

**CAMINO NUEVO CHARTER ACADEMY
CONSOLIDATING FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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**

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*- Tentative Report
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, 2021, 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, 2021, 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, 2021**

ASSETS	<u>CNCA</u>	<u>PNEDG</u>	<u>GNLA</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 13,877,874	\$ 5,736,679	\$ 590,311	\$ -	\$ 20,204,864
Accounts Receivable	8,072,844	40,316	16,066	-	8,129,226
Intercompany Receivable	-	1,763,662	267,339	(2,031,001)	-
Due from Others	188,253	202,129	-	-	390,382
Prepaid Expenses and Other Assets	305,178	101,798	7,332	-	414,308
Total Current Assets	<u>22,444,149</u>	<u>7,844,584</u>	<u>881,048</u>	<u>(2,031,001)</u>	<u>29,138,780</u>
PROPERTY, PLANT, AND EQUIPMENT					
Land	12,579,941	3,540,752	9,000,718	-	25,121,411
Buildings	28,333,786	419,937	33,903,692	-	62,657,415
Leasehold Improvements	1,824,882	438,716	4,819,353	-	7,082,951
Equipment and Computers	4,683,596	369,522	345,855	-	5,398,973
Furniture	312,955	48,727	29,315	-	390,997
Accumulated Depreciation	(7,737,394)	(629,355)	(13,372,547)	-	(21,739,296)
Total Property, Plant, and Equipment	<u>39,997,766</u>	<u>4,188,299</u>	<u>34,726,386</u>	<u>-</u>	<u>78,912,451</u>
Total Assets	<u>\$ 62,441,915</u>	<u>\$ 12,032,883</u>	<u>\$ 35,607,434</u>	<u>\$ (2,031,001)</u>	<u>\$ 108,051,231</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 1,244,256	\$ 114,580	\$ 76,870	\$ -	\$ 1,435,706
Accrued Liabilities	1,611,984	207,460	47,550	-	1,866,994
Intercompany Payables	1,763,672	267,329	-	(2,031,001)	-
Deferred Revenue	1,423,448	47,084	250	-	1,470,782
Loans Payable, Current Portion	388,810	-	215,180	-	603,990
Bonds Payable, Current Portion	-	-	538,082	-	538,082
Total Current Liabilities	<u>6,432,170</u>	<u>636,453</u>	<u>877,932</u>	<u>(2,031,001)</u>	<u>5,915,554</u>
NONCURRENT LIABILITIES					
Loans Payable, Net of Current	10,237,071	-	2,858,589	-	13,095,660
Bonds Payable, Net of Current	-	-	9,043,411	-	9,043,411
Liabilities Related to Interest Swap Agreements	-	-	90,151	-	90,151
Total Noncurrent Liabilities	<u>10,237,071</u>	<u>-</u>	<u>11,992,151</u>	<u>-</u>	<u>22,229,222</u>
Total Liabilities	<u>16,669,241</u>	<u>636,453</u>	<u>12,870,083</u>	<u>(2,031,001)</u>	<u>28,144,776</u>
NET ASSETS					
Without Donor Restriction:					
Contributed Capital	-	-	22,012,686	-	22,012,686
Undesignated	14,309,635	(1,259,599)	724,665	-	13,774,701
Property, Plant, and Equipment, Net Related Debt	29,371,885	4,188,299	-	-	33,560,184
Designated/Deferred Maintenance	2,091,154	4,233,865	-	-	6,325,019
Total Without Donor Restriction	<u>45,772,674</u>	<u>7,162,565</u>	<u>22,737,351</u>	<u>-</u>	<u>75,672,590</u>
With Donor Restriction	-	4,233,865	-	-	4,233,865
Total Net Assets	<u>45,772,674</u>	<u>11,396,430</u>	<u>22,737,351</u>	<u>-</u>	<u>79,906,455</u>
Total Liabilities and Net Assets	<u>\$ 62,441,915</u>	<u>\$ 12,032,883</u>	<u>\$ 35,607,434</u>	<u>\$ (2,031,001)</u>	<u>\$ 108,051,231</u>

See accompanying Notes to Consolidating Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	CNCA	PNEDG	GNLA	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTION					
REVENUES					
State Revenue:					
State Aid	\$ 27,529,501	\$ -	\$ -	\$ -	\$ 27,529,501
Other State Revenue	4,936,585	583,979	-	-	5,520,564
Federal Revenue:					
Grants and Entitlements	9,254,938	-	-	-	9,254,938
Local Revenue:					
In-Lieu Property Tax Revenue	9,041,702	-	-	-	9,041,702
Contributions	267,713	1,685,452	334,500	-	2,287,665
Support Services	-	5,628,866	-	(5,628,866)	-
Interest Income	63,102	185	-	-	63,287
Rental Income	-	-	1,603,336	(1,535,186)	68,150
Other Revenue	468,159	660,408	54	(654,000)	474,621
Loan Forgiveness	9,021,398	-	-	-	9,021,398
Total Revenue Without Donor Restriction	60,583,098	8,558,890	1,937,890	(7,818,052)	63,261,826
Net Assets Released from Restriction	6,007	271,300	-	-	277,307
Total Revenues Without Donor Restriction and Net Assets Released from Restriction	60,589,105	8,830,190	1,937,890	(7,818,052)	63,539,133
EXPENSES					
Program Services	52,145,016	3,188,266	1,106,212	(1,984,233)	54,455,261
Management and General	11,525,820	4,355,679	563,605	(5,833,819)	10,611,285
Fundraising	96,318	39,033	-	-	135,351
Total Expenses	63,767,154	7,582,978	1,669,817	(7,818,052)	65,201,897
OTHER INCOME (EXPENSE)					
Change in Value of Interest Swap Agreements	-	-	80,687	-	80,687
Total Other Income (Expense)	-	-	80,687	-	80,687
Change in Net Assets Without Donor Restriction	(3,178,049)	1,247,212	348,760	-	(1,582,077)
NET ASSETS WITH DONOR RESTRICTION					
Contributions	-	118,413	-	-	118,413
Net Assets Released from Restriction	(6,007)	(271,300)	-	-	(277,307)
Change in Net Assets With Donor Restriction	(6,007)	(152,887)	-	-	(158,894)
CHANGE IN TOTAL NET ASSETS					
	(3,184,056)	1,094,325	348,760	-	(1,740,971)
Net Assets, Beginning of Year	48,956,730	10,302,105	22,388,591	-	81,647,426
NET ASSETS, END OF YEAR	\$ 45,772,674	\$ 11,396,430	\$ 22,737,351	\$ -	\$ 79,906,455

