from Restriction	379,367	-	-	-	379,367
Total Revenues Without Donor Restriction and Net Assets Released from Restriction	46,153,493	8,107,558	1,584,024	(6,609,598)	49,235,477
EXPENSES					
Program Services	34,498,907	2,886,410	1,077,935	(1,300,324)	37,162,928
Management and General	10,263,981	4,556,066	689,957	(5,302,997)	10,207,007
Fundraising	41,507	114,706	-	(6,277)	149,936
Total Expenses	44,804,395	7,557,182	1,767,892	(6,609,598)	47,519,871
Change in Net Assets Without Donor Restriction	1,349,098	550,376	(183,868)	-	1,715,606
NET ASSETS WITH DONOR RESTRICTION					
Contributions	-	386,752	-	-	386,752
Net Assets Released from Restriction	(379,367)	-	-	-	(379,367)
Change in Net Assets With Donor Restriction	(379,367)	386,752	-	-	7,385
CHANGE IN TOTAL NET ASSETS	969,731	937,128	(183,868)	-	1,722,991
Net Assets, Beginning of Year	47,986,999	9,364,977	22,572,459	-	79,924,435
NET ASSETS, END OF YEAR	<u>\$ 48,956,730</u>	<u>\$ 10,302,105</u>	<u>\$ 22,388,591</u>	<u>\$ -</u>	<u>\$ 81,647,426</u>

See accompanying Notes to Consolidating Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020**

	CNCA	PNEDG	GNLA	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ 969,731	\$ 937,128	\$ (183,868)	\$ -	\$ 1,722,991
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities					
Depreciation	1,594,892	71,393	958,278	-	2,624,563
Amortization	-	-	24,667	-	24,667
(Increase) Decrease in Assets:					
Accounts Receivable	(2,270,088)	386,301	25,139	-	(1,858,648)
Intercompany Receivable	(21,504)	(415,253)	-	436,757	-
Due from Others	(119,233)	489,387	-	-	370,154
Prepaid Expenses and Other Assets	(17,349)	(65,146)	(500)	-	(82,995)
Increase (Decrease) in Liabilities:					
Accounts Payable and Accrued Liabilities	1,123,631	(175,989)	(131,388)	-	816,254
Intercompany Payables	405,210	72,936	(41,389)	(436,757)	-
Due to Others	(260)	-	-	-	(260)
Deferred Revenue	(1,058)	-	119,613	-	118,555
Change in Value of Interest Rate Swap Agreements	-	-	98,058	-	98,058
Net Cash Provided by Operating Activities	1,663,972	1,300,757	868,610	-	3,833,339
CASH FLOWS FROM INVESTING ACTIVITIES					
Notes Receivable	-	1,879,670	-	(1,629,570)	250,100
Purchases of Property, Plant, and Equipment	(797,855)	(70,239)	-	-	(868,094)
Net Cash Provided (Used) by Investing Activities	(797,855)	1,809,431	-	(1,629,570)	(617,994)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Debt	125,000	-	1,629,670	-	1,754,670
Repayments of Prop 1D Funding	(284,614)	-	-	-	(284,614)
Repayments of Prop 55 Funding	(404,770)	-	-	-	(404,770)
Repayment of Debt	-	-	(2,295,166)	1,629,570	(665,596)
Net Cash Used by Financing Activities	(564,384)	-	(665,496)	1,629,570	399,690
NET CHANGE IN CASH AND CASH EQUIVALENTS	301,733	3,110,188	203,114	-	3,615,035
Cash and Cash Equivalents, Beginning of Year	10,469,627	2,171,792	1,003,137	-	13,644,556
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,771,360</u>	<u>\$ 5,281,980</u>	<u>\$ 1,206,251</u>	<u>\$ -</u>	<u>\$ 17,259,591</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Cash Paid for Interest	<u>\$ 401,406</u>	<u>\$ 228,236</u>	<u>\$ 624,199</u>	<u>\$ -</u>	<u>\$ 1,253,841</u>

See accompanying Notes to Consolidating Financial Statements.

CAMINO NUEVO CHARTER ACADEMY
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising	Eliminations	Total
Salaries and Wages	\$ 18,720,881	\$ 4,098,068	\$ 87,465	\$ -	\$ 22,906,414
Pension Expense	2,951,608	514,061	4,832	-	3,470,501
Other Employee Benefits	1,666,601	321,380	5,970	-	1,993,951
Payroll Taxes	494,279	343,036	7,961	-	845,276
Management Fees	-	5,025,575	-	(5,025,575)	-
Legal Expenses	-	275,430	-	-	275,430
Accounting Expenses	-	-	-	-	-
Other Fees for Services	6,138,110	1,401,816	-	-	7,539,926
Advertising and Promotion Expenses	-	39,594	44,897	-	84,491
Instructional Materials	867,418	-	-	-	867,418
Office Expenses	34,401	614,308	-	-	648,709
Printing and Postage Expenses	-	20,938	-	-	20,938
Information Technology Expenses	-	535,890	-	-	535,890
Occupancy Expenses	3,297,202	565,469	5,088	(1,584,023)	2,283,736
Travel Expenses	92,435	-	-	-	92,435
Interest Expense	-	1,025,605	-	-	1,025,605
Depreciation Expense	2,473,767	150,796	-	-	2,624,563
Insurance Expense	-	311,889	-	-	311,889
Other Expenses	1,726,550	266,149	-	-	1,992,699
Subtotal	38,463,252	15,510,004	156,213	(6,609,598)	47,519,871
Eliminations	(1,300,323)	(5,302,998)	(6,277)	6,609,598	-
Total Expenses by Function	\$ 37,162,929	\$ 10,207,006	\$ 149,936	\$ -	\$ 47,519,871

See accompanying Notes to Consolidating Financial Statements.

CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Camino Nuevo Charter Academy (CNCA) is a not-for-profit benefit corporation under the laws of the state of California. CNCA is designed to meet the educational needs of largely Latino community neighborhoods, west of downtown Los Angeles, in the greater MacArthur Park communities. CNCA was established as an alternative to existing traditional public schools in the neighborhoods in which conditions of over-crowding and year-round schedules existed. CNCA consists of six charter schools operating as of June 30, 2020, 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)
- Miramar High School (CNHS #1)
- 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.

