

**CAMINO NUEVO CHARTER ACADEMY
CONSOLIDATING FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Pueblo Nuevo Education and Development Group (PNEDG)

Grupo Nuevo Los Angeles and Subsidiaries (GNLA)

CHARTER SCHOOLS:

Camino Nuevo Charter Academy – Burlington (CNCA#1)

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

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

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

Camino Nuevo Charter High – Miramar High School (CNHS #1)

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



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CONSULTING**

**CAMINO NUEVO CHARTER ACADEMY
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YEAR ENDED JUNE 30, 2019**

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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, 2019, 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, 2019, 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 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 November 18, 2019 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
November 18, 2019

**CAMINO NUEVO CHARTER ACADEMY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019**

ASSETS	CNCA	PNEDG	GNLA	Eliminations	Total
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 10,469,627	\$ 2,171,792	\$ 1,003,137	\$ -	\$ 13,644,556
Accounts Receivable	2,704,375	502,681	25,139	(25,139)	3,207,056
Due from Others	57,725	954,819	-	(770,076)	242,468
Prepaid Expenses and Other Assets	342,539	101,213	2,390	-	446,142
Total Current Assets	<u>13,574,266</u>	<u>3,730,505</u>	<u>1,030,666</u>	<u>(795,215)</u>	<u>17,540,222</u>
NONCURRENT ASSETS					
Notes Receivable	-	1,879,670	-	(1,879,670)	-
PROPERTY, PLANT, AND EQUIPMENT					
Land	12,579,941	3,540,752	7,693,778	-	23,814,471
Construction in Progress	1,376,215	-	-	-	1,376,215
Buildings	48,552,053	385,001	33,342,819	-	82,279,873
Leasehold Improvements	1,783,276	410,018	4,819,353	-	7,012,647
Equipment and Computers	3,273,499	297,217	345,855	-	3,916,571
Furniture	297,646	48,727	29,315	-	375,688
Accumulated Depreciation	<u>(8,944,903)</u>	<u>(478,675)</u>	<u>(11,449,065)</u>	<u>-</u>	<u>(20,872,643)</u>
Total Property, Plant, and Equipment	<u>58,917,727</u>	<u>4,203,040</u>	<u>34,782,055</u>	<u>-</u>	<u>97,902,822</u>
Total Noncurrent Assets	<u>58,917,727</u>	<u>6,082,710</u>	<u>34,782,055</u>	<u>(1,879,670)</u>	<u>97,902,822</u>
Total Assets	<u>\$ 72,491,993</u>	<u>\$ 9,813,215</u>	<u>\$ 35,812,721</u>	<u>\$ (2,674,885)</u>	<u>\$ 115,443,044</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 1,650,396	\$ 115,516	\$ 142,762	\$ -	\$ 1,908,674
Accrued Liabilities	1,576,163	332,722	67,371	(795,215)	1,181,041
Due to Others	260	-	-	-	260
Deferred Revenue	20,058	-	250	-	20,308
Loans Payable, Current Portion	909,732	-	1,656,782	(1,879,670)	686,844
Bonds Payable, Current Portion	-	-	499,088	-	499,088
Total Current Liabilities	<u>4,156,609</u>	<u>448,238</u>	<u>2,366,253</u>	<u>(2,674,885)</u>	<u>4,296,215</u>
NONCURRENT LIABILITIES					
Loans Payable, Net of Current	20,348,385	-	745,391	-	21,093,776
Bonds Payable, Net of Current	-	-	10,055,838	-	10,055,838
Liabilities Related to Interest Swap Agreements	-	-	72,780	-	72,780
Total Noncurrent Liabilities	<u>20,348,385</u>	<u>-</u>	<u>10,874,009</u>	<u>-</u>	<u>31,222,394</u>
Total Liabilities	<u>24,504,994</u>	<u>448,238</u>	<u>13,240,262</u>	<u>(2,674,885)</u>	<u>35,518,609</u>
NET ASSETS					
Without Donor Restriction:					
Contributed Capital	-	-	22,012,686	-	22,012,686
Undesignated	8,132,796	927,199	559,773	-	9,619,768
Property, Plant, and Equipment, Net Related Debt	37,659,610	4,203,040	-	-	41,862,650
Designated/Deferred Maintenance	<u>1,809,219</u>	<u>234,738</u>	<u>-</u>	<u>-</u>	<u>2,043,957</u>
Total Without Donor Restriction	<u>47,601,625</u>	<u>5,364,977</u>	<u>22,572,459</u>	<u>-</u>	<u>75,539,061</u>
With Donor Restriction	<u>385,374</u>	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>4,385,374</u>
Total Net Assets	<u>47,986,999</u>	<u>9,364,977</u>	<u>22,572,459</u>	<u>-</u>	<u>79,924,435</u>
Total Liabilities and Net Assets	<u>\$ 72,491,993</u>	<u>\$ 9,813,215</u>	<u>\$ 35,812,721</u>	<u>\$ (2,674,885)</u>	<u>\$ 115,443,044</u>

See accompanying Notes to Consolidating Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	<u>CNCA</u>	<u>PNEDG</u>	<u>GNLA</u>	<u>Eliminations</u>	<u>Total</u>
NET ASSETS WITHOUT DONOR RESTRICTION					
REVENUES					
State Revenue:					
State Aid	\$ 27,647,644	\$ -	\$ -	\$ -	\$ 27,647,644
Other State Revenue	5,435,703	587,058	-	-	6,022,761
Federal Revenue:					
Grants and Entitlements	4,496,696	-	-	-	4,496,696
Local Revenue:					
In-Lieu Property Tax Revenue	8,292,681	-	-	-	8,292,681
Support Services	-	5,378,894	-	(5,378,894)	-
Contributions	232,077	1,666,886	-	-	1,898,963
Interest Income	134,204	-	2,395	-	136,599
Loan Forgiveness	-	-	4,440,754	-	4,440,754
Other Revenue	573,711	750,837	1,622,791	(1,570,791)	1,376,548
Total Revenue Without Donor Restriction	<u>46,812,716</u>	<u>8,383,675</u>	<u>6,065,940</u>	<u>(6,949,685)</u>	<u>54,312,646</u>
Net Assets Released from Restriction	<u>746,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>746,660</u>
Total Revenues Without Donor Restriction and Net Assets Released from Restriction	<u>47,559,376</u>	<u>8,383,675</u>	<u>6,065,940</u>	<u>(6,949,685)</u>	<u>55,059,306</u>
EXPENSES					
Program Services	35,291,405	2,797,601	1,490,027	(1,318,200)	38,260,833
Management and General	13,782,807	4,948,646	801,989	(5,627,608)	13,905,834
Fundraising	34,671	215,081	-	(3,877)	245,875
Total Expenses	<u>49,108,883</u>	<u>7,961,328</u>	<u>2,292,016</u>	<u>(6,949,685)</u>	<u>52,412,542</u>
OTHER INCOME (EXPENSE)					
Change in Value of Interest Swap Agreements	-	-	(157,946)	-	(157,946)
Total Other Income (Expense)	<u>-</u>	<u>-</u>	<u>(157,946)</u>	<u>-</u>	<u>(157,946)</u>
Change in Net Assets Without Donor Restriction	(1,549,507)	422,347	3,615,978	-	2,488,818
NET ASSETS WITH DONOR RESTRICTION					
Other State Revenue	12,367	-	-	-	12,367
Net Assets Released from Restriction	(746,660)	-	-	-	(746,660)
Change in Net Assets With Donor Restriction	<u>(734,293)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(734,293)</u>
CHANGE IN TOTAL NET ASSETS	(2,283,800)	422,347	3,615,978	-	1,754,525
Net Assets, Beginning of Year	<u>50,270,799</u>	<u>8,942,630</u>	<u>18,956,481</u>	<u>-</u>	<u>78,169,910</u>
NET ASSETS, END OF YEAR	<u>\$ 47,986,999</u>	<u>\$ 9,364,977</u>	<u>\$ 22,572,459</u>	<u>\$ -</u>	<u>\$ 79,924,435</u>