See accompanying Notes to Consolidating Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	CNCA	PNEDG	GNLA	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ (3,184,056)	\$ 1,094,325	\$ 348,760	\$ -	\$ (1,740,971)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities					
Depreciation	1,672,845	79,284	965,204	-	2,717,333
Amortization	-	-	23,366	-	23,366
Loan Forgiveness	(9,021,398)	-	-	-	(9,021,398)
Loss of Disposal of Fixed Assets	17,821,063	-	-	-	17,821,063
(Increase) Decrease in Assets:					
Accounts Receivable	(3,098,381)	76,064	(16,066)	-	(3,038,383)
Intercompany Receivable	21,504	(1,348,409)	(194,403)	1,521,308	-
Due from Others	(11,295)	263,303	-	-	252,008
Prepaid Expenses and Other Assets	54,710	64,561	(4,442)	-	114,829
Increase (Decrease) in Liabilities:					
Accounts Payable and Accrued Liabilities	(1,493,950)	49,791	45,675	-	(1,398,484)
Intercompany Payables	1,358,462	194,393	(31,547)	(1,521,308)	-
Deferred Revenue	1,404,448	47,084	(119,613)	-	1,331,919
Change in Value of Interest Rate Swap Agreements	-	-	(80,687)	-	(80,687)
Net Cash Provided by Operating Activities	<u>5,523,952</u>	<u>520,396</u>	<u>936,247</u>	<u>-</u>	<u>6,980,595</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property, Plant, and Equipment	(1,370,984)	(65,697)	(1,867,813)	-	(3,304,494)
Net Cash Provided (Used) by Investing Activities	<u>(1,370,984)</u>	<u>(65,697)</u>	<u>(1,867,813)</u>	<u>-</u>	<u>(3,304,494)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Debt	-	-	1,022,260	-	1,022,260
Repayments of Prop 1D Funding	(290,306)	-	-	-	(290,306)
Repayments of Prop 55 Funding	(381,148)	-	-	-	(381,148)
Repayment of Debt	(375,000)	-	(706,634)	-	(1,081,634)
Net Cash Provided (Used) by Financing Activities	<u>(1,046,454)</u>	<u>-</u>	<u>315,626</u>	<u>-</u>	<u>(730,828)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>3,106,514</u>	<u>454,699</u>	<u>(615,940)</u>	<u>-</u>	<u>2,945,273</u>
Cash and Cash Equivalents, Beginning of Year	10,771,360	5,281,980	1,206,251	-	17,259,591
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 13,877,874</u>	<u>\$ 5,736,679</u>	<u>\$ 590,311</u>	<u>\$ -</u>	<u>\$ 20,204,864</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Cash Paid for Interest	<u>\$ 385,721</u>	<u>\$ -</u>	<u>\$ 498,026</u>	<u>\$ -</u>	<u>\$ 883,747</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES					
Loan Forgiveness	<u>\$ 9,021,398</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,021,398</u>

See accompanying Notes to Consolidating Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Services	Management and General	Fundraising	Eliminations	Total
Salaries and Wages	\$ 18,630,520	\$ 3,646,830	\$ -	\$ -	\$ 22,277,350
Pension Expense	2,786,670	462,941	-	-	3,249,611
Other Employee Benefits	1,634,528	289,633	-	-	1,924,161
Payroll Taxes	520,726	297,606	-	-	818,332
Management Fees	-	5,628,866	-	(5,628,866)	-
Legal Expenses	-	208,601	-	-	208,601
Accounting Expenses	-	61,468	-	-	61,468
Other Fees for Services	4,233,057	1,556,951	-	(654,000)	5,136,008
Advertising and Promotion Expenses	-	75,872	135,351	-	211,223
Instructional Materials	4,067,946	-	-	-	4,067,946
Office Expenses	67,897	936,954	-	-	1,004,851
Printing and Postage Expenses	(52)	29,426	-	-	29,374
Information Technology Expenses	441,483	946,359	-	-	1,387,842
Occupancy Expenses	2,937,281	445,421	-	(1,535,186)	1,847,516
Travel Expenses	27,434	8	-	-	27,442
Interest Expense	-	883,747	-	-	883,747
Depreciation Expense	2,544,982	172,351	-	-	2,717,333
Insurance Expense	-	376,421	-	-	376,421
Loss on Disposal of Fixed Assets	17,747,260	73,803	-	-	17,821,063
Other Expenses	799,762	351,846	-	-	1,151,608
Subtotal	56,439,494	16,445,104	135,351	(7,818,052)	65,201,897
Eliminations	(1,984,233)	(5,833,819)	-	7,818,052	-
Total Expenses by Function	<u>\$ 54,455,261</u>	<u>\$ 10,611,285</u>	<u>\$ 135,351</u>	<u>\$ -</u>	<u>\$ 65,201,897</u>

See accompanying Notes to Consolidating Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Camino Nuevo Charter Academy (CNCA) is a nonprofit benefit corporation under the laws of the state of California. CNCA is designed to meet the educational needs of largely Latino community neighborhoods, west of downtown Los Angeles, in the greater MacArthur Park communities. CNCA was established as an alternative to existing traditional public schools in the neighborhoods in which conditions of over-crowding and year-round schedules existed. CNCA consists of six charter schools operating as of June 30, 2021, 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 four LLCs as of June 30, 2021, as follows:

- GNLA 697 S. Burlington, LLC
- 3500 W. Temple St., LLC
- Fifteenth & Ardmore, LLC
- GNLA 669 S. Burlington, LLC

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2021**

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, Fifteenth and Ardmere, LLC (Ardmore LLC), and GNLA 669 S. Burlington, 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, 2021

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, 2021. 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 \$2,717,333 for the year ended June 30, 2021.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2021**

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 (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses 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, 2021, CNCA has received conditional grants of \$1,470,532 that are recognized as deferred revenue in the statement of financial position because conditions have not yet been met. As of June 30, 2021, CNCA has conditional grants of \$15,712,440 that have not been recognized as revenue in the statement of activities because conditions have not 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, 2021**

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, 2021, 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).