In June 2012, the Grupo Nuevo Los Angeles (GNLA) Corporation was formed as a nonprofit public benefit corporation, organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes. GNLA was formed for the benefit of and to carry out the purposes of CNCA. Effective July 1, 2016 Pueblo Nuevo Development (PND) merged with GNLA. All PND assets and liabilities became assets and liabilities of GNLA; PND has subsequently dissolved. With the incorporation of Pueblo Nuevo Education Development Group, PNEDG became the parent entity of GNLA. GNLA consists of three LLCs as of June 30, 2020, as follows:

- GNLA 697 S. Burlington, LLC
- 3500 W. Temple St., LLC
- Fifteenth & Ardmore, LLC

CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The consolidating financial statements include the accounts of CNCA, PNEDG, and GNLA and its single member limited liability company subsidiaries: GNLA 697 South Burlington LLC, 3500 West Temple Street, LLC, and Fifteenth and Ardmore, LLC (Ardmore LLC). Each subsidiary manages one property except 3500 West Temple Street, LLC which manages three properties: 3500 West Temple Street, a soccer field on the northwest corner of Hoover and Temple in Los Angeles, and the soccer field parking lot located at 320 North Commonwealth Avenue. The formation of these subsidiaries segregate funding for accounting and project management purposes. Each GNLA subsidiary LLC holds a Certificate of Clearance from the State Board of Equalization for nonprofit status and property tax exemption, and an exemption from the California Franchise Tax Board. Each LLC shares the same mission and purpose as GNLA.

All material intercompany transactions have been eliminated.

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.

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.

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.

CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, those net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

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, 2020. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

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 \$2,624,563 for the year ended June 30, 2020.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 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, 2020, CNCA has received conditional grants of \$19,000 that are recognized as deferred revenue in the statement of financial position because conditions have not yet been met.

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.

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.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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, PNEDG, and GNLA are nonprofit entities 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, PNEDG, and GNLA are subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. CNCA, PNEDG, and GNLA file exempt returns and applicable unrelated business income tax returns in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Each LLC is exempt from income taxes under California Revenue and Taxation Code Section 23701x or 23701h.

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, 2020, CNCA has chosen to identify each charter school separately within the consolidating financial statements by charter school. In cases where specific identification of each charter's activities was not possible, items were allocated according to Average Daily Attendance (ADA).

Change in Accounting Principle

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenues from Contracts with Customers (Topic 606). The update establishes the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. CNCA has early adopted the implementation of ASU 2014-09 under the full retrospective approach. There was no material impact on the CNCA's financial position and results of operations upon adoption of the new standard.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle (Continued)

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. CNCA has implemented ASU 2018-08 under the modified prospective approach. There was no material impact on the CNCA's financial position and results of operations upon adoption of the new standard.

Evaluation of Subsequent Events

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

NOTE 2 LIQUIDITY AND AVAILABILITY

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

As of June 30, 2020, financial assets available for general expenditures are comprised of the following:

Cash and Cash Equivalents	\$ 17,259,591
Accounts Receivable	5,090,843
Due From Others	267,390
Less: Net Assets With Donor Restrictions	<u>(4,392,759)</u>
Financial Assets Available for General Expenditure	<u>\$ 18,225,065</u>

In addition, CNCA holds a \$2,000,000 line of credit as a contingency tool should CNCA experience unanticipated delay of forecasted government revenue disbursement schedules and/or government receivables.

CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, as provided by the pool sponsor was approximately \$7,500,622.

NOTE 4 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 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 twelve percent (12%) of the operational funding. The total amount of the support services were \$5,025,574 for the year ended June 30, 2020.

NOTE 5 COMMITMENTS

CNCA has entered into multiple lease agreements with GNLA subsidiaries and unrelated parties for various facilities. CNCA is responsible for the related property taxes on these facilities. The lease agreements are described below.

The Early Childhood Center leases facilities from GNLA. The lease requires monthly payments of \$12,400 and expires in June 2027.

PNEDG leases a soccer field from GNLA which requires monthly lease payments of \$2,000 and expires in 2020. The lease has two five-year options to extend. PNEDG also leases its support office from GNLA. The lease required monthly payments of \$6,078 and the five year period expired in 2019 and is currently on a month-to-month basis.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 COMMITMENTS (CONTINUED)

CNCA #1 has a lease with GNLA for two school sites. The lease requires monthly payments of \$43,798 and expires in June 2027.

CNCA #3 has a lease for the Jane B. Eisner facilities. The lease term ends on June 30, 2022. The monthly lease payment is \$18,244.

CNHS #2 leases its school site from GNLA. The lease requires monthly payments according to a payment schedule included in the lease agreement. The total lease cost was \$533,784 for the year ended June 30, 2020. The lease term ends January 1, 2024 and has two five-year options to extend.

Future minimum rental payments for the above leases at June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 1,480,250
2022	1,498,506
2023	1,279,465
2024	1,041,070
2025	710,376
Thereafter	1,348,753
Total	<u>\$ 7,358,420</u>

Unrelated Parties

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, 2020 were \$135,120.

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, 2020 were \$196,575.

CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to Specific Purpose:

Child Nutrition Program	\$ 6,007
Restricted Funds Transfer from CNCA	4,000,000
Emergency Fund	9,876
Ballmer Group Grant	250,000
Principal Scholarship Fund Balance	28,238
PND Scholarship Fund Balance	86,388
Vocational Scholarship	7,250
No Kid Hungry Grant	5,000
Total Net Assets With Donor Restriction	<u>\$ 4,392,759</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 year ended June 30, 2020:

Release of Restrictions

Purpose:

Child Nutrition Program	\$ 6,360
Prop 39 Clean Energy	373,007
Total	<u>\$ 379,367</u>

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.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

Plan Description

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, 2019, total STRS plan net assets are \$273 billion, the total actuarial present value of accumulated plan benefits is \$392 billion, contributions from all employers totaled \$5.6 billion, and the plan is 66% 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 9.205% 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. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020-21. The required employer contribution rate for year ended June 30, 2020 was 17.10% 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>
2018	\$ 2,223,250	100%
2019	\$ 2,445,801	100%
2020	\$ 2,413,333	100%

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, 2019, the School Employer Pool total plan assets are \$68 billion, the present value of accumulated plan benefits is \$97 billion, contributions from all employers totaled \$2.5 billion, and the plan is 70% funded. CNCA did not contribute more than 5% of the total contributions to the plan.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Plan Description

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 brought into PERS membership prior to January 1, 2013 are required to contribute 7.0% of their salary while new members after January 1, 2013 are required to contribute 6.5% 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 CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2020 was 19.721%. 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>
2018	\$ 662,322	100%
2019	\$ 749,526	100%
2020	\$ 821,556	100%

Defined Contribution Plan

PNEDG offers an Internal Revenue Code Section 403(b) retirement plan to each of its qualifying employees. Employer and employee contributions are used to purchase annuity contracts for each participant employee. Under this plan, all PNEDG employees will receive a 2% nonelective contribution and PNEDG will match up to 4% of an employee's contribution. The amount of employer contributions used to purchase annuity contracts for the year ended June 30, 2020 was \$235,612.

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.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Proposition 55 (Continued)

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, 2020 is \$11,007,029.

Future payments of Proposition 55 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 381,149
2022	388,810
2023	396,625
2024	404,597
2025	412,729
Thereafter	9,023,119
Total	<u>\$ 11,007,029</u>

Proposition 1D

In April 2011, CNCA entered into an 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 HS Project) for CNHS #1. The Project was submitted by LAUSD for final approval final apportionment determination and was approved in July 2013. The State provided grant funding for 50% of the approved costs for the Project.