See accompanying Notes to Consolidating Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

	<u>CNCA</u>	<u>PNEDG</u>	<u>GNLA</u>	<u>Eliminations</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ (2,283,800)	\$ 422,347	\$ 3,615,978	\$ -	\$ 1,754,525
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities					
Depreciation	1,472,507	65,450	959,945	-	2,497,902
Amortization	-	-	66,557	-	66,557
Loan Forgiveness	2,728,867		(4,440,754)		(1,711,887)
(Increase) Decrease in Assets:					
Accounts Receivable	(439,249)	(473,876)	(14,675)	-	(927,800)
Due from Others	(7,893)	(954,218)	-	-	(962,111)
Prepaid Expenses and Other Assets	(93,407)	(9,688)	5,800	-	(97,295)
Deferred Tax Asset	-	-	231,626	-	231,626
Increase (Decrease) in Liabilities:					
Accounts Payable and Accrued Liabilities	517,839	163,908	117,512	-	799,259
Due to Others	(902)	-	-	-	(902)
Deferred Revenue	1,933	-	(128,319)	-	(126,386)
Deferred Tax Liability	-	-	-	-	-
Change in Value of Interest Rate Swap Agreements	-	-	157,946	-	157,946
Net Cash Provided (Used) by Operating Activities	<u>1,895,895</u>	<u>(786,077)</u>	<u>571,616</u>	<u>-</u>	<u>1,681,434</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Notes Receivable	-	(1,629,670)	-	1,629,670	-
Purchases of Property, Plant, and Equipment	<u>(1,635,811)</u>	<u>(77,234)</u>	<u>-</u>	<u>-</u>	<u>(1,713,045)</u>
Net Cash Provided (Used) by Investing Activities	<u>(1,635,811)</u>	<u>(1,706,904)</u>	<u>-</u>	<u>1,629,670</u>	<u>(1,713,045)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Debt	-	-	1,629,670	(1,629,670)	-
Repayments of Prop 1D Funding	(279,033)	-	-	-	(279,033)
Payments of Prop 55 Funding	(367,763)	-	-	-	(367,763)
Repayment of Debt	<u>-</u>	<u>-</u>	<u>(2,113,487)</u>	<u>-</u>	<u>(2,113,487)</u>
Net Cash Provided (Used) by Financing Activities	<u>(646,796)</u>	<u>-</u>	<u>(483,817)</u>	<u>(1,629,670)</u>	<u>(2,760,283)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(386,712)</u>	<u>(2,492,981)</u>	<u>87,799</u>	<u>-</u>	<u>(2,791,894)</u>
Cash and Cash Equivalents, Beginning of Year	<u>10,856,339</u>	<u>4,664,773</u>	<u>915,338</u>	<u>-</u>	<u>16,436,450</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,469,627</u>	<u>\$ 2,171,792</u>	<u>\$ 1,003,137</u>	<u>\$ -</u>	<u>\$ 13,644,556</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Cash Paid for Interest	<u>\$ 414,341</u>	<u>\$ 235,591</u>	<u>\$ 696,987</u>	<u>\$ -</u>	<u>\$ 1,346,919</u>

See accompanying Notes to Consolidating Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Services	Management and General	Fundraising	Eliminations	Total
Salaries and Wages	\$ 19,274,176	\$ 4,569,181	\$ 163,314	\$ -	\$ 24,006,671
Pension Expense	2,897,270	509,067	8,188	-	3,414,525
Other Employee Benefits	1,806,918	398,627	13,074	-	2,218,619
Payroll Taxes	464,015	388,575	15,648	-	868,238
Legal Expenses	-	294,504	-	-	294,504
Accounting Expenses	-	516,000	-	-	516,000
Other Fees for Services	4,716,715	973,721	-	-	5,690,436
Advertising and Promotion Expenses	-	120,587	-	-	120,587
Instructional Materials	572,796	-	-	-	572,796
Office Expenses	585,460	923,641	-	-	1,509,101
Printing and Postage Expenses	-	25,229	-	-	25,229
Information Technology Expenses	-	229,377	-	-	229,377
Occupancy Expenses	3,403,579	532,884	8,329	(1,570,791)	2,374,001
Travel Expenses	440,693	-	-	-	440,693
Interest Expense	-	1,111,328	-	-	1,111,328
Depreciation Expense	2,309,260	188,642	-	-	2,497,902
Insurance Expense	-	276,559	-	-	276,559
Loan Forgiveness	-	2,728,867	-	-	2,728,867
Other Expenses	3,108,151	5,746,653	41,199	(5,378,894)	3,517,109
Subtotal	39,579,033	19,533,442	249,752	(6,949,685)	52,412,542
Eliminations	(1,318,200)	(5,627,608)	(3,877)	6,949,685	-
Total Expenses by Function	<u>\$ 38,260,833</u>	<u>\$ 13,905,834</u>	<u>\$ 245,875</u>	<u>\$ -</u>	<u>\$ 52,412,542</u>

See accompanying Notes to Consolidating Financial Statements.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Camino Nuevo Charter Academy (CNCA) is a not-for-profit benefit corporation under the laws of the state of California. CNCA is designed to meet the educational needs of largely Latino community neighborhoods, west of downtown Los Angeles, in the greater McArthur 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, 2019, 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/EDG) 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, 2019, as follows:

- GNLA 697 S. Burlington, LLC
- 3500 W. Temple St., LLC
- Fifteenth & Ardmere, LLC
- Fifteenth & Ardmere Investments, LLC (acquired by Fifteenth & Ardmere, LLC during 2019)

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The consolidating financial statements include the accounts of CNCA, PNEDG, and GNLA and its single member limited liability company subsidiaries: GNLA 697 South Burlington LLC, 3500 West Temple Street, LLC, and Fifteenth and Ardmore, LLC (Ardmore LLC). Each subsidiary manages one property except 3500 West Temple Street, LLC which manages three properties: 3435 West Temple Street, a soccer field on the northwest corner of Hoover and Temple in Los Angeles, and 320 North Commonwealth Avenue. The formation of these subsidiaries is to 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.

Additionally, Ardmore LLC was the sole member of Fifteenth and Ardmore Investments, LLC (Investments LLC). In June 2019, Ardmore, LLC acquired Investments LLC as part of the New Market Tax Credit (NMTC) unwind agreement.