Evaluation of Subsequent Events

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

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021, financial assets available for general expenditures are comprised of the following:

Cash and Cash Equivalents	\$ 20,204,864
Accounts Receivable	8,129,226
Due From Others	390,382
Less: Net Assets With Donor Restrictions	<u>(4,233,865)</u>
Financial Assets Available for General Expenditure	<u>\$ 24,490,607</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.

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, 2021, as provided by the pool sponsor was approximately \$9,995,256.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2021**

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 12% of the operational funding. The total amount of the support services were \$5,628,866 for the year ended June 30, 2021.

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.

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 \$532,946 for the year ended June 30, 2021. 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, 2021 are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2022	\$ 1,498,506
2023	1,279,465
2024	1,041,070
2025	692,376
2026	674,376
Thereafter	674,376
Total	<u>\$ 5,860,169</u>

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 COMMITMENTS (CONTINUED)

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, 2021 were \$125,861.

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, 2021 were \$186,173.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to Specific Purpose:

Restricted Funds Transfer from CNCA	\$ 4,000,000
Emergency Fund	49,676
Principal Scholarship Fund Balance	6,937
PND Scholarship Fund Balance	139,601
Vocational Scholarship	21,000
No Kid Hungry Grant	16,651
Total Net Assets With Donor Restriction	<u><u>\$ 4,233,865</u></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, 2021:

Release of Restrictions

Purpose:

Child Nutrition Program	\$ 6,007
Ballmer Group Grant	250,000
Principal Scholarship	21,300
Total	<u><u>\$ 277,307</u></u>

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 EMPLOYEE RETIREMENT

Multi-Employer Defined Benefit Pension Plans

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

The risks of participating in this multi-employer defined benefit pension plan are different from single- employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature, and (c) if CNCA chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. CNCA has no plans to withdraw from this multi-employer plan.

State Teachers' Retirement System (STRS)

Plan Description

CNCA contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2020, total STRS plan net assets are \$283 billion, the total actuarial present value of accumulated plan benefits is \$405 billion, contributions from all employers totaled \$6.1 billion, and the plan is 67.1% funded. CNCA did not contribute more than 5% of the total contributions to the plan.

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

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after that are required to contribute 10.21% of their salary. CNCA is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2021 was 16.15% 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>
2019	\$ 2,445,801	100 %
2020	2,413,333	100
2021	2,231,033	100

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)

Public Employees' Retirement System (PERS)

Plan Description

CNCA contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2020, the School Employer Pool total plan assets are \$72 billion, the present value of accumulated plan benefits is \$102 billion, contributions from all employers totaled \$2.9 billion, and the plan is 70% funded. CNCA did not contribute more than 5% of the total contributions to the plan.

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

Funding Policy

Active plan members 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 7.0% 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, 2021 was 20.7%. 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>
2019	\$ 749,526	100 %
2020	\$ 821,556	100
2021	\$ 831,593	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, 2021 was \$186,985.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 LONG-TERM DEBT

Proposition 55

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

CNCA #2 has received all of the State apportionment which totaled \$29,557,192. CNCA #2 has recorded debt related to this funding of \$12,493,596, the balance at June 30, 2021 is \$10,625,881.

Future payments of Proposition 55 are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2022	\$ 388,810
2023	396,625
2024	404,597
2025	412,429
2026	421,025
Thereafter	8,602,395
Total	<u>\$ 10,625,881</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, 2021**

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. Although the funds were remitted to LAUSD, CNHS #1 was expected to repay the 50% of the final apportionment funding to the state. During the year ended June 30, 2021 CNHS #1 vacated the site and received confirmation from the state that once vacated CNHS #1 would have no further financial liability and move to terminate the agreement. This resulted in CNHS #1 recorded loan forgiveness of \$9,021,398 during the year ended June 30, 2021.

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 August 2021. There was no balance as of June 30, 2021.

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, 2021, the principal amount outstanding on the loan is \$720,482.

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, 2021, the principal amount outstanding on the loan is \$1,332,579.

In April 2021, GNLA obtained a note payable from Wells Fargo for \$1,022,260. The loan carries an interest rate of 3.5% per annum and matures on April 15, 2026. As of June 30, 2021, the principal amount outstanding on the loan is \$1,020,708.

As of June 30, 2021, 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>	<u>GNLA 669 S Burlington, LLC</u>
2022	\$ 29,937	\$ 165,546	\$ 19,697
2023	690,545	1,167,033	20,407
2024	-	-	21,048
2025	-	-	21,902
2026	-	-	937,654
Total Notes Payable	<u>\$ 720,482</u>	<u>\$ 1,332,579</u>	<u>\$ 1,020,708</u>

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021 is \$5,220,668.

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, 2021 is \$4,510,965.

As of June 30, 2021, 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>
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
2026	381,752	246,264	628,016
Thereafter	3,458,802	3,362,802	6,821,604
Total Future Maturities	5,220,668	4,510,965	9,731,633
Unamortized Cost of Issuance	(150,140)	-	(150,140)
Total Bonds Payable	<u>\$ 5,070,528</u>	<u>\$ 4,510,965</u>	<u>\$ 9,581,493</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, 2021	\$ 5,220,668	\$ 4,510,965
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, 2021

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, 2021, GNLA has recorded a liability of \$90,151 on the consolidating statement of financial position for the fair value of the interest rate swap agreements. As of June 30, 2021, the total notional amount of GNLA's receive-variable/pay-fix interest rate swaps was \$9,731,376.

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, 2021 are as follows:

	Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2)
Liabilities Related to Interest Swap	<u>\$ 90,151</u>

Gains (realized and unrealized) included in net assets without donor restriction for the year ended June 30, 2021 relating to the interest rate swap liability held at the reporting date are \$80,687 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, 2021**

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.

In prior 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 impact various parts of its 2022 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.

NOTE 12 SCHOOL CLOSURE

The year ended June 30, 2021 was Camino Nuevo Charter High – Miramar High School's (CNHS #1) last year of operations.