The final apportionment amount is reduced by any advance apportionment amounts received by CNHS #1 as well as any lump sum contribution by the State. CNHS #1 is required to pay back the State the 50% of the final apportionment funding. The Project opened in July 2013 and began operating its educational program. The loan has a 30-year term and will require an interest rate prescribed in Section 17078.57(a)(l)(D) and (E) of the Education Code.

CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 LONG-TERM DEBT (CONTINUED)

Proposition 1D (Continued)

CNHS #1 received all of the State apportionment which totaled \$21,875,667. In connection with this funding agreement, CNHS #1 entered into a separate agreement with LAUSD to obtain the CSFP funding and transfer that funding to LAUSD in exchange for a long-term lease of a high school campus. The long-term agreement is described in Note 5. Although the funds were remitted to LAUSD, CNHS #1 is expected to repay the 50% of the final apportionment funding to the state. CNHS #1 has recorded debt related to this funding of \$10,937,833, the balance at June 30, 2020 is \$9,311,704.

Future payments of Proposition 1D are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 290,306
2022	296,112
2023	302,035
2024	308,075
2025	314,237
Thereafter	7,800,939
Total	<u>\$ 9,311,704</u>

Line of Credit

CNCA has a revolving line of credit with Wells Fargo Bank for \$2,000,000 with an annual interest rate equal to the greater of a floating interest rate equal to the Index plus 1% or the Floor Rate of 5%. The line of credit is available until June 2020. There was no balance as of June 30, 2020.

Notes Payable

In February 2013, GNLA obtained a note payable from Wells Fargo for \$920,000. The loan was used to refinance the loan on the property at 3435 West Temple Street in Los Angeles. The note carries a fixed interest rate of 4.3% per annum and matures in February 2023. As of June 30, 2020, the principal amount outstanding on the loan is \$749,144.

In May 2020, GNLA obtained a note payable from Wells Fargo for \$1,503,115. The loan carries an interest rate of 4.25% per annum and matures on July 1, 2022. As of June 30, 2020, the principal amount outstanding on the loan is \$1,490,372.

As of June 30, 2020, the future maturities for GNLA's notes payable are as follows:

<u>Year Ending June 30,</u>	<u>3500 W. Temple St., LLC</u>	<u>Fifteenth & Ardmore, LLC</u>
2021	\$ 28,662	\$ 157,792
2022	29,937	164,727
2023	690,545	1,167,853
Total Notes Payable	<u>\$ 749,144</u>	<u>\$ 1,490,372</u>

CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 LONG-TERM DEBT (CONTINUED)

Bonds Payable

In December 2013, 3500 West Temple LLC obtained financing through the issuance of Variable Rate Demand Revenue Bonds (Camino Nuevo - 3500 West Temple LLC Project), Series 2013 through the California School Finance Authority. The amount of the bond issue was \$7,245,000 to be used to refinance the 2007 Los Angeles Charter School New Markets CDE Loan and to finance certain improvements to Camino Nuevo High School. The interest rate was converted to a fixed rate of 4.06% per annum through an interest rate swap agreement. The principal amount outstanding on the bonds payable at June 30, 2020 is \$5,531,452.

In June 2017, GNLA 697 S. Burlington, LLC obtained financing through the issuance of Charter School Revenue Bonds, Series 2017 through the California School Finance Authority. The amount of the bond issue was \$5,311,000 to be used to pay off the three notes payable. The interest rate was converted to a fixed rate of 3.315% per annum through an interest rate swap agreement. The principal amount outstanding on the bonds payable at June 30, 2020 is \$4,718,806.

As of June 30, 2020, the future maturities of GNLA's bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>3500 W. Temple St., LLC</u>	<u>GNLA 697 S. Burlington, LLC</u>	<u>Total</u>
2021	\$ 311,041	\$ 206,289	\$ 517,330
2022	324,352	213,730	538,082
2023	337,842	221,440	559,282
2024	351,688	229,039	580,727
2025	366,232	237,690	603,922
Thereafter	3,840,297	3,610,618	7,450,915
Total Future Maturities	5,531,452	4,718,806	10,250,258
Unamortized Cost of Issuance	(173,504)	-	(173,504)
Total Bonds Payable	<u>\$ 5,357,948</u>	<u>\$ 4,718,806</u>	<u>\$ 10,076,754</u>

Interest Rate Swap Agreements

GNLA has entered into two Interest Rate Swap Agreements with Wells Fargo Bank (WFB) in connection with the issuance of debt for the GNLA 697 S. Burlington, LLC; and 3500 W Temple St., LLC projects. These agreements reduce the risk of interest rate changes with respect to the notes during the terms of the agreements. The scheduled termination of the agreements is the same date as the final maturity of the respective debt. Under the agreements, GNLA will pay WFB a fixed interest rate per annum, and WFB will pay GNLA a variable interest rate. Rates are based on the same notional amount as specified in the swap agreement. Specific terms of each agreement are as follows:

	<u>3500 W. Temple St., LLC</u>	<u>GNLA 697 S. Burlington, LLC</u>
Original Amount of Debt	\$ 7,245,000	\$ 5,311,000
Debt Outstanding as of June 30, 2020	\$ 5,531,452	\$ 4,718,806
Fixed Interest Rate (GNLA Pays)	4.06%	3.315%
Variable Rate Basis	LIBOR	LIBOR

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Interest Rate Swap Agreements (Continued)

GNLA considers the aforementioned swap agreements to be cash flow hedges, and as such the gains/losses on the hedges are recognized in the consolidating statement of activities as a change in value of interest rate swap. The swap agreements are recorded at fair value on the consolidating statement of financial position. Fair value is determined based on the time remaining in the agreement as well as the differences between the fixed interest rate paid by GNLA and the variable interest rate received by GNLA.

If the fixed interest rate paid by GNLA is higher than the variable interest rate received, the swap agreement is considered to have a negative value and is recorded as a liability. If the fixed rate paid is lower than the variable rate received, the swap agreement is considered to have a positive value and is recorded as an asset. As of June 30, 2020, GNLA has recorded a liability of \$170,838 on the consolidating statement of financial position for the fair value of the interest rate swap agreements. As of June 30, 2020, the total notional amount of GNLA's receive-variable/pay-fix interest rate swaps was \$10,250,258.

NOTE 9 FAIR VALUE MEASUREMENTS

Financial Instruments Reported at Fair Value

Certain liabilities are stated at fair value and are measured on a recurring basis. Levels 1 through 3 have been assigned to the fair value measurement. The fair value level of the measurement is determined as follows:

Level 1 – Quoted prices in an active market for identical liabilities.

Level 2 – Quoted prices for similar liabilities and market-corroborated inputs.

Level 3 – Management's assumptions about market participation, including assumptions about risk, developed based on the best information available in the circumstances.