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, 2019**

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 and board-designated endowment.

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. 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. At June 30, 2019 CNCA had the following net assets with donor restrictions:

California Clean Energy Funding	\$ 373,007
Child Nutrition Program	12,367
Restricted Funds Transfer from CNCA	4,000,000
Total Net Assets With Donor Restriction	<u>\$ 4,385,374</u>

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, 2019. 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 \$2,497,902 for the year ended June 30, 2019.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

Contributions

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

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.

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. Unused sick leave does not carry over from year-to-year.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

CNCA, PNEDG, and GNLA are non-profit 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, 2019, CNCA has chosen to identify each charter school separately within the consolidating financial statements by charter school. In cases where specific identification of each charter's activities was not possible, items were allocated according to Average Daily Attendance (ADA).

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The School has implemented ASU 2016-14 and have adjusted the presentation in these consolidating financial statements accordingly.

Evaluation of Subsequent Events

CNCA has evaluated subsequent events through November 18, 2019, the date these consolidating financial statements were available to be issued.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019**

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 too 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, 2019, financial assets available for general expenditures comprise cash and cash equivalents, accounts receivable and amounts due from others for the total amount of \$17,094,080. Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the statement of financial position date.

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, 2019, as provided by the pool sponsor was approximately \$7,442,162.

NOTE 4 SUPPORT SERVICES

PNEDG provides CNCA with limited services and support, including 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 the CNCA and PNEDG that the CNCA Board and its administrator retain ultimate responsibility for and control of the management and operation of its charter schools, including but not limited to governance and the administration and delivery of curriculum. As compensation for the services, CNCA transfers twelve percent (12%) of the operational funding. The total amount of the support services were \$5,378,894 for the year ended June 30, 2019.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019**

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.

EDG 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. EDG also leases its support office from GNLA. The lease requires monthly payments of \$6,078 and expired in 2019. This lease is currently on a month-to-month basis.

CNCA #1 has a lease for two school sites from GNLA. 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 commenced in November 2012 and is for a period of 13 years, expiring in 2025 with one five-year option to extend the lease. The initial monthly lease payment is \$20,333.

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 \$545,340 for the year ended June 30, 2019. 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, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 1,585,160
2021	1,672,322
2022	1,672,578
2023	1,672,465
2024	1,437,070
Thereafter	2,894,629
Total	<u><u>\$ 10,934,224</u></u>

Unrelated Parties

CNCA #3 – In June 2010, CNCA signed a facility use agreement with LAUSD for use of property located at 1723 W. Cordova Street, Los Angeles, California. The agreement commenced in August 2010 and carries a term that coincides with CNCA #3's charter. The agreement does not require CNCA to pay a lease amount for the use of the property, but instead CNCA pays regulatory fees and police service fees for the maintenance of the facility and other services. These fees are negotiated annually and therefore cannot be determined for future years. The regulatory and police service fees paid to LAUSD for CNCA #3 for the year ended June 30, 2019 were \$119,201.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 COMMITMENTS (CONTINUED)

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 and police service fees for the maintenance of the facility and other services. These fees are negotiated annually and therefore cannot be determined for future years. The regulatory and police service fees paid to LAUSD for CNCA #4 for the year ended June 30, 2019 were \$100,625.

NOTE 6 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, 2018, total STRS plan net assets are \$225 billion, the total actuarial present value of accumulated plan benefits is \$374 billion, contributions from all employers totaled \$4.9 billion, and the plan is 64% 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.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 EMPLOYEE RETIREMENT (CONTINUED)

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 9.205% of their salary. CNCA is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020-21.

The required employer contribution rate for year ended June 30, 2019 was 16.28% 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>
2017	\$ 1,881,651	100%
2018	\$ 2,223,250	100%
2019	\$ 2,445,801	100%

Public Employees' Retirement System (PERS)

Plan Description

CNCA contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2017, the School Employer Pool total plan assets are \$60.9 billion, the present value of accumulated plan benefits is \$99.6 billion, contributions from all employers totaled \$1.8 billion, and the plan is 72.1% funded. CNCA did not contribute more than 5% of the total contributions to the plan.

Funding Policy

Active plan members brought into PERS membership prior to January 1, 2013 are required to contribute 7.0% of their salary while new members after January 1, 2013 are required to contribute 6.5% of their salary. CNCA is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration.

The required employer contribution rate for year ended June 30, 2019 was 18.062%. The contribution requirements of the plan members are established and may be amended by state statute.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 EMPLOYEE RETIREMENT (CONTINUED)

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>
2017	\$ 679,751	100%
2018	\$ 662,322	100%
2019	\$ 749,526	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% non-elective 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, 2019 was \$219,198.

NOTE 7 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, 2019 is \$11,411,799.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Future payments of Proposition 55 are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2020	\$ 375,118
2021	382,621
2022	390,273
2023	398,079
2024	406,040
Thereafter	9,459,668
Total	<u>\$ 11,411,799</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 I 7078.57(a)(I)(D) and (E) of the Education Code.

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 an existing high school campus. The long-term agreement is described in Note 5. Although the funds were remitted to LAUSD, CNHS #1 is expected to repay the 50% of the final apportionment funding to the state. CNHS #1 has recorded debt related to this funding of \$10,937,833, the balance at June 30, 2019 is \$9,596,318.

Future payments of Proposition 1D are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2020	\$ 284,614
2021	290,306
2022	296,112
2023	302,035
2024	308,075
Thereafter	8,115,176
Total	<u>\$ 9,596,318</u>

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Line of Credit

CNCA has a revolving line of credit with Wells Fargo Bank for \$2,000,000 with an annual interest rate equal to the greater of a floating interest rate equal to the Index plus 1% or the Floor Rate of 5%. The line of credit is available until June 2020. There was no balance as of June 30, 2019.

Notes Payable

In June 2012, in connection with the NMTC program, GNLA obtained three notes from ExED Facilities IX, LLC for a total of \$6,564,500 for the project at 2755 West Fifteenth Street and 2764 West Fourteenth Street in Los Angeles. These notes consist of note A of \$1,609,000, note B of \$3,233,613 and note C of \$1,721,887. These notes carry a fixed interest rate of 2.86% per annum and mature in June 2042 with amortization of principal and interest over 30 years. No principal amounts are due during the first seven years of the loan. Note A was paid off during the year. As a result of the NMTC unwind, the debt balance of Note B and C in the amount of \$4,955,500 was forgiven in June 2019.

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, 2019, the principal amount outstanding on the loan is \$776,256.

As of June 30, 2019, the future maturities for GNLA's notes payable are as follows:

<u>Year Ending June 30,</u>	<u>3500 W. Temple St., LLC</u>
2020	\$ 27,112
2021	28,662
2022	29,937
2023	690,545
Total Future Maturities	776,256
Unamortized Cost of Issuance	(3,753)
Total Notes Payable	<u>\$ 772,503</u>

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, 2019 is \$5,830,176.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 LONG-TERM DEBT (CONTINUED)

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, 2019 is \$4,919,170.