SUPPLEMENTARY INFORMATION

- Tentative Report
For Discussion Purposes Only
Subject to Revision

**CAMINO NUEVO CHARTER ACADEMY
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2021**

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	577
Camino Nuevo Academy #2 - Kayne Siart Campus (CNCA #2)	August 18, 2010	5 Years	June 30, 2025	688
Camino Nuevo Elementary #3 - Jose A. Castellanos/Jane B. Eisner Campuses (CNCA #3)	August 18, 2010	5 Years	June 30, 2025	740
Camino Nuevo Charter Academy #4 - Sandra Cisneros Learning Academy Campus (CNCA #4)	September 6, 2011	5 Years	June 30, 2021	598
Camino Nuevo Charter High - Miramar High School (CNHS #1)	September 1, 2004	5 Years	June 30, 2024	261
Camino Nuevo High #2 - Dalzell Lance High School (CNHS #2)	August 19, 2013	5 Years	June 30, 2023	471

**CAMINO NUEVO CHARTER ACADEMY
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (CONTINUED)
 YEAR ENDED JUNE 30, 2021**

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, 2021 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	6/30/2024
Tamara Powers	Member	6/30/2024
Rachel Hunt	Member	6/30/2024
Lida Jennings	Member	6/30/2023
Celia Alvarado	Member	6/30/2023

CNCA ADMINISTRATORS

Adriana Abich	Chief Executive Officer
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- Tentative Report
 For Discussion Purposes Only
 Subject to Revision

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2021**

	Traditional Calendar Days	Status
CNCA #1		
Kindergarten	184	In compliance
Grade 1	184	In compliance
Grade 2	184	In compliance
Grade 3	184	In compliance
Grade 4	184	In compliance
Grade 5	184	In compliance
Grade 6	184	In compliance
Grade 7	184	In compliance
Grade 8	184	In compliance
CNCA #2		
Kindergarten	184	In compliance
Grade 1	184	In compliance
Grade 2	184	In compliance
Grade 3	184	In compliance
Grade 4	184	In compliance
Grade 5	184	In compliance
Grade 6	184	In compliance
Grade 7	184	In compliance
Grade 8	184	In compliance
CNCA #3		
Kindergarten	184	In compliance
Grade 1	184	In compliance
Grade 2	184	In compliance
Grade 3	184	In compliance
Grade 4	184	In compliance
Grade 5	184	In compliance
Grade 6	184	In compliance
Grade 7	184	In compliance
Grade 8	184	In compliance
CNCA #4		
Kindergarten	184	In compliance
Grade 1	184	In compliance
Grade 2	184	In compliance
Grade 3	184	In compliance
Grade 4	184	In compliance
Grade 5	184	In compliance
Grade 6	184	In compliance
Grade 7	184	In compliance
Grade 8	184	In compliance
CNHS #1		
Grade 9	184	In compliance
Grade 10	184	In compliance
Grade 11	184	In compliance
Grade 12	184	In compliance
CNHS #2		
Grade 9	184	In compliance
Grade 10	184	In compliance
Grade 11	184	In compliance
Grade 12	184	In compliance

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, 2021**

	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #1	CNHS #2
June 30, 2021 Annual Financial Report Fund Balances (Net Assets)	\$ 5,362,375	\$ 27,706,448	\$ 5,757,752	\$ 3,163,066	\$ 456,624	\$ 3,398,388
Adjustments and Reclassifications:						
Increase (Decrease) of Fund Balance (Net Assets):						
Accounts Payable and Accrued Liabilities	-	-	(90)	(24)	(164,583)	-
Deferred Revenue	-	-	-	-	164,586	-
Net Adjustments and Reclassifications	-	-	(90)	(24)	3	-
June 30, 2021 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 5,362,375</u>	<u>\$ 27,706,448</u>	<u>\$ 5,757,662</u>	<u>\$ 3,163,042</u>	<u>\$ 456,627</u>	<u>\$ 3,398,388</u>

- Tentative Report
 For Discussion Purposes Only
 Subject to Revision

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

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	\$ 329,984	\$ 297,324	\$ 373,470	\$ 275,084	\$ 153,458	\$ 213,147	\$ 1,642,467
Title II, Part A, Teacher Quality	84.367	14341	29,418	34,179	38,905	29,970	12,321	22,506	167,299
Title III, Limited English Proficiency	84.365	10084	37,507	27,256	46,310	24,120	7,477	9,527	152,197
Title IV, Part A, Student Support & Academic Enrichment	84.424	N/A	24,324	21,314	27,515	20,277	12,451	15,712	121,593
Special Education Cluster:									
Special Education - IDEA	84.027	13379	112,369	136,650	146,644	123,589	50,018	87,054	656,324
Total Special Education Cluster:			<u>112,369</u>	<u>136,650</u>	<u>146,644</u>	<u>123,589</u>	<u>50,018</u>	<u>87,054</u>	<u>656,324</u>
Coronavirus Aid, Relief, and Economic Security Act (CARES Act):									
Elementary and Secondary School Emergency Relief (ESSER) Fund									
	84.425D	15536	387,245	428,461	520,522	407,903	134,856	361,240	2,240,227
Governor's Emergency Education Relief (GEER) Fund									
	84.425C	15517	-	-	-	-	14,260	-	14,260
Total CARES Act:			<u>387,245</u>	<u>428,461</u>	<u>520,522</u>	<u>407,903</u>	<u>149,116</u>	<u>361,240</u>	<u>2,254,487</u>
<i>Total U.S. Department of Education</i>			920,847	945,184	1,153,366	880,943	384,841	709,186	4,994,367
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	87,674	31,404	50,082	30,626	7,576	18,919	226,281
National School Lunch Program	10.555	13396	150,019	55,955	88,049	50,172	12,224	31,012	387,431
Child Nutrition Cluster Subtotal			<u>237,693</u>	<u>87,359</u>	<u>138,131</u>	<u>80,798</u>	<u>19,800</u>	<u>49,931</u>	<u>613,712</u>
<i>Total U.S. Department of Agriculture</i>			<u>237,693</u>	<u>87,359</u>	<u>138,131</u>	<u>80,798</u>	<u>19,800</u>	<u>49,931</u>	<u>613,712</u>
U.S. Department of the Treasury									
Pass-Through Program From									
California Department of Education:									
Coronavirus Relief Fund	21.019	25516	603,038	758,303	778,309	655,384	305,855	545,970	3,646,859
<i>Total U.S. Department of the Treasury</i>			<u>603,038</u>	<u>758,303</u>	<u>778,309</u>	<u>655,384</u>	<u>305,855</u>	<u>545,970</u>	<u>3,646,859</u>
Total Federal Expenditures			<u>\$ 1,761,578</u>	<u>\$ 1,790,846</u>	<u>\$ 2,069,806</u>	<u>\$ 1,617,125</u>	<u>\$ 710,496</u>	<u>\$ 1,305,087</u>	<u>\$ 9,254,938</u>

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

See accompanying Auditors' Report and Notes to Supplementary Information.

CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF FINANCIAL POSITION – CNCA BY CHARTER SCHOOL
JUNE 30, 2021

ASSETS	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #1	CNHS #2	Central Admin Office	Total
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 3,033,267	\$ 1,677,765	\$ 4,033,132	\$ 1,849,639	\$ 876,972	\$ 989,848	\$ 1,417,251	\$ 13,877,874
Accounts Receivable	1,297,747	1,548,002	1,618,793	1,409,838	481,726	1,716,738	-	8,072,844
Due from Others	178,384	4,231	1,767	940	2,621	390	(80)	188,253
Prepaid Expenses and Other Assets	58,943	13,773	46,268	12,266	-	56,472	117,456	305,178
Total Current Assets	4,568,341	3,243,771	5,699,960	3,272,683	1,361,319	2,763,448	1,534,627	22,444,149
PROPERTY, PLANT, AND EQUIPMENT								
Land	-	12,579,941	-	-	-	-	-	12,579,941
Buildings	1,034,111	25,912,130	441,521	412,739	-	533,285	-	28,333,786
Leasehold Improvements	806,385	361,175	91,716	4,979	-	560,627	-	1,824,882
Equipment and Computers	940,636	1,154,960	797,157	572,939	32,982	1,184,922	-	4,683,596
Furniture	133,470	117,972	44,826	-	-	16,687	-	312,955
Accumulated Depreciation	(1,535,811)	(4,257,343)	(504,274)	(318,826)	(5,707)	(1,115,433)	-	(7,737,394)
Total Property, Plant, and Equipment	1,378,791	35,868,835	870,946	671,831	27,275	1,180,088	-	39,997,766
Total Assets	\$ 5,947,132	\$ 39,112,606	\$ 6,570,906	\$ 3,944,514	\$ 1,388,594	\$ 3,943,536	\$ 1,534,627	\$ 62,441,915
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable	\$ 110,848	\$ 148,274	\$ 235,492	\$ 220,477	\$ 285,894	\$ 118,648	\$ 124,623	\$ 1,244,256
Accrued Liabilities	232,633	263,163	285,166	245,653	271,073	221,096	93,200	1,611,984
Intercompany Payables	-	-	-	-	375,000	-	1,388,672	1,763,672
Deferred Revenue	241,276	368,840	292,586	315,342	-	205,404	-	1,423,448
Loans Payable, Current Portion	-	388,810	-	-	-	-	-	388,810
Total Current Liabilities	584,757	1,169,087	813,244	781,472	931,967	545,148	1,606,495	6,432,170
NONCURRENT LIABILITIES								
Loans Payable, Net of Current	-	10,237,071	-	-	-	-	-	10,237,071
Total Noncurrent Liabilities	-	10,237,071	-	-	-	-	-	10,237,071
Total Liabilities	584,757	11,406,158	813,244	781,472	931,967	545,148	1,606,495	16,669,241
NET ASSETS								
Without Donor Restriction:								
Undesignated	3,785,320	1,930,612	4,218,703	2,022,688	429,352	1,994,828	(71,868)	14,309,635
Property, Plant, and Equipment, Net Related Debt	1,378,791	25,242,954	870,946	671,831	27,275	1,180,088	-	29,371,885
Designated/Deferred Maintenance	198,264	532,882	668,013	468,523	-	223,472	-	2,091,154
Total Without Donor Restriction	5,362,375	27,706,448	5,757,662	3,163,042	456,627	3,398,388	(71,868)	45,772,674
Total Net Assets	5,362,375	27,706,448	5,757,662	3,163,042	456,627	3,398,388	(71,868)	45,772,674
Total Liabilities and Net Assets	\$ 5,947,132	\$ 39,112,606	\$ 6,570,906	\$ 3,944,514	\$ 1,388,594	\$ 3,943,536	\$ 1,534,627	\$ 62,441,915

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF ACTIVITIES – CNCA BY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2021**

	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	\$ 4,544,322	\$ 5,438,549	\$ 5,888,169	\$ 4,896,723	\$ 2,470,833	\$ 4,290,905	\$ -	\$ 27,529,501
Other State Revenue	1,115,460	983,992	1,078,311	675,307	259,032	824,483	-	4,936,585
Federal Revenue:								
Grants and Entitlements	1,761,578	1,790,846	2,069,806	1,617,125	710,496	1,305,087	-	9,254,938
Local Revenue:								
In-Lieu Property Tax Revenue	1,548,283	1,882,468	2,020,144	1,702,489	689,063	1,199,255	-	9,041,702
Contributions	18,752	26,930	56,394	42,313	4,317	119,007	-	267,713
Interest Income	16,230	9,877	13,940	10,180	4,330	8,545	-	63,102
Other Revenue	77,368	91,146	118,552	71,086	38,355	71,652	-	468,159
Loan Forgiveness	-	-	-	-	9,021,398	-	-	9,021,398
Total Revenues Without Donor Restriction	9,081,993	10,223,808	11,245,316	9,015,223	13,197,824	7,818,934	-	60,583,098
Net Assets Released from Restriction	6,007	-	-	-	-	-	-	6,007
Total Revenues Without Donor Restriction and Net Assets Released from Restriction	9,088,000	10,223,808	11,245,316	9,015,223	13,197,824	7,818,934	-	60,589,105
EXPENSES								
Program Services	6,309,996	7,130,018	7,015,418	5,915,089	20,636,775	5,137,720	-	52,145,016
Management and General	1,821,925	2,186,089	2,460,010	1,792,900	1,599,936	1,664,960	-	11,525,820
Fundraising	-	646	-	940	2,000	92,732	-	96,318
Total Expenses	8,131,921	9,316,753	9,475,428	7,708,929	22,238,711	6,895,412	-	63,767,154
Change in Net Assets Without Donor Restriction	956,079	907,055	1,769,888	1,306,294	(9,040,887)	923,522	-	(3,178,049)
NET ASSETS WITH DONOR RESTRICTION								
Net Assets Released from Restriction	(6,007)	-	-	-	-	-	-	(6,007)
Change in Net Assets With Donor Restriction	(6,007)	-	-	-	-	-	-	(6,007)
CHANGE IN TOTAL NET ASSETS								
	950,072	907,055	1,769,888	1,306,294	(9,040,887)	923,522	-	(3,184,056)
Net Assets, Beginning 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
NET ASSETS, END OF YEAR	<u>\$ 5,362,375</u>	<u>\$ 27,706,448</u>	<u>\$ 5,757,662</u>	<u>\$ 3,163,042</u>	<u>\$ 456,627</u>	<u>\$ 3,398,388</u>	<u>\$ (71,868)</u>	<u>\$ 45,772,674</u>