Fair values of liabilities measured on a recurring basis at June 30, 2020 are as follows:

	Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2)
Liabilities Related to Interest Swap	<u>\$ 170,838</u>

Gains (realized and unrealized) included in net assets without donor restriction for the year ended June 30, 2020 relating to the interest rate swap liability held at the reporting date are \$98,058 and are reported in change in net assets without donor restrictions. All liabilities have been valued using an income approach.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 FUNCTIONALIZED EXPENSES

The consolidating financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. 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.

NOTE 11 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.

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to CNCA, COVID-19 may affect various parts of its 2021 operations and financial results, including, but not limited to, loss of revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes CNCA is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

PENDING NOTE REGARDING DISPUTE WITH LAUSD (CONTINGENCY) – TO BE PROVIDED BY MANAGEMENT AND ADDED HERE.

SUPPLEMENTARY INFORMATION

**CAMINO NUEVO CHARTER ACADEMY
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2020**

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 Charter High - Miramar High School (CNHS #1)	0635	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	Term of Charter	Charter Expiration	Enrollment Average
Camino Nuevo Charter Academy - Burlington Campus (CNCA #1)	August 8, 2010	5 Years	June 30, 2025	550
Camino Nuevo Academy #2 - Kayne Siart Campus (CNCA #2)	August 18, 2010	5 Years	June 30, 2025	680
Camino Nuevo Elementary #3 - Jose A. Castellanos/Jane B. Eisner Campuses (CNCA #3)	August 18, 2010	5 Years	June 30, 2025	720
Camino Nuevo Charter Academy #4 - Sandra Cisneros Learning Academy Campus (CNCA #4)	September 6, 2011	5 Years	June 30, 2021	610
Camino Nuevo Charter High - Miramar High School (CNHS #1)	September 1, 2004	5 Years	June 30, 2024	250
Camino Nuevo High #2 - Dalzell Lance High School (CNHS #2)	August 19, 2013	5 Years	June 30, 2023	430

**CAMINO NUEVO CHARTER ACADEMY
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (CONTINUED)
YEAR ENDED JUNE 30, 2020**

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, 2020 were as follows:

CNCA BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>3 Year Term Expires</u>
Cindy Lee Smet	Chair	6/30/2022
David Gidlow	Secretary	6/30/2023
Shiho Ito	Treasurer	6/30/2021
Tamara Powers	Member	6/30/2021
Jenny Salamanca	Member	6/30/2021
Rachel Hunt	Member	6/30/2021
Lida Jennings	Member	6/30/2023
Celia Alvarado	Member	6/30/2023

CNCA ADMINISTRATORS

Adriana Abich	Chief Executive Officer
Tammy Stanton	Chief Financial Officer

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2020**

	Requirement	Actual	Credited Minutes COVID-19 School Closure Certification	Total Actual Plus Credited Minutes	Traditional Calendar Days	Credited Days COVID-19 School Closure Certification	Total Actual Plus Credited Days	Status
CNCA #1								
Kindergarten	36,000	42,900	19,440	62,340	127	58	185	In compliance
Grade 1	50,400	42,610	19,390	62,000	127	58	185	In compliance
Grade 2	50,400	42,610	19,390	62,000	127	58	185	In compliance
Grade 3	50,400	42,610	19,390	62,000	127	58	185	In compliance
Grade 4	54,000	42,610	19,390	62,000	127	58	185	In compliance
Grade 5	54,000	42,610	19,390	62,000	127	58	185	In compliance
Grade 6	54,000	46,849	17,761	64,610	127	58	185	In compliance
Grade 7	54,000	46,849	17,761	64,610	127	58	185	In compliance
Grade 8	54,000	46,849	17,761	64,610	127	58	185	In compliance
CNCA #2								
Kindergarten	36,000	39,820	26,080	65,900	127	58	185	In compliance
Grade 1	50,400	37,045	26,080	63,125	127	58	185	In compliance
Grade 2	50,400	37,045	26,080	63,125	127	58	185	In compliance
Grade 3	50,400	37,045	26,080	63,125	127	58	185	In compliance
Grade 4	54,000	37,045	26,080	63,125	127	58	185	In compliance
Grade 5	54,000	37,045	26,080	63,125	127	58	185	In compliance
Grade 6	54,000	44,600	20,300	64,900	127	58	185	In compliance
Grade 7	54,000	44,600	20,300	64,900	127	58	185	In compliance
Grade 8	54,000	44,600	20,300	64,900	127	58	185	In compliance
CNCA #3								
Kindergarten	36,000	44,935	24,180	69,115	127	58	185	In compliance
Grade 1	50,400	45,836	23,250	69,086	127	58	185	In compliance
Grade 2	50,400	45,836	23,250	69,086	127	58	185	In compliance
Grade 3	50,400	45,836	23,250	69,086	127	58	185	In compliance
Grade 4	54,000	44,640	23,250	67,890	127	58	185	In compliance
Grade 5	54,000	44,640	23,250	67,890	127	58	185	In compliance
Grade 6	54,000	53,293	19,545	72,838	127	58	185	In compliance
Grade 7	54,000	53,293	19,545	72,838	127	58	185	In compliance
Grade 8	54,000	53,293	19,545	72,838	127	58	185	In compliance
CNCA #4								
Kindergarten	36,000	45,190	20,740	65,930	127	58	185	In compliance
Grade 1	50,400	43,645	19,870	63,515	127	58	185	In compliance
Grade 2	50,400	43,645	19,870	63,515	127	58	185	In compliance
Grade 3	50,400	43,645	19,870	63,515	127	58	185	In compliance
Grade 4	54,000	43,645	19,870	63,515	127	58	185	In compliance
Grade 5	54,000	43,645	19,870	63,515	127	58	185	In compliance
Grade 6	54,000	45,170	20,500	65,670	127	58	185	In compliance
Grade 7	54,000	45,170	20,380	65,550	127	58	185	In compliance
Grade 8	54,000	45,170	20,380	65,550	127	58	185	In compliance

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF INSTRUCTIONAL TIME (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	Requirement	Actual	Credited Minutes COVID-19 School Closure Certification	Total Actual Plus Credited Minutes	Traditional Calendar Days	Credited Days COVID-19 School Closure Certification	Total Actual Plus Credited Days	Status
CNHS #1								
Grade 9	64,800	46,425	21,150	67,575	127	58	185	In compliance
Grade 10	64,800	46,425	21,150	67,575	127	58	185	In compliance
Grade 11	64,800	46,425	21,150	67,575	127	58	185	In compliance
Grade 12	64,800	46,425	21,150	67,575	127	58	185	In compliance
CNHS #2								
Grade 9	64,800	39,880	28,095	67,975	127	58	185	In compliance
Grade 10	64,800	39,880	28,095	67,975	127	58	185	In compliance
Grade 11	64,800	39,880	28,095	67,975	127	58	185	In compliance
Grade 12	64,800	39,880	28,095	67,975	127	58	185	In compliance