As of June 30, 2019, 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>
2020	\$ 298,724	\$ 200,364	\$ 499,088
2021	311,041	206,289	517,330
2022	324,352	213,730	538,082
2023	337,842	221,440	559,282
2024	351,688	229,039	580,727
Thereafter	4,206,529	3,848,308	8,054,837
Total Future Maturities	5,830,176	4,919,170	10,749,346
Unamortized Cost of Issuance	(194,420)	-	(194,420)
Total Notes Payable	<u>\$ 5,635,756</u>	<u>\$ 4,919,170</u>	<u>\$ 10,554,926</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, 2019	\$ 5,830,176	\$ 4,919,170
Fixed Interest Rate (GNLA Pays)	4.06%	3.315%
Variable Rate Basis	LIBOR	LIBOR

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.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 LONG-TERM DEBT (CONTINUED)

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, 2019, GNLA has recorded a liability of \$72,780 on the consolidating statement of financial position for the fair value of the interest rate swap agreements. As of June 30, 2019, the total notional amount of GNLA's receive-variable/pay-fix interest rate swaps was \$10,749,346.

NOTE 8 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, 2019 are as follows:

	Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2)
Liabilities Related to Interest Swap	\$ 72,780

Gains (realized and unrealized) included in net assets without donor restriction for the year ended June 30, 2019 relating to the interest rate swap liability held at the reporting date are \$157,946 and are reported in other changes in net assets. All liabilities have been valued using an income approach.

NOTE 9 NEW MARKETS TAX CREDIT (NMTC)

In June 2012, in partnership with CNCA, GNLA acquired property by obtaining long-term financing through the federal NMTC program. CNCA loaned \$3,233,613 to ExED 9 Investment Fund LLC (ExED LLC). Before the NMTC unwind, the note receivable balance for this loan was \$2,728,867. ExED LLC combined the proceeds from the loan with other investor funds to make qualified low-income community investments pursuant to NMTC laws.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 NEW MARKET TAX CREDIT (NMTC) (CONTINUED)

In order to facilitate the transaction, GNLA formed Fifteenth and Ardmore, LLC (Ardmore LLC) and Fifteenth and Ardmore Investments, LLC (Investments LLC). GNLA is the sole member of Ardmore LLC and Ardmore LLC was the sole member of Investments LLC. Investments LLC also held a note receivable to EXED LLC in the amount of \$514,746. In June 2019, Ardmore LLC acquired Investments LLC as part of the NMTC unwind and the notes related to the NMTC financing were forgiven. This included the notes receivable described above and a note payable in the amount of \$4,955,500 (See Note 7).

NOTE 10 DISTRIBUTIONS

During the year ended June 30, 2019 the majority of the assets and liabilities of Fifteenth and Ardmore Investments LLC were transferred to Fifteenth and Ardmore LLC as part of a reorganization in which the surviving company is Fifteenth and Ardmore LLC. See additional information in Note 9.

NOTE 11 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 12 CONTINGENCIES

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.

SUPPLEMENTARY INFORMATION

**CAMINO NUEVO CHARTER ACADEMY
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2019**

CNCA is a nonprofit public benefit corporation. CNCA operates a home 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, 2020	550
Camino Nuevo Academy #2 - Kayne Siart Campus (CNCA #2)	August 18, 2010	5 Years	June 30, 2020	680
Camino Nuevo Elementary #3 - Jose A. Castellanos/Jane B. Eisner Campuses (CNCA #3)	August 18, 2010	5 Years	June 30, 2020	750
Camino Nuevo Charter Academy #4 - Sandra Cisneros Learning Academy Campus (CNCA #4)	September 6, 2011	5 Years	June 30, 2021	600
Camino Nuevo Charter High - Miramar High School (CNHS #1)	September 1, 2004	5 Years	June 30, 2024	260
Camino Nuevo High #2 - Dalzell Lance High School (CNHS #2)	August 19, 2013	5 Years	June 30, 2024	430

**CAMINO NUEVO CHARTER ACADEMY
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (CONTINUED)
 YEAR ENDED JUNE 30, 2019**

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, 2019 were as follows:

CNCA BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>3 Year Term Expires</u>
Cindy Lee Smet	Chair	6/30/19
David Gidlow	Secretary	6/30/20
Shiho Ito	Treasurer	6/30/21
Tamara Powers	Member	6/30/21
Celia Alvarado	Member	6/30/20
Rachel Hunt	Member	6/30/21
Lida Jennings	Member	6/30/20

CNCA ADMINISTRATORS

Adriana Abich	Chief Executive Officer (effective 7/22/19)
Tammy Stanton	Chief Financial Officer

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2019**

K-8:

Grade Level	Requirement	2018-19 Minutes				Status
		Actual CNCA #1	Actual CNCA #2	Actual CNCA #3	Actual CNCA #4	
Kindergarten	36,000	63,575	63,250	65,450	66,380	In compliance
Grade 1	50,400	64,425	63,250	64,606	63,630	In compliance
Grade 2	50,400	64,425	63,250	64,606	63,630	In compliance
Grade 3	50,400	64,425	63,250	64,606	63,630	In compliance
Grade 4	54,000	64,715	63,250	63,410	63,630	In compliance
Grade 5	54,000	64,715	63,250	63,410	63,630	In compliance
Grade 6	54,000	64,715	65,045	65,802	65,670	In compliance
Grade 7	54,000	64,715	65,045	65,802	65,670	In compliance
Grade 8	54,000	64,715	65,045	65,802	65,670	In compliance
Traditional Days of Instruction		185	185	185	185	

High School:

Grade Level	Requirement	2018-19 Minutes		Status
		Actual CNHS #1	Actual CNHS #2	
Grade 9	64,800	67,685	68,175	In compliance
Grade 10	64,800	67,685	68,175	In compliance
Grade 11	64,800	67,685	68,175	In compliance
Grade 12	64,800	67,685	68,175	In compliance
Traditional Days of Instruction		185	185	

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2019**

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
CNCA #1				
Grades K-3	252.31	252.31	252.33	252.33
Grades 4-6	177.75	177.75	177.41	177.41
Grades 7-8	117.80	117.80	117.66	117.66
ADA Totals	547.86	547.86	547.40	547.40
CNCA #2				
Grades K-3	271.31	271.31	271.21	271.21
Grades 4-6	233.39	233.39	233.44	233.44
Grades 9-12	175.12	175.12	175.23	175.23
ADA Totals	679.82	679.82	679.88	679.88
CNCA #3				
Grades K-3	322.70	322.70	322.43	322.43
Grades 4-6	250.05	250.05	250.02	250.02
Grades 7-8	175.12	175.12	175.50	175.50
ADA Totals	747.87	747.87	747.95	747.95
CNCA #4				
Grades K-3	259.67	259.67	260.15	260.15
Grades 4-6	203.21	203.21	203.27	203.27
Grades 7-8	132.61	132.61	132.58	132.58
ADA Totals	595.49	595.49	596.00	596.00
CNHS #1				
Grades 9-12	262.39	262.39	260.68	260.68
ADA Totals	262.39	262.39	260.68	260.68
CNHS #2				
Grades 9-12	426.51	426.51	423.49	423.49
ADA Totals	426.51	426.51	423.49	423.49
ADA Totals	3,259.94	3,259.94	3,255.40	3,255.40

See accompanying Auditors' Report and Notes to Supplementary Information.