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, 2021**

	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #1	CNHS #2	Office	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 950,072	\$ 907,055	\$ 1,769,888	\$ 1,306,294	\$ (9,040,887)	\$ 923,522	\$ -	\$ (3,184,056)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:								
Depreciation	130,720	609,742	141,767	86,033	591,129	113,454	-	1,672,845
Loan Forgiveness	-	-	-	-	(9,021,398)	-	-	(9,021,398)
Loss on Disposal of Fixed Assets	-	-	-	-	17,821,063	-	-	17,821,063
(Increase) Decrease in Assets:								
Accounts Receivable	(317,859)	(520,747)	(508,318)	(476,076)	(66,116)	(1,209,265)	-	(3,098,381)
Intercompany Receivable	21,504	-	-	-	-	-	-	21,504
Due from Others	(1,583)	(4,231)	(1,767)	(940)	(2,579)	(390)	195	(11,295)
Prepaid Expenses and Other Assets	37,473	25,848	41,971	9,199	17,595	33,107	(110,483)	54,710
Increase (Decrease) in Liabilities:								
Accounts Payable and Accrued Liabilities	(250,541)	(182,389)	(307,602)	(398,175)	(420,207)	(36,380)	101,344	(1,493,950)
Intercompany Payables	-	-	-	-	375,000	-	983,462	1,358,462
Deferred Revenue	235,276	355,840	292,586	315,342	-	205,404	-	1,404,448
Net Cash Provided by Operating Activities	805,062	1,191,118	1,428,525	841,677	253,600	29,452	974,518	5,523,952
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of Property, Plant, and Equipment	(218,934)	(249,889)	(313,754)	(283,497)	(74,708)	(230,202)	-	(1,370,984)
Net Cash Used by Investing Activities	(218,934)	(249,889)	(313,754)	(283,497)	(74,708)	(230,202)	-	(1,370,984)
CASH FLOWS FROM FINANCING ACTIVITIES								
Payments of Prop ID Funding	-	-	-	-	(290,306)	-	-	(290,306)
Repayment of Prop 55 Funding	-	(381,148)	-	-	-	-	-	(381,148)
Repayment of Debt	-	-	-	-	(375,000)	-	-	(375,000)
Net Cash Used by Financing Activities	-	(381,148)	-	-	(665,306)	-	-	(1,046,454)
NET CHANGE IN CASH AND CASH EQUIVALENTS	586,128	560,081	1,114,771	558,180	(486,414)	(200,750)	974,518	3,106,514
Cash and Cash Equivalents, Beginning of Year	2,447,139	1,117,684	2,918,361	1,291,459	1,363,386	1,190,598	442,733	10,771,360
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,033,267	\$ 1,677,765	\$ 4,033,132	\$ 1,849,639	\$ 876,972	\$ 989,848	\$ 1,417,251	\$ 13,877,874
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	\$ -	\$ 218,244	\$ -	\$ -	\$ 167,477	\$ -	\$ -	\$ 385,721
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES								
Loan Forgiveness	\$ -	\$ -	\$ -	\$ -	\$ 9,021,398	\$ -	\$ -	\$ 9,021,398

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF FINANCIAL POSITION – PNEDG
JUNE 30, 2021**

ASSETS	Early Childhood Center	PNEDG	Total
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 118,941	\$ 5,617,738	\$ 5,736,679
Accounts Receivable	40,316	-	40,316
Intercompany Receivable	-	1,763,662	1,763,662
Due from Others	86,375	115,754	202,129
Prepaid Expenses and Other Assets	12,400	89,398	101,798
Total Current Assets	<u>258,032</u>	<u>7,586,552</u>	<u>7,844,584</u>
PROPERTY, PLANT, AND EQUIPMENT			
Land	-	3,540,752	3,540,752
Buildings	34,525	385,412	419,937
Leasehold Improvements	26,945	411,771	438,716
Equipment and Computers	22,581	346,941	369,522
Furniture	30,271	18,456	48,727
Accumulated Depreciation	(51,558)	(577,797)	(629,355)
Total Property, Plant, and Equipment	<u>62,764</u>	<u>4,125,535</u>	<u>4,188,299</u>
Total Assets	<u>\$ 320,796</u>	<u>\$ 11,712,087</u>	<u>\$ 12,032,883</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 5,983	\$ 108,597	\$ 114,580
Accrued Liabilities	44,999	162,461	207,460
Intercompany Payables	-	267,329	267,329
Deferred Revenue	47,084	-	47,084
Total Current Liabilities	<u>98,066</u>	<u>538,387</u>	<u>636,453</u>
NET ASSETS			
Without Donor Restriction:			
Undesignated	159,966	(1,419,565)	(1,259,599)
Property, Plant, and Equipment, Net Related Debt	62,764	4,125,535	4,188,299
Designated/Deferred Maintenance	-	4,233,865	4,233,865
Total Without Donor Restriction	<u>222,730</u>	<u>6,939,835</u>	<u>7,162,565</u>
With Donor Restriction	-	4,233,865	4,233,865
Total Net Assets	<u>222,730</u>	<u>11,173,700</u>	<u>11,396,430</u>
Total Liabilities and Net Assets	<u>\$ 320,796</u>	<u>\$ 11,712,087</u>	<u>\$ 12,032,883</u>