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2020**

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
CNCA #1				
Grades K-3	249.49	249.49	249.49	249.49
Grades 4-6	181.36	181.36	181.36	181.36
Grades 7-8	117.80	117.80	117.80	117.80
ADA Totals	548.65	548.65	548.65	548.65
CNCA #2				
Grades K-3	266.07	266.07	266.07	266.07
Grades 4-6	229.90	229.90	229.90	229.90
Grades 9-12	174.21	174.21	174.21	174.21
ADA Totals	670.18	670.18	670.18	670.18
CNCA #3				
Grades K-3	301.95	301.95	301.95	301.95
Grades 4-6	243.96	243.96	243.96	243.96
Grades 7-8	173.28	173.28	173.28	173.28
ADA Totals	719.19	719.19	719.19	719.19
CNCA #4				
Grades K-3	249.30	249.30	249.30	249.30
Grades 4-6	205.24	205.24	205.24	205.24
Grades 7-8	151.58	151.58	151.58	151.58
ADA Totals	606.12	606.12	606.12	606.12
CNHS #1				
Grades 9-12	245.31	245.31	245.31	245.31
ADA Totals	245.31	245.31	245.31	245.31
CNHS #2				
Grades 9-12	426.95	426.95	426.95	426.95
ADA Totals	426.95	426.95	426.95	426.95
ADA Totals	3,216.40	3,216.40	3,216.40	3,216.40

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, 2020**

	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #1	CNHS #2
June 30, 2020 Annual Financial Report Fund Balances (Net Assets)	\$ 4,412,303	\$ 26,799,393	\$ 3,987,774	\$ 1,856,748	\$ 9,497,514	\$ 2,474,866
Adjustments and Reclassifications:						
Increase (Decrease) of Fund Balance (Net Assets):						
Cash and Cash Equivalents	(29,838)	(76,178)	(67,969)	(65,893)	(30,827)	-
Accounts Payable and Accrued Liabilities	29,838	76,178	67,969	65,893	30,827	-
Net Adjustments and Reclassifications	-	-	-	-	-	-
June 30, 2020 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 4,412,303</u>	<u>\$ 26,799,393</u>	<u>\$ 3,987,774</u>	<u>\$ 1,856,748</u>	<u>\$ 9,497,514</u>	<u>\$ 2,474,866</u>

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #1	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	03797	\$ 317,758	\$ 278,440	\$ 359,448	\$ 264,892	\$ 162,660	\$ 205,249	\$ 1,588,447
Title II, Part A, Teacher Quality	84.367	14341	30,699	37,047	42,807	31,378	13,715	23,453	179,099
Title III, Limited English Proficiency	84.365	10084	42,856	34,662	46,843	26,356	8,416	9,081	168,214
Title IV, Part A, Student Support & Academic Enrichment	84.424	N/A	23,704	20,771	26,814	19,760	12,277	15,311	118,637
Special Education Cluster:									
Special Education - IDEA	84.027	13379	112,764	137,742	147,815	124,576	50,419	87,751	661,067
Total Special Education Cluster:			112,764	137,742	147,815	124,576	50,419	87,751	661,067
<i>Total U.S. Department of Education</i>			527,781	508,662	623,727	466,962	247,487	340,845	2,715,464
U.S. Department of Agriculture									
Pass-Through Program From									
California Department of Education:									
Child Nutrition Cluster:									
School Breakfast Program Especially									
Needy Breakfast	10.553	13526	77,765	42,876	58,000	30,117	7,249	31,922	247,929
National School Lunch Program	10.555	13396	283,767	222,205	282,488	130,842	64,460	128,101	1,111,863
Meal Supplements	10.555	13396	-	21,523	15,058	-	-	-	36,581
Child Nutrition Cluster Subtotal			361,532	286,604	355,546	160,959	71,709	160,023	1,396,373
<i>Total U.S. Department of Agriculture</i>			361,532	286,604	355,546	160,959	71,709	160,023	1,396,373
Total Federal Expenditures			\$ 889,313	\$ 795,266	\$ 979,273	\$ 627,921	\$ 319,196	\$ 500,868	\$ 4,111,837

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
STATEMENT OF FINANCIAL POSITION – CNCA BY CHARTER SCHOOL
JUNE 30, 2020

	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #1	CNHS #2	Central Admin Office	Total
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 2,447,139	\$ 1,117,684	\$ 2,918,361	\$ 1,291,459	\$ 1,363,386	\$ 1,190,598	\$ 442,733	\$ 10,771,360
Accounts Receivable	979,888	1,027,255	1,110,475	933,762	415,610	507,473	-	4,974,463
Intercompany Receivable	21,504	-	-	-	-	-	-	21,504
Due from Others	176,801	-	-	-	42	-	115	176,958
Prepaid Expenses and Other Assets	96,416	39,621	88,239	21,465	17,595	89,579	6,973	359,888
Total Current Assets	3,721,748	2,184,560	4,117,075	2,246,686	1,796,633	1,787,650	449,821	16,304,173
PROPERTY, PLANT, AND EQUIPMENT								
Land	-	12,579,941	-	-	-	-	-	12,579,941
Construction in Progress	4,798	-	-	-	-	-	-	4,798
Buildings	1,014,313	25,896,021	427,113	412,739	22,146,053	504,616	-	50,400,855
Leasehold Improvements	789,595	359,360	87,916	4,979	-	560,627	-	1,802,477
Equipment and Computers	753,493	922,995	501,614	289,443	108,527	983,389	-	3,559,461
Furniture	133,470	117,972	44,826	-	-	16,687	-	312,955
Accumulated Depreciation	(1,405,092)	(3,647,601)	(362,510)	(232,794)	(3,889,821)	(1,001,979)	-	(10,539,797)
Total Property, Plant, and Equipment	1,290,577	36,228,688	698,959	474,367	18,364,759	1,063,340	-	58,120,690
Total Assets	\$ 5,012,325	\$ 38,413,248	\$ 4,816,034	\$ 2,721,053	\$ 20,161,392	\$ 2,850,990	\$ 449,821	\$ 74,424,863
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable	\$ 153,340	\$ 97,857	\$ 290,889	\$ 384,463	\$ 737,215	\$ 184,889	\$ 42,677	\$ 1,891,330
Accrued Liabilities	440,682	495,969	537,371	479,842	239,959	191,235	73,802	2,458,860
Intercompany Payables	-	-	-	-	-	-	405,210	405,210
Deferred Revenue	6,000	13,000	-	-	-	-	-	19,000
Loans Payable, Current Portion	-	381,149	-	-	665,306	-	-	1,046,455
Total Current Liabilities	600,022	987,975	828,260	864,305	1,642,480	376,124	521,689	5,820,855
NONCURRENT LIABILITIES								
Loans Payable, Net of Current	-	10,625,880	-	-	9,021,398	-	-	19,647,278
Total Noncurrent Liabilities	-	10,625,880	-	-	9,021,398	-	-	19,647,278
Total Liabilities	600,022	11,613,855	828,260	864,305	10,663,878	376,124	521,689	25,468,133
NET ASSETS								
Without Donor Restriction:								
Undesignated	2,975,308	1,110,879	2,703,361	981,035	510,704	1,227,740	(71,868)	9,437,159
Property, Plant, and Equipment, Net Related Debt	1,290,577	25,221,659	698,959	474,367	8,678,055	1,063,340	-	37,426,957
Designated/Deferred Maintenance	140,411	466,855	585,454	401,346	308,755	183,786	-	2,086,607
Total Without Donor Restriction	4,406,296	26,799,393	3,987,774	1,856,748	9,497,514	2,474,866	(71,868)	48,950,723
With Donor Restriction	6,007	-	-	-	-	-	-	6,007
Total Net Assets	4,412,303	26,799,393	3,987,774	1,856,748	9,497,514	2,474,866	(71,868)	48,956,730
Total Liabilities and Net Assets	\$ 5,012,325	\$ 38,413,248	\$ 4,816,034	\$ 2,721,053	\$ 20,161,392	\$ 2,850,990	\$ 449,821	\$ 74,424,863