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

There were no adjustments and reclassifications for the year ended June 30, 2019.

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

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	\$ 321,344	\$ 281,582	\$ 363,504	\$ 267,881	\$ 166,428	\$ 207,565	\$ 1,608,304
Title II, Part A, Teacher Quality	84.367	14341	30,516	33,674	41,889	32,399	15,927	23,663	178,068
Title III, Limited English Proficiency	84.365	10084	40,164	35,678	49,992	27,773	8,973	5,555	168,135
Title IV	84.424	N/A	23,334	19,598	25,836	19,148	12,085	15,072	115,073
Special Education Cluster:									
Special Education - IDEA	84.027	13379	113,774	141,178	155,310	123,643	54,491	88,573	676,969
Total Special Education Cluster:			<u>113,774</u>	<u>141,178</u>	<u>155,310</u>	<u>123,643</u>	<u>54,491</u>	<u>88,573</u>	<u>676,969</u>
<i>Total U.S Department of Education</i>			529,132	511,710	636,531	470,844	257,904	340,428	2,746,549
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	61,313	50,207	75,545	36,498	15,621	31,761	270,945
Basic Breakfast	10.553	13526	1,070	876	1,319	637	273	554	4,729
National School Lunch Program	10.555	13396	321,678	263,407	396,347	191,486	81,956	166,637	1,421,511
Meal Supplements	10.555	13396	11,985	9,814	14,767	7,134	3,054	6,208	52,962
Child Nutrition Cluster Subtotal			<u>396,046</u>	<u>324,304</u>	<u>487,978</u>	<u>235,755</u>	<u>100,904</u>	<u>205,160</u>	<u>1,750,147</u>
<i>Total U.S Department of Agriculture</i>			<u>396,046</u>	<u>324,304</u>	<u>487,978</u>	<u>235,755</u>	<u>100,904</u>	<u>205,160</u>	<u>1,750,147</u>
Total Federal Expenditures			<u>\$ 925,178</u>	<u>\$ 836,014</u>	<u>\$ 1,124,509</u>	<u>\$ 706,599</u>	<u>\$ 358,808</u>	<u>\$ 545,588</u>	<u>\$ 4,496,696</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 ACTIVITIES – CNCA BY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2019**

ASSETS	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #1	CNHS #2	Home Support Office	Total
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 2,691,321	\$ 1,296,292	\$ 2,482,110	\$ 1,431,587	\$ 844,671	\$ 902,896	\$ 820,750	\$ 10,469,627
Accounts Receivable	524,232	500,381	670,508	407,945	170,685	430,624	-	2,704,375
Due from Others	4,292	31,880	7,659	4,337	4,219	5,338	-	57,725
Prepaid Expenses and Other Assets	99,290	39,567	58,690	42,669	21,193	81,130	-	342,539
Total Current Assets	<u>3,319,135</u>	<u>1,868,120</u>	<u>3,218,967</u>	<u>1,886,538</u>	<u>1,040,768</u>	<u>1,419,988</u>	<u>820,750</u>	<u>13,574,266</u>
PROPERTY, PLANT, AND EQUIPMENT								
Land	-	12,579,941	-	-	-	-	-	12,579,941
Construction in Progress	258,991	145,152	274,564	265,698	244,980	186,830	-	1,376,215
Buildings	621,862	25,602,393	122,403	116,866	21,875,667	212,862	-	48,552,053
Leasehold Improvements	778,595	359,360	87,916	4,979	-	552,426	-	1,783,276
Equipment and Computers	736,517	901,289	429,526	273,164	95,875	837,128	-	3,273,499
Furniture	118,161	117,972	44,826	-	-	16,687	-	297,646
Accumulated Depreciation	(1,297,543)	(3,019,832)	(247,663)	(162,365)	(3,314,267)	(903,233)	-	(8,944,903)
Total Property, Plant, and Equipment	<u>1,216,583</u>	<u>36,686,275</u>	<u>711,572</u>	<u>498,342</u>	<u>18,902,255</u>	<u>902,700</u>	<u>-</u>	<u>58,917,727</u>
Total Assets	<u>\$ 4,535,718</u>	<u>\$ 38,554,395</u>	<u>\$ 3,930,539</u>	<u>\$ 2,384,880</u>	<u>\$ 19,943,023</u>	<u>\$ 2,322,688</u>	<u>\$ 820,750</u>	<u>\$ 72,491,993</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable	\$ 294,822	\$ 136,574	\$ 440,503	\$ 443,588	\$ 212,576	\$ 55,729	\$ 66,604	\$ 1,650,396
Accrued Liabilities	117,481	127,842	160,276	129,182	90,598	125,030	825,754	1,576,163
Due to Others	-	-	-	-	-	-	260	260
Deferred Revenue	6,000	14,000	58	-	-	-	-	20,058
Loans Payable, Current Portion	-	375,118	-	-	534,614	-	-	909,732
Total Current Liabilities	<u>418,303</u>	<u>653,534</u>	<u>600,837</u>	<u>572,770</u>	<u>837,788</u>	<u>180,759</u>	<u>892,618</u>	<u>4,156,609</u>
NONCURRENT LIABILITIES								
Loans Payable, Net of Current	-	11,036,681	-	-	9,311,704	-	-	20,348,385
Total Noncurrent Liabilities	<u>-</u>	<u>11,036,681</u>	<u>-</u>	<u>-</u>	<u>9,311,704</u>	<u>-</u>	<u>-</u>	<u>20,348,385</u>
Total Liabilities	418,303	11,690,215	600,837	572,770	10,149,492	180,759	892,618	24,504,994
NET ASSETS								
Without Donor Restriction:								
Undesignated	2,724,625	1,038,482	2,014,510	953,606	437,842	1,035,599	(71,868)	8,132,796
Property, Plant, and Equipment, Net Related Debt	1,216,583	25,274,476	711,572	498,342	9,055,937	902,700	-	37,659,610
Designated/Deferred Maintenance	130,372	407,108	503,062	330,708	272,021	165,948	-	1,809,219
Total Without Donor Restriction	<u>4,071,580</u>	<u>26,720,066</u>	<u>3,229,144</u>	<u>1,782,656</u>	<u>9,765,800</u>	<u>2,104,247</u>	<u>(71,868)</u>	<u>47,601,625</u>
With Donor Restriction	45,835	144,114	100,558	29,454	27,731	37,682	-	385,374
Total Net Assets	<u>4,117,415</u>	<u>26,864,180</u>	<u>3,329,702</u>	<u>1,812,110</u>	<u>9,793,531</u>	<u>2,141,929</u>	<u>(71,868)</u>	<u>47,986,999</u>
Total Liabilities and Net Assets	<u>\$ 4,535,718</u>	<u>\$ 38,554,395</u>	<u>\$ 3,930,539</u>	<u>\$ 2,384,880</u>	<u>\$ 19,943,023</u>	<u>\$ 2,322,688</u>	<u>\$ 820,750</u>	<u>\$ 72,491,993</u>

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF ACTIVITIES – CNCA BY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2019**