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF ACTIVITIES – PNEDG
YEAR ENDED JUNE 30, 2021**

	Early Childhood Center	PNEDG	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTION				
REVENUES				
State Revenue:				
Other State Revenue	\$ 583,979	\$ -	\$ -	\$ 583,979
Local Revenue:				
Contributions	121,925	1,563,527	-	1,685,452
Support Services	-	5,693,853	(64,987)	5,628,866
Investment Income	-	185	-	185
Other Revenue	(22,500)	682,908	-	660,408
Total Revenues Without Donor Restriction	683,404	7,940,473	(64,987)	8,558,890
Net Assets Released from Restriction	-	271,300	-	271,300
Total Unrestricted Revenues and Net Assets Released from Restriction	683,404	8,211,773	(64,987)	8,830,190
EXPENSES				
Program Services	454,712	2,733,554	-	3,188,266
Management and General	183,128	4,237,538	(64,987)	4,355,679
Fundraising	-	39,033	-	39,033
Total Expenses	637,840	7,010,125	(64,987)	7,582,978
Change in Net Assets Without Donor Restriction	45,564	1,201,648	-	1,247,212
NET ASSETS WITH DONOR RESTRICTION				
Contributions	-	118,413	-	118,413
Net Assets Released from Restriction	-	(271,300)	-	(271,300)
Change in Net Assets with Donor Restriction	-	(152,887)	-	(152,887)
CHANGE IN TOTAL NET ASSETS	45,564	1,048,761	-	1,094,325
Net Assets, Beginning of Year	177,166	10,124,939	-	10,302,105
NET ASSETS, END OF YEAR	<u>\$ 222,730</u>	<u>\$ 11,173,700</u>	<u>\$ -</u>	<u>\$ 11,396,430</u>

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF CASH FLOWS – PNEDG
YEAR ENDED JUNE 30, 2021**

	Early Childhood Center	PNEDG	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in Net Assets	\$ 45,564	\$ 1,048,761	\$ 1,094,325
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:			
Depreciation	7,374	71,910	79,284
(Increase) Decrease in Assets:			
Accounts Receivable	(36,615)	112,679	76,064
Intercompany Receivables	10,043	(1,358,452)	(1,348,409)
Due from Others	-	263,303	263,303
Prepaid Expenses and Other Assets	2,275	62,286	64,561
Increase (Decrease) in Liabilities:			
Accounts Payable and Accrued Liabilities	33,917	15,874	49,791
Intercompany Payables	-	194,393	194,393
Deferred Revenue	47,084	-	47,084
Net Cash Provided by Operating Activities	<u>109,642</u>	<u>410,754</u>	<u>520,396</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property, Plant, and Equipment	<u>(13,227)</u>	<u>(52,470)</u>	<u>(65,697)</u>
Net Cash Used by Investing Activities	<u>(13,227)</u>	<u>(52,470)</u>	<u>(65,697)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	96,415	358,284	454,699
Cash and Cash Equivalents, Beginning of Year	<u>22,526</u>	<u>5,259,454</u>	<u>5,281,980</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 118,941</u>	<u>\$ 5,617,738</u>	<u>\$ 5,736,679</u>

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF FINANCIAL POSITION – GNLA BY LLC
JUNE 30, 2021**

	GNLA 697 S. Burlington, LLC	3500 W. Temple St., LLC	Fifteenth & Ardmore, LLC	GNLA 669 S. Burlington, LLC	GNLA Corporate	Eliminations	Total
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 266,114	\$ -	\$ 112,218	\$ 130,289	\$ 81,690	\$ -	\$ 590,311
Accounts Receivable	-	-	-	16,066	-	-	16,066
Intercompany Receivable	426,280	24,000	-	97,457	296,469	(576,867)	267,339
Prepaid Expenses and Other Assets	832	500	-	4,900	1,100	-	7,332
Total Current Assets	693,226	24,500	112,218	248,712	379,259	(576,867)	881,048
NONCURRENT ASSETS							
Investment in Subsidiaries	480,813	-	-	-	21,656,115	(22,136,928)	-
Total Noncurrent Assets	480,813	-	-	-	21,656,115	(22,136,928)	-
PROPERTY, PLANT, AND EQUIPMENT							
Land	2,331,852	5,043,717	318,209	1,306,940	-	-	9,000,718
Buildings	11,942,316	15,161,759	6,238,744	560,873	-	-	33,903,692
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	(5,007,576)	(6,574,342)	(1,755,572)	(7,011)	(28,046)	-	(13,372,547)
Total Property, Plant, and Equipment	9,266,592	18,008,646	5,590,346	1,860,802	-	-	34,726,386
Total Assets	\$ 10,440,631	\$ 18,033,146	\$ 5,702,564	\$ 2,109,514	\$ 22,035,374	\$ (22,713,795)	\$ 35,607,434
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts Payable	\$ 7,454	\$ 22,770	\$ 4,720	\$ 33,018	\$ 8,908	\$ -	\$ 76,870
Accrued Liabilities	-	-	49,100	-	(1,550)	-	47,550
Intercompany Payables	-	301,867	-	275,000	-	(576,867)	-
Deferred Revenue	-	-	-	-	250	-	250
Loans Payable, Current Portion	-	29,937	165,546	19,697	-	-	215,180
Bonds Payable, Current Portion	213,730	324,352	-	-	-	-	538,082
Total Current Liabilities	221,184	678,926	219,366	327,715	7,608	(576,867)	877,932
NONCURRENT LIABILITIES							
Loans Payable, Net of Current Portion	-	690,545	1,167,033	1,001,011	-	-	2,858,589
Bonds Payable, Net of Current Portion	4,297,235	4,746,176	-	-	-	-	9,043,411
Liabilities Related to Interest Swap Agreements	70,576	19,575	-	-	-	-	90,151
Total Noncurrent Liabilities	4,367,811	5,456,296	1,167,033	1,001,011	-	-	11,992,151
Total Liabilities	4,588,995	6,135,222	1,386,399	1,328,726	7,608	(576,867)	12,870,083
NET ASSETS							
Contributed Capital Without Donor Restriction	6,579,788	15,171,378	385,762	-	22,012,686	(22,136,928)	22,012,686
Net Assets Without Donor Restriction	(728,152)	(3,273,454)	3,930,403	780,788	15,080	-	724,665
Total Without Donor Restriction	5,851,636	11,897,924	4,316,165	780,788	22,027,766	(22,136,928)	22,737,351
Total Net Assets	5,851,636	11,897,924	4,316,165	780,788	22,027,766	(22,136,928)	22,737,351
Total Liabilities and Net Assets	\$ 10,440,631	\$ 18,033,146	\$ 5,702,564	\$ 2,109,514	\$ 22,035,374	\$ (22,713,795)	\$ 35,607,434