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF ACTIVITIES – CNCA BY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2020**

	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #1	CNHS #2	Central Admin Office	Total
NET ASSETS WITHOUT DONOR RESTRICTION								
REVENUES								
State Revenue:								
State Aid	\$ 4,411,893	\$ 5,312,422	\$ 5,751,611	\$ 4,786,899	\$ 2,420,742	\$ 4,211,834	\$ -	\$ 26,895,401
Other State Revenue	1,025,317	783,469	894,049	580,848	225,090	764,630	-	4,273,403
Federal Revenue:								
Grants and Entitlements	889,313	795,266	979,273	627,921	319,196	500,868	-	4,111,837
Local Revenue:								
In-Lieu Property Tax Revenue	1,654,450	2,022,033	2,171,614	1,826,981	741,406	1,287,563	-	9,704,047
Contributions	36,753	48,152	82,731	77,890	33,036	12,215	-	290,777
Interest Income	32,635	24,292	26,921	21,206	13,327	19,091	-	137,472
Other Revenue	82,996	35,583	85,351	61,492	45,942	49,825	-	361,189
Total Revenues Without Donor Restriction	8,133,357	9,021,217	9,991,550	7,983,237	3,798,739	6,846,026	-	45,774,126
Net Assets Released from Restriction	39,828	144,114	100,558	29,454	27,731	37,682	-	379,367
Total Revenues Without Donor Restriction and Net Assets Released from Restriction	8,173,185	9,165,331	10,092,108	8,012,691	3,826,470	6,883,708	-	46,153,493
EXPENSES								
Program Services	6,118,360	7,138,903	7,122,392	6,288,226	2,898,636	4,932,390	-	34,498,907
Management and General	1,713,885	1,944,797	2,209,589	1,627,205	1,190,996	1,577,509	-	10,263,981
Fundraising	6,224	2,304	1,497	23,168	5,124	3,190	-	41,507
Total Expenses	7,838,469	9,086,004	9,333,478	7,938,599	4,094,756	6,513,089	-	44,804,395
Change in Net Assets Without Donor Restriction	334,716	79,327	758,630	74,092	(268,286)	370,619	-	1,349,098
NET ASSETS WITH DONOR RESTRICTION								
Net Assets Released from Restriction	(39,828)	(144,114)	(100,558)	(29,454)	(27,731)	(37,682)	-	(379,367)
Change in Net Assets With Donor Restriction	(39,828)	(144,114)	(100,558)	(29,454)	(27,731)	(37,682)	-	(379,367)
CHANGE IN TOTAL NET ASSETS	294,888	(64,787)	658,072	44,638	(296,017)	332,937	-	969,731
Net Assets, Beginning of Year	4,117,415	26,864,180	3,329,702	1,812,110	9,793,531	2,141,929	(71,868)	47,986,999
NET ASSETS, END OF YEAR	\$ 4,412,303	\$ 26,799,393	\$ 3,987,774	\$ 1,856,748	\$ 9,497,514	\$ 2,474,866	\$ (71,868)	\$ 48,956,730

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF CASH FLOWS – CNCA BY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2020**

	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #1	CNHS #2	Central Admin Office	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 294,888	\$ (64,787)	\$ 658,072	\$ 44,638	\$ (296,017)	\$ 332,937	\$ -	\$ 969,731
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:								
Depreciation	107,547	627,768	114,847	70,430	575,553	98,747	-	1,594,892
(Increase) Decrease in Assets:								
Accounts Receivable	(455,656)	(526,874)	(439,967)	(525,817)	(244,925)	(76,849)	-	(2,270,088)
Intercompany Receivable	(21,504)	-	-	-	-	-	-	(21,504)
Due from Others	(172,509)	31,880	7,659	4,337	4,177	5,338	(115)	(119,233)
Prepaid Expenses and Other Assets	2,874	(54)	(29,549)	21,204	3,598	(8,449)	(6,973)	(17,349)
Increase (Decrease) in Liabilities:								
Accounts Payable and Accrued Liabilities	181,719	329,410	227,481	291,535	674,000	195,365	(775,879)	1,123,631
Due to Others	-	-	-	-	-	-	(260)	(260)
Intercompany Payables	-	-	-	-	-	-	405,210	405,210
Deferred Revenue	-	(1,000)	(58)	-	-	-	-	(1,058)
Net Cash Provided (Used) by Operating Activities	(62,641)	396,343	538,485	(93,673)	716,386	547,089	(378,017)	1,663,972
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of Property, Plant, and Equipment	(181,541)	(170,181)	(102,234)	(46,455)	(38,057)	(259,387)	-	(797,855)
Net Cash Used by Investing Activities	(181,541)	(170,181)	(102,234)	(46,455)	(38,057)	(259,387)	-	(797,855)
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds From Debt	-	-	-	-	125,000	-	-	125,000
Payments of Prop ID Funding	-	-	-	-	(284,614)	-	-	(284,614)
Repayment of Prop 55 Funding	-	(404,770)	-	-	-	-	-	(404,770)
Net Cash Used by Financing Activities	-	(404,770)	-	-	(159,614)	-	-	(564,384)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(244,182)	(178,608)	436,251	(140,128)	518,715	287,702	(378,017)	301,733
Cash and Cash Equivalents, Beginning of Year	2,691,321	1,296,292	2,482,110	1,431,587	844,671	902,896	820,750	10,469,627
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,447,139</u>	<u>\$ 1,117,684</u>	<u>\$ 2,918,361</u>	<u>\$ 1,291,459</u>	<u>\$ 1,363,386</u>	<u>\$ 1,190,598</u>	<u>\$ 442,733</u>	<u>\$ 10,771,360</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	\$ -	\$ 228,236	\$ -	\$ -	\$ 173,170	\$ -	\$ -	\$ 401,406

See accompanying Auditors' Report and Notes to Supplementary Information.

CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF FINANCIAL POSITION – PNEDG
JUNE 30, 2020

	Early Childhood Center	PNEDG	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 22,526	\$ 5,259,454	\$ 5,281,980
Accounts Receivable	3,701	112,679	116,380
Intercompany Receivable	10,043	405,210	415,253
Due from Others	86,375	379,057	465,432
Prepaid Expenses and Other Assets	14,675	151,684	166,359
Total Current Assets	137,320	6,308,084	6,445,404
PROPERTY, PLANT, AND EQUIPMENT			
Land	-	3,540,752	3,540,752
Buildings	34,525	371,261	405,786
Leasehold Improvements	26,945	411,771	438,716
Equipment and Computers	9,354	308,622	317,976
Furniture	30,271	18,456	48,727
Accumulated Depreciation	(44,184)	(505,887)	(550,071)
Total Property, Plant, and Equipment	56,911	4,144,975	4,201,886
Total Assets	\$ 194,231	\$ 10,453,059	\$ 10,647,290
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 8,367	\$ 101,701	\$ 110,068
Accrued Liabilities	8,698	153,483	162,181
Intercompany Payables	-	72,936	72,936
Total Current Liabilities	17,065	328,120	345,185
NET ASSETS			
Without Donor Restriction:			
Undesignated	98,211	1,184,635	1,282,846
Property, Plant, and Equipment, Net Related Debt	56,911	4,144,975	4,201,886
Designated/Deferred Maintenance	22,044	408,577	430,621
Total Without Donor Restriction	177,166	5,738,187	5,915,353
With Donor Restriction	-	4,386,752	4,386,752
Total Net Assets	177,166	10,124,939	10,302,105
Total Liabilities and Net Assets	\$ 194,231	\$ 10,453,059	\$ 10,647,290

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF ACTIVITIES – PNEDG
YEAR ENDED JUNE 30, 2020**

	Early Childhood Center	PNEDG	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTION				
REVENUES				
State Revenue:				
Other State Revenue	\$ 578,100	\$ -	\$ -	\$ 578,100
Local Revenue:				
Contributions	100,200	1,640,420	-	1,740,620
Support Services	-	5,094,946	(69,372)	5,025,574
Investment Income	-	1,523	-	1,523
Other Revenue	35,917	725,824	-	761,741
Total Revenues Without Donor Restriction	714,217	7,462,713	(69,372)	8,107,558
EXPENSES				
Program Services	590,584	2,295,826	-	2,886,410
Management and General	199,882	4,425,556	(69,372)	4,556,066
Fundraising	-	114,706	-	114,706
Total Expenses	790,466	6,836,088	(69,372)	7,557,182
Change in Net Assets Without Donor Restriction	(76,249)	626,625	-	550,376
NET ASSETS WITH DONOR RESTRICTION				
Contributions	-	386,752	-	386,752
Change in Net Assets with Donor Restriction	-	386,752	-	386,752
CHANGE IN TOTAL NET ASSETS	(76,249)	1,013,377	-	937,128
Net Assets, Beginning of Year	253,415	9,111,562	-	9,364,977
NET ASSETS, END OF YEAR	<u>\$ 177,166</u>	<u>\$ 10,124,939</u>	<u>\$ -</u>	<u>\$ 10,302,105</u>

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF CASH FLOWS – PNEDG
YEAR ENDED JUNE 30, 2020**

	Early Childhood Center	PNEDG	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in Net Assets	\$ (76,249)	\$ 1,013,377	\$ 937,128
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:			
Depreciation	5,466	65,927	71,393
(Increase) Decrease in Assets:			
Accounts Receivable	350,788	35,513	386,301
Intercompany Receivables	(10,043)	(405,210)	(415,253)
Due from Others	(83,875)	573,262	489,387
Prepaid Expenses and Other Assets	1,166	(66,312)	(65,146)
Increase (Decrease) in Liabilities:			
Accounts Payable and Accrued Liabilities	(160,308)	(15,681)	(175,989)
Intercompany Payables	-	72,936	72,936
Net Cash Provided by Operating Activities	26,945	1,273,812	1,300,757
CASH FLOWS FROM INVESTING ACTIVITIES			
Notes receivable	-	1,879,670	1,879,670
Purchases of Property, Plant, and Equipment	(4,419)	(65,820)	(70,239)
Net Cash Provided (Used) by Investing Activities	(4,419)	1,813,850	1,809,431
NET CHANGE IN CASH AND CASH EQUIVALENTS	22,526	3,087,662	3,110,188
Cash and Cash Equivalents, Beginning of Year	-	2,171,792	2,171,792
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,526</u>	<u>\$ 5,259,454</u>	<u>\$ 5,281,980</u>

See accompanying Auditors' Report and Notes to Supplementary Information.

CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF FINANCIAL POSITION – GNLA BY LLC
JUNE 30, 2020

	GNLA 697 S. Burlington, LLC	3500 W. Temple St., LLC	Fifteenth & Ardmore, LLC	GNLA Corporate	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 967,216	\$ -	\$ 131,043	\$ 107,992	\$ -	\$ 1,206,251
Intercompany Receivable	-	-	-	223,523	(150,587)	72,936
Prepaid Expenses and Other Assets	832	958	-	1,100	-	2,890
Total Current Assets	968,048	958	131,043	332,615	(150,587)	1,282,077
NONCURRENT ASSETS						
Investment in Subsidiaries	-	-	-	21,656,115	(21,656,115)	-
Total Noncurrent Assets	-	-	-	21,656,115	(21,656,115)	-
PROPERTY, PLANT, AND EQUIPMENT						
Land	2,331,852	5,043,717	318,209	-	-	7,693,778
Buildings	11,942,316	15,161,759	6,238,744	-	-	33,342,819
Leasehold Improvements	-	4,357,537	461,816	-	-	4,819,353
Equipment and Computers	-	-	317,809	28,046	-	345,855
Furniture	-	19,975	9,340	-	-	29,315
Accumulated Depreciation	(4,704,674)	(6,086,603)	(1,588,020)	(28,046)	-	(12,407,343)
Total Property, Plant, and Equipment	9,569,494	18,496,385	5,757,898	-	-	33,823,777
Total Assets	\$ 10,537,542	\$ 18,497,343	\$ 5,888,941	\$ 21,988,730	\$ (21,806,702)	\$ 35,105,854
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 8,055	\$ 12,120	\$ 5,278	\$ 3,517	\$ -	\$ 28,970
Accrued Liabilities	-	-	49,100	675	-	49,775
Intercompany Payables	31,547	150,587	-	-	(150,587)	31,547
Deferred Revenue	56,198	45,171	18,244	250	-	119,863
Loans Payable, Current Portion	-	28,662	157,792	-	-	186,454
Bonds Payable, Current Portion	206,289	311,041	-	-	-	517,330
Total Current Liabilities	302,089	547,581	230,414	4,442	(150,587)	933,939
NONCURRENT LIABILITIES						
Loans Payable, Net of Current Portion	-	720,482	1,332,580	-	-	2,053,062
Bonds Payable, Net of Current Portion	4,512,517	5,046,907	-	-	-	9,559,424
Liabilities Related to Interest Swap Agreements	150,264	20,574	-	-	-	170,838
Total Noncurrent Liabilities	4,662,781	5,787,963	1,332,580	-	-	11,783,324
Total Liabilities	4,964,870	6,335,544	1,562,994	4,442	(150,587)	12,717,263
NET ASSETS						
Contributed Capital Without Donor Restriction	6,098,975	15,171,378	385,762	22,012,686	(21,656,115)	22,012,686
Net Assets Without Donor Restriction	(526,303)	(3,009,579)	3,940,185	(28,398)	-	375,905
Total Without Donor Restriction	5,572,672	12,161,799	4,325,947	21,984,288	(21,656,115)	22,388,591
Total Net Assets	5,572,672	12,161,799	4,325,947	21,984,288	(21,656,115)	22,388,591
Total Liabilities and Net Assets	\$ 10,537,542	\$ 18,497,343	\$ 5,888,941	\$ 21,988,730	\$ (21,806,702)	\$ 35,105,854