	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #1	CNHS #2	Home Support Office	Total
NET ASSETS WITHOUT DONOR RESTRICTION								
REVENUES								
State Revenue:								
State Aid	\$ 4,472,805	\$ 5,478,231	\$ 6,080,925	\$ 4,784,071	\$ 2,601,736	\$ 4,229,876	\$ -	\$ 27,647,644
Other State Revenue	1,276,077	922,125	1,204,773	819,984	298,978	913,766	-	5,435,703
Federal Revenue:								
Grants and Entitlements	925,178	836,014	1,124,509	706,599	358,808	545,588	-	4,496,696
Local Revenue:								
In-Lieu Property Tax Revenue	1,393,701	1,729,394	1,902,506	1,514,587	667,494	1,084,999	-	8,292,681
Contributions	46,467	41,672	63,795	31,495	27,642	21,006	-	232,077
Interest Income	25,355	20,328	36,221	19,296	15,543	17,461	-	134,204
Other Revenue	83,804	122,148	153,254	97,681	56,879	59,945	-	573,711
Total Revenues Without Donor Restriction	8,223,387	9,149,912	10,565,983	7,973,713	4,027,080	6,872,641	-	46,812,716
Net Assets Released from Restriction	95,791	81,928	163,196	203,833	89,073	112,839	-	746,660
Total Revenues Without Donor Restriction and Net Assets Released from Restriction	8,319,178	9,231,840	10,729,179	8,177,546	4,116,153	6,985,480	-	47,559,376
EXPENSES								
Program Services	6,200,425	6,787,020	7,858,461	6,151,908	3,333,920	4,959,671	-	35,291,405
Management and General	1,990,805	2,007,878	5,162,297	1,715,312	1,164,906	1,741,609	-	13,782,807
Fundraising	8,462	3,446	6,467	13,831	2,091	374	-	34,671
Total Expenses	8,199,692	8,798,344	13,027,225	7,881,051	4,500,917	6,701,654	-	49,108,883
Change in Net Assets Without Donor Restriction	119,486	433,496	(2,298,046)	296,495	(384,764)	283,826	-	(1,549,507)
NET ASSETS WITH DONOR RESTRICTION								
Other State Revenue	12,367	-	-	-	-	-	-	12,367
Net Assets Released from Restriction	(95,791)	(81,928)	(163,196)	(203,833)	(89,073)	(112,839)	-	(746,660)
Change in Net Assets With Donor Restriction	(83,424)	(81,928)	(163,196)	(203,833)	(89,073)	(112,839)	-	(734,293)
CHANGE IN TOTAL NET ASSETS	36,062	351,568	(2,461,242)	92,662	(473,837)	170,987	-	(2,283,800)
Net Assets, Beginning of Year	4,081,353	26,512,612	5,790,944	1,719,448	10,267,368	1,970,942	(71,868)	50,270,799
NET ASSETS, END OF YEAR	\$ 4,117,415	\$ 26,864,180	\$ 3,329,702	\$ 1,812,110	\$ 9,793,531	\$ 2,141,929	\$ (71,868)	\$ 47,986,999

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, 2019**

	CNCA #1	CNCA #2	CNCA #3	CNCA #4	CNHS #1	CNHS #2	Home Support Office	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 36,062	\$ 351,568	\$ (2,461,242)	\$ 92,662	\$ (473,837)	\$ 170,987	\$ -	\$ (2,283,800)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:								
Depreciation	79,803	604,988	87,885	53,533	563,461	82,837	-	1,472,507
Loan Forgiveness	-	-	2,728,867					2,728,867
(Increase) Decrease in Assets:								
Accounts Receivable	108,866	(203,341)	(106,453)	(162,090)	(70,940)	(5,291)	-	(439,249)
Due from Others	(4,292)	(31,880)	(7,659)	(3,806)	(4,219)	(5,338)	49,301	(7,893)
Prepaid Expenses and Other Assets	33,928	(34,131)	(13,617)	(36,403)	(16,381)	(26,803)	-	(93,407)
Increase (Decrease) in Liabilities:								
Accounts Payable and Accrued Liabilities	144,802	(77,067)	73,011	(97,487)	(144,722)	(91,209)	710,511	517,839
Due to Others	-	-	(1,162)	-	-	-	260	(902)
Deferred Revenue	6,000	14,000	(18,067)	-	-	-	-	1,933
Net Cash Provided (Used) by Operating Activities	405,169	624,137	281,563	(153,591)	(146,638)	125,183	760,072	1,895,895
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of Property, Plant, and Equipment	(375,903)	(219,231)	(322,850)	(354,719)	(104,078)	(259,030)	-	(1,635,811)
Net Cash Provided (Used) by Investing Activities	(375,903)	(219,231)	(322,850)	(354,719)	(104,078)	(259,030)	-	(1,635,811)
CASH FLOWS FROM FINANCING ACTIVITIES								
Payments of Prop ID Funding	-	-	-	-	(279,033)	-	-	(279,033)
Repayment of Prop 55 Funding	-	(367,763)	-	-	-	-	-	(367,763)
Net Cash Provided (Used) by Financing Activities	-	(367,763)	-	-	(279,033)	-	-	(646,796)
NET CHANGE IN CASH AND CASH EQUIVALENTS								
	29,266	37,143	(41,287)	(508,310)	(529,749)	(133,847)	760,072	(386,712)
Cash and Cash Equivalents, Beginning of Year	2,662,055	1,259,149	2,523,397	1,939,897	1,374,420	1,036,743	60,678	10,856,339
CASH AND CASH EQUIVALENTS, END OF YEAR								
	\$ 2,691,321	\$ 1,296,292	\$ 2,482,110	\$ 1,431,587	\$ 844,671	\$ 902,896	\$ 820,750	\$ 10,469,627
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	\$ -	\$ 235,591	\$ -	\$ -	\$ 178,750	\$ -	\$ -	\$ 414,341

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF FINANCIAL POSITION – PNEDG
JUNE 30, 2019**

ASSETS	Early Childhood Center	EDG	Total
CURRENT ASSETS			
Cash and Cash Equivalents	\$ -	\$ 2,171,792	\$ 2,171,792
Accounts Receivable	354,489	148,192	502,681
Due from Others	2,500	952,319	954,819
Prepaid Expenses and Other Assets	15,841	85,372	101,213
Total Current Assets	<u>372,830</u>	<u>3,357,675</u>	<u>3,730,505</u>
NONCURRENT ASSETS			
Notes Receivable	-	1,879,670	1,879,670
Total Noncurrent Assets	<u>-</u>	<u>1,879,670</u>	<u>1,879,670</u>
PROPERTY, PLANT, AND EQUIPMENT			
Land	-	3,540,752	3,540,752
Buildings	30,105	354,896	385,001
Leasehold Improvements	26,945	383,073	410,018
Equipment and Computers	9,354	287,863	297,217
Furniture	30,271	18,456	48,727
Accumulated Depreciation	(38,717)	(439,958)	(478,675)
Total Property, Plant, and Equipment	<u>57,958</u>	<u>4,145,082</u>	<u>4,203,040</u>
Total Assets	<u>\$ 430,788</u>	<u>\$ 9,382,427</u>	<u>\$ 9,813,215</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 7,774	\$ 107,742	\$ 115,516
Accrued Liabilities	169,599	163,123	332,722
Total Current Liabilities	<u>177,373</u>	<u>270,865</u>	<u>448,238</u>
NET ASSETS			
Without Donor Restriction:			
Undesignated	173,413	753,786	927,199
Property, Plant, and Equipment, Net Related Debt	57,958	4,145,082	4,203,040
Designated/Deferred Maintenance	22,044	212,694	234,738
Total Without Donor Restriction	<u>253,415</u>	<u>5,111,562</u>	<u>5,364,977</u>
With Donor Restriction	-	4,000,000	4,000,000
Total Net Assets	<u>253,415</u>	<u>9,111,562</u>	<u>9,364,977</u>
Total Liabilities and Net Assets	<u>\$ 430,788</u>	<u>\$ 9,382,427</u>	<u>\$ 9,813,215</u>