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF ACTIVITIES – GNLA BY LLC
YEAR ENDED JUNE 30, 2021**

	GNLA 697 S. Burlington, LLC	3500 W. Temple St., LLC	Fifteenth & Ardmore, LLC	GNLA 669 S. Burlington, LLC	GNLA Corporate	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTION							
REVENUES							
Contributions	\$ -	\$ -	\$ -	\$ 334,500	\$ -	\$ -	\$ 334,500
Rental Income	674,376	568,946	218,928	20,150	120,936	-	1,603,336
Other Revenue	-	-	-	54	-	-	54
Total Revenues Without Donor Restriction	674,376	568,946	218,928	354,704	120,936	-	1,937,890
EXPENSES							
Program Services	302,912	531,426	167,569	37,135	67,170	-	1,106,212
Management and General	172,188	302,394	61,141	17,594	10,288	-	563,605
Total Expenses	475,100	833,820	228,710	54,729	77,458	-	1,669,817
Change in Value of Interest Swap Agreements	79,688	999	-	-	-	-	80,687
Investment in LLC	-	-	-	480,813	-	(480,813)	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	278,964	(263,875)	(9,782)	780,788	43,478	(480,813)	348,760
Net Assets, Beginning of Year	5,572,672	12,161,799	4,325,947	-	21,984,288	(21,656,115)	22,388,591
NET ASSETS, END OF YEAR	\$ 5,851,636	\$ 11,897,924	\$ 4,316,165	\$ 780,788	\$ 22,027,766	\$ (22,136,928)	\$ 22,737,351

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF CASH FLOWS – GNLA BY LLC
YEAR ENDED JUNE 30, 2021**

	GNLA 697 S. Burlington, LLC	3500 W. Temple St., LLC	Fifteenth & Ardmore, LLC	GNLA 669 S. Burlington, LLC	GNLA Corporate	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in Net Assets	\$ 278,964	\$ (263,875)	\$ (9,782)	\$ 780,788	\$ 43,478	\$ (480,813)	\$ 348,760
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:							
Depreciation	302,902	487,739	167,552	7,011	-	-	965,204
Amortization	-	23,366	-	-	-	-	23,366
(Increase) Decrease in Assets:							
Accounts Receivable	-	-	-	(16,066)	-	-	(16,066)
Intercompany Receivable	(426,280)	(24,000)	-	(97,457)	(72,946)	426,280	(194,403)
Prepaid Expenses and Other Assets	-	458	-	(4,900)	-	-	(4,442)
Increase (Decrease) in Liabilities:							
Accounts Payable and Accrued Liabilities	(601)	10,650	(558)	33,018	3,166	-	45,675
Intercompany Payable	(31,547)	151,280	-	275,000	-	(426,280)	(31,547)
Deferred Revenue	(56,198)	(45,171)	(18,244)	-	-	-	(119,613)
Change in Value of Interest Rate Swap Agreements	(79,688)	(999)	-	-	-	-	(80,687)
Net Cash Provided (Used) by Operating Activities	(12,448)	339,448	138,968	977,394	(26,302)	(480,813)	936,247
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment in Subsidiaries	(480,813)	-	-	-	-	480,813	-
Purchases of Property, Plant, and Equipment	-	-	-	(1,867,813)	-	-	(1,867,813)
Net Cash Provided (Used) by Investing Activities	(480,813)	-	-	(1,867,813)	-	480,813	(1,867,813)
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from Debt	-	-	-	1,022,260	-	-	1,022,260
Repayment of Debt	(207,841)	(339,448)	(157,793)	(1,552)	-	-	(706,634)
Net Cash Provided (Used) by Financing Activities	(207,841)	(339,448)	(157,793)	1,020,708	-	-	315,626
NET CHANGE IN CASH AND CASH EQUIVALENTS	(701,102)	-	(18,825)	130,289	(26,302)	-	(615,940)
Cash and Cash Equivalents, Beginning of Year	967,216	-	131,043	-	107,992	-	1,206,251
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 266,114	\$ -	\$ 112,218	\$ 130,289	\$ 81,690	\$ -	\$ 590,311
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION							
Cash Paid for Interest	\$ 171,638	\$ 259,335	\$ 60,590	\$ 6,463	\$ -	\$ -	\$ 498,026

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

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 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 3 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, 2021. 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 4 INDIRECT COST RATE

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

NOTE 5 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.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2021**

NOTE 6 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 7 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, Fifteenth and Ardmore, LLC, and GNLA 669 S. Burlington, LLC.

- Tentative Report
For Discussion Purposes Only
Subject to Revision

**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, 2021, 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) as a basis for designing 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

- Tentative Report
For Discussion Purposes Only
Subject to Revision

**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, 2021. 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, 2021.

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 *2020-2021 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, 2021. 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 *2020-2021 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>
Local Education Agencies:	
Attendance and Distance Learning	Yes
Instructional Time	Yes
School Districts, County Office of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Independent Study-Course Based	Not applicable
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instructional/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
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, 2021.

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 *2020-2021 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, 2021**

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)

21.019
84.425C

84.425D

Name of Federal Program or Cluster

Coronavirus Relief Fund
Governor's Emergency Education Relief (GEER) Fund
Elementary and Secondary School Emergency Relief (ESSER) Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

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, 2021.

- Tentative Report
For Discussion Purposes Only
Subject to Revision

**CAMINO NUEVO CHARTER ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

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

- Tentative Report
For Discussion Purposes Only
Subject to Revision