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF ACTIVITIES – GNLA BY LLC
YEAR ENDED JUNE 30, 2020**

	GNLA 697 S. Burlington, LLC	3500 W. Temple St., LLC	Fifteenth & Ardmore, LLC	GNLA Corporate	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTION						
REVENUES						
Other Revenue	\$ 674,376	\$ 569,784	\$ 218,928	\$ 120,936	\$ -	\$ 1,584,024
Total Revenues Without Donor Restriction	674,376	569,784	218,928	120,936	-	1,584,024
EXPENSES						
Program Services	336,157	513,311	173,722	54,745	-	1,077,935
Management and General	267,769	313,898	76,954	31,336	-	689,957
Total Expenses	603,926	827,209	250,676	86,081	-	1,767,892
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	70,450	(257,425)	(31,748)	34,855	-	(183,868)
Net Assets, Beginning of Year	5,502,222	12,419,224	4,357,695	21,949,433	(21,656,115)	22,572,459
NET ASSETS, END OF YEAR	<u>\$ 5,572,672</u>	<u>\$ 12,161,799</u>	<u>\$ 4,325,947</u>	<u>\$ 21,984,288</u>	<u>\$ (21,656,115)</u>	<u>\$ 22,388,591</u>

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF CASH FLOWS – GNLA BY LLC
YEAR ENDED JUNE 30, 2020**

	GNLA 697 S. Burlington, LLC	3500 W. Temple St., LLC	Fifteenth & Ardmore, LLC	GNLA Corporate	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in Net Assets	\$ 70,450	\$ (257,425)	\$ (31,748)	\$ 34,855	\$ -	\$ (183,868)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:						
Depreciation	302,431	487,282	168,565	-	-	958,278
Amortization	-	24,667	-	-	-	24,667
(Increase) Decrease in Assets:						
Accounts Receivable	-	-	25,139	-	-	25,139
Intercompany Receivable	-	-	-	6,012	(6,012)	-
Prepaid Expenses and Other Assets	-	(500)	-	-	-	(500)
Increase (Decrease) in Liabilities:						
Accounts Payable and Accrued Liabilities	(99,646)	(12,461)	(25,023)	5,742	-	(131,388)
Intercompany Payable	31,547	(78,948)	-	-	6,012	(41,389)
Deferred Revenue	56,198	45,171	18,244	-	-	119,613
Change in Value of Interest Rate Swap Agreements	82,876	15,182	-	-	-	98,058
Net Cash Provided by Operating Activities	443,856	222,968	155,177	46,609	-	868,610
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from Debt	-	-	1,629,670	-	-	1,629,670
Repayment of Debt	(200,364)	(325,834)	(1,768,968)	-	-	(2,295,166)
Net Cash Used by Financing Activities	(200,364)	(325,834)	(139,298)	-	-	(665,496)
NET CHANGE IN CASH AND CASH EQUIVALENTS	243,492	(102,866)	15,879	46,609	-	203,114
Cash and Cash Equivalents, Beginning of Year	723,724	102,866	115,164	61,383	-	1,003,137
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 967,216	\$ -	\$ 131,043	\$ 107,992	\$ -	\$ 1,206,251
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION						
Cash Paid for Interest	\$ 266,703	\$ 290,832	\$ 66,664	\$ -	\$ -	\$ 624,199

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

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

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, 2020. 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. 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. Because the Schedule presents only a selected portion of operations of CNCA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CNCA.

NOTE 5 INDIRECT COST RATE

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

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2020**

NOTE 6 STATEMENTS OF FINANCIAL POSITION, ACTIVITIES, AND CASH FLOWS – CNCA BY CHARTER SCHOOL

These statements report the financial position, activities and cash flows for each CNCA's charter schools as is required to be reported by the provisions of the California Education Code.

NOTE 7 STATEMENT OF FINANCIAL POSITION, ACTIVITIES, AND CASH FLOWS – PNEDG

These statements report the financial position, activities and cash flows for Early Childhood Education Center and PNEDG.

NOTE 8 STATEMENT OF FINANCIAL POSITION, ACTIVITIES, AND CASH FLOWS – GNLA BY LLC

These statements report the financial position, activities and cash flows for GNLA and its subsidiaries: GNLA 697 S. Burlington, LLC, 3500 W. Temple St., LLC, and Fifteenth and Ardmore, LLC.



**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, 2020, 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.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidating 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 consolidating financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of consolidating financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 GUIDE**

Board of Directors
Camino Nuevo Charter Academy
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited the compliance of Camino Nuevo Charter Academy (CNCA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. CNCA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of CNCA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CNCA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CNCA's compliance.

Opinion on Each Major Federal Program

In our opinion, CNCA complied, in all material respects, with the types of 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, 2020.

Report on Internal Control Over Compliance

Management of CNCA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CNCA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CNCA's 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 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, yet important enough to merit attention by those charged with governance.

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

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

Board of Directors
Camino Nuevo Charter Academy
Los Angeles, California

We have audited Camino Nuevo Charter Academy's (CNCA) compliance with the types of compliance requirements described in the *2019-2020 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, 2020. CNCA's state compliance requirements are identified in the table below.

Management's Responsibility

Management is responsible for the compliance with the state laws and regulations as identified below.

Auditors' Responsibility

Our responsibility is to express an opinion on CNCA's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about CNCA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of CNCA's compliance.

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instructional/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Opinion on State Compliance

In our opinion, CNCA complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2020.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. 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, 2020**

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

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I, Part A
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	<u> x </u> yes <u> </u> no

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

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

There were no findings and questioned costs related to the basic consolidating financial statements, federal awards, or state awards for June 30, 2020.

**CAMINO NUEVO CHARTER ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

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

Tentative
For discussion purposes only
Subject to revision