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF ACTIVITIES – PNEDG
YEAR ENDED JUNE 30, 2019**

	Early Childhood Center	EDG	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTION				
REVENUES				
State Revenue:				
Other State Revenue	\$ 587,058	\$ -	\$ -	\$ 587,058
Local Revenue:				
Support Services	-	5,449,341	(70,447)	5,378,894
Contributions	149,443	1,517,443	-	1,666,886
Other Revenue	29,930	720,907	-	750,837
Total Revenues Without Donor Restriction	<u>766,431</u>	<u>7,687,691</u>	<u>(70,447)</u>	<u>8,383,675</u>
EXPENSES				
Program Services	578,378	2,219,223	-	2,797,601
Management and General	204,085	4,815,008	(70,447)	4,948,646
Fundraising	-	215,081	-	215,081
Total Expenses	<u>782,463</u>	<u>7,249,312</u>	<u>(70,447)</u>	<u>7,961,328</u>
Change in Net Assets Without Donor Restriction	(16,032)	438,379	-	422,347
Net Assets, Beginning of Year	<u>269,447</u>	<u>8,673,183</u>	<u>-</u>	<u>8,942,630</u>
NET ASSETS, END OF YEAR	<u><u>\$ 253,415</u></u>	<u><u>\$ 9,111,562</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,364,977</u></u>

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF CASH FLOWS – PNEDG
YEAR ENDED JUNE 30, 2019**

	<u>Early Childhood Center</u>	<u>EDG</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in Net Assets	\$ (16,032)	\$ 438,379	\$ 422,347
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:			
Depreciation	5,282	60,168	65,450
(Increase) Decrease in Assets:			
Accounts Receivable	(348,239)	(125,637)	(473,876)
Due from Others	(2,500)	(951,718)	(954,218)
Prepaid Expenses and Other Assets	(3,261)	(6,427)	(9,688)
Increase (Decrease) in Liabilities:			
Accounts Payable and Accrued Liabilities	144,690	19,218	163,908
Net Cash Provided (Used) by Operating Activities	<u>(220,060)</u>	<u>(566,017)</u>	<u>(786,077)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Notes receivable	-	(1,629,670)	(1,629,670)
Purchases of Property, Plant, and Equipment	<u>(4,880)</u>	<u>(72,354)</u>	<u>(77,234)</u>
Net Cash Provided (Used) by Investing Activities	<u>(4,880)</u>	<u>(1,702,024)</u>	<u>(1,706,904)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(224,940)	(2,268,041)	(2,492,981)
Cash and Cash Equivalents, Beginning of Year	<u>224,940</u>	<u>4,439,833</u>	<u>4,664,773</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ 2,171,792</u>	<u>\$ 2,171,792</u>

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF FINANCIAL POSITION – GNLA BY LLC
JUNE 30, 2019**

ASSETS	GNLA 697 S. Burlington, LLC	3500 W. Temple St., LLC	Fifteenth & Ardmore, LLC	Fifteenth & Ardmore, Investments, LLC	GNLA Corporate	Eliminations	Total
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 723,724	\$ 102,866	\$ 115,164	\$ -	\$ 61,383	\$ -	\$ 1,003,137
Accounts Receivable	-	-	25,139	-	-	-	25,139
Intercompany Receivable	-	-	-	-	229,535	(229,535)	-
Prepaid Expenses and Other Assets	832	458	-	-	1,100	-	2,390
Total Current Assets	<u>724,556</u>	<u>103,324</u>	<u>140,303</u>	<u>-</u>	<u>292,018</u>	<u>(229,535)</u>	<u>1,030,666</u>
NONCURRENT ASSETS							
Investment in Subsidiaries	-	-	-	-	21,656,115	(21,656,115)	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,656,115</u>	<u>(21,656,115)</u>	<u>-</u>
PROPERTY, PLANT, AND EQUIPMENT							
Land	2,331,852	5,043,717	318,209	-	-	-	7,693,778
Buildings	11,942,316	15,161,759	6,238,744	-	-	-	33,342,819
Leasehold Improvements	-	4,357,537	461,816	-	-	-	4,819,353
Equipment and Computers	-	-	317,809	-	28,046	-	345,855
Furniture	-	19,975	9,340	-	-	-	29,315
Accumulated Depreciation	(4,402,243)	(5,599,321)	(1,419,455)	-	(28,046)	-	(11,449,065)
Total Property, Plant, and Equipment	<u>9,871,925</u>	<u>18,983,667</u>	<u>5,926,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,782,055</u>
Total Assets	<u>\$ 10,596,481</u>	<u>\$ 19,086,991</u>	<u>\$ 6,066,766</u>	<u>\$ -</u>	<u>\$ 21,948,133</u>	<u>\$ (21,885,650)</u>	<u>\$ 35,812,721</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts Payable	\$ 107,701	\$ 24,581	\$ 12,030	\$ -	\$ (1,550)	\$ -	\$ 142,762
Accrued Liabilities	-	-	67,371	-	-	-	67,371
Intercompany Payables	-	229,535	-	-	-	(229,535)	-
Deferred Revenue	-	-	-	-	250	-	250
Loans Payable, Current Portion	-	27,112	1,629,670	-	-	-	1,656,782
Bonds Payable, Current Portion	200,364	298,724	-	-	-	-	499,088
Total Current Liabilities	<u>308,065</u>	<u>579,952</u>	<u>1,709,071</u>	<u>-</u>	<u>(1,300)</u>	<u>(229,535)</u>	<u>2,366,253</u>
NONCURRENT LIABILITIES							
Loans Payable, Net of Current Portion	-	745,391	-	-	-	-	745,391
Bonds Payable, Net of Current Portion	4,718,806	5,337,032	-	-	-	-	10,055,838
Liabilities Related to Interest Swap Agreements	67,388	5,392	-	-	-	-	72,780
Total Noncurrent Liabilities	<u>4,786,194</u>	<u>6,087,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,874,009</u>
Total Liabilities	<u>5,094,259</u>	<u>6,667,767</u>	<u>1,709,071</u>	<u>-</u>	<u>(1,300)</u>	<u>(229,535)</u>	<u>13,240,262</u>
NET ASSETS							
Contributed Capital Without Donor Restriction	6,098,975	15,171,378	385,762	-	22,012,686	(21,656,115)	22,012,686
Net Assets Without Donor Restriction	(596,753)	(2,752,154)	3,971,933	-	(63,253)	-	559,773
Total Without Donor Restriction	<u>5,502,222</u>	<u>12,419,224</u>	<u>4,357,695</u>	<u>-</u>	<u>21,949,433</u>	<u>(21,656,115)</u>	<u>22,572,459</u>
Total Net Assets	<u>5,502,222</u>	<u>12,419,224</u>	<u>4,357,695</u>	<u>-</u>	<u>21,949,433</u>	<u>(21,656,115)</u>	<u>22,572,459</u>
Total Liabilities and Net Assets	<u>\$ 10,596,481</u>	<u>\$ 19,086,991</u>	<u>\$ 6,066,766</u>	<u>\$ -</u>	<u>\$ 21,948,133</u>	<u>\$ (21,885,650)</u>	<u>\$ 35,812,721</u>

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF ACTIVITIES – GNLA BY LLC
YEAR ENDED JUNE 30, 2019**

	GNLA 697 S. Burlington, LLC	3500 W. Temple St., LLC	Fifteenth & Ardmore, LLC	Fifteenth & Ardmore, Investments, LLC	GNLA Corporate	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTION							
REVENUES							
Interest Income	\$ -	\$ -	\$ -	\$ 2,395	\$ -	\$ -	\$ 2,395
Loan Forgiveness	-	-	-	4,440,754	-	-	4,440,754
Other Revenue	674,376	569,340	-	254,139	124,936	-	1,622,791
Total Revenues Without Donor Restriction	674,376	569,340	-	4,697,288	124,936	-	6,065,940
EXPENSES							
Program Services	385,206	520,604	40,652	460,691	82,874	-	1,490,027
Management and General	203,479	326,717	500	222,543	48,750	-	801,989
Total Expenses	588,685	847,321	41,152	683,234	131,624	-	2,292,016
Change in Value of Interest Swap Agreements	(158,246)	300	-	-	-	-	(157,946)
Write off of Investment In Subsidiary	-	-	(568,857)	-	-	568,857	-
Net Asset Transfer from Investments LLC	-	-	4,406,856	(4,406,856)	-	-	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	(72,555)	(277,681)	3,796,847	(392,802)	(6,688)	568,857	3,615,978
Net Assets, Beginning of Year	5,574,777	12,696,905	560,848	392,802	21,956,121	(22,224,972)	18,956,481
NET ASSETS, END OF YEAR	\$ 5,502,222	\$ 12,419,224	\$ 4,357,695	\$ -	\$ 21,949,433	\$ (21,656,115)	\$ 22,572,459

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
STATEMENT OF CASH FLOWS – GNLA BY LLC
YEAR ENDED JUNE 30, 2019**

	GNLA 697 S. Burlington, LLC	3500 W. Temple St., LLC	Fifteenth & Ardmore, LLC	Fifteenth & Ardmore, Investments, LLC	GNLA Corporate	Eliminations	Total
CASH FLOWS FROM OPERATING							
ACTIVITIES							
Change in Net Assets	\$ (72,555)	\$ (277,681)	\$ 3,796,847	\$ (392,802)	\$ (6,688)	\$ 568,857	\$ 3,615,978
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:							
Depreciation	302,275	488,145	-	169,525	-	-	959,945
Amortization	-	25,915	-	40,642	-	-	66,557
Loan Forgiveness	-	-	-	(4,440,754)	-	-	(4,440,754)
Transfer of Assets	-	-	(5,926,462)	5,926,462	-	-	-
Write off of Investment in Subsidiary	-	-	568,857	-	-	(568,857)	-
(Increase) Decrease in Assets:							
Accounts Receivable	-	2,000	(25,139)	6,214	2,250	-	(14,675)
Intercompany Receivable	-	-	-	-	(117,380)	117,380	-
Due from Others	-	-	-	-	-	-	-
Prepaid Expenses and Other Assets	-	-	-	-	5,800	-	5,800
Deferred Tax Asset	-	-	-	231,626	-	-	231,626
Increase (Decrease) in Liabilities:							
Accounts Payable and Accrued Liabilities	78,169	(5,779)	79,380	(23,745)	(10,513)	-	117,512
Intercompany Payable	-	125,369	(7,989)	-	-	(117,380)	-
Deferred Revenue	(56,198)	(47,210)	-	(19,083)	(5,828)	-	(128,319)
Deferred Tax Liability	-	-	-	-	-	-	-
Change in Value of Interest Rate Swap Agreements	158,246	(300)	-	-	-	-	157,946
Net Cash Provided (Used) by Operating Activities	409,937	310,459	(1,514,506)	1,498,085	(132,359)	-	571,616
CASH FLOWS FROM FINANCING							
ACTIVITIES							
Proceeds from Debt	-	-	1,629,670	-	-	-	1,629,670
Repayment of Debt	(194,028)	(310,459)	-	(1,609,000)	-	-	(2,113,487)
Net Cash Provided (Used) by Financing Activities	(194,028)	(310,459)	1,629,670	(1,609,000)	-	-	(483,817)
NET CHANGE IN CASH AND CASH EQUIVALENTS							
	215,909	-	115,164	(110,915)	(132,359)	-	87,799
Cash and Cash Equivalents, Beginning of Year	507,815	102,866	-	110,915	193,742	-	915,338
CASH AND CASH EQUIVALENTS, END OF YEAR							
	\$ 723,724	\$ 102,866	\$ 115,164	\$ -	\$ 61,383	\$ -	\$ 1,003,137
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION							
Cash Paid for Interest	\$ 203,479	\$ 308,371	\$ -	\$ 185,137	\$ -	\$ -	\$ 696,987

See accompanying Auditors' Report and Notes to Supplementary Information.

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

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

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

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

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

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

NOTE 4 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of CNCA under programs of the federal governmental for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein, certain types of expenditures are not allowable or are limited as to reimbursement. Because the Schedule presents only a selected portion of operations of CNCA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CNCA.

NOTE 5 INDIRECT COST RATE

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

**CAMINO NUEVO CHARTER ACADEMY
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

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

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

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

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

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

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



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

Board of Directors
Camino Nuevo Charter Academy
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidating financial statements of Camino Nuevo Charter Academy (CNCA), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2019, 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 November 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidating financial statements, we considered CNCA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidating financial statements, but not for the purpose of expressing an opinion on the effectiveness of CNCA's internal control. Accordingly, we do not express an opinion on the effectiveness of CNCA's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CNCA’s consolidating financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidating financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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
November 18, 2019



**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, 2019. 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, 2019.

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
November 18, 2019



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 *2018-2019 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, 2019. 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 *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about CNCA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of CNCA's compliance.

Compliance Requirements Tested

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

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

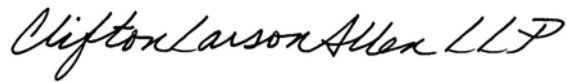
<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instructional/Independent Study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

Opinion on State Compliance

In our opinion, CNCA complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2019.

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 *2018-2019 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
November 18, 2019

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditors’ Results

Consolidating Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u> x </u> yes _____ no

**CAMINO NUEVO CHARTER ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

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, 2019.

**CAMINO NUEVO CHARTER ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

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

