



PUEENTE Learning Center
Audited Financial Statements
As of and for the Year Ended June 30, 2022
with Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
PUENTE Learning Center
Los Angeles, California

Opinion

We have audited the accompanying financial statements of PUENTE Learning Center (the Center), a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Center taken as a whole. The accompanying supplementary information listed in the table of contents, required by the Education Audit Appeals Panel's *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* and the *CDE Audit Guide* issued by the California Department of Education, is presented for purposes of additional analysis and not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in

the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December XX, 2022 on our consideration of the Center'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Center's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Pasadena, California
December 6, 2022

PUENTE Learning Center
Statements of Financial Position
June 30, 2022 and 2021

ASSETS	2022	2021
Current assets		
Cash and cash equivalents	\$ 1,012,550	\$ 809,066
Short-term investments	19,172,673	20,261,986
Accounts receivable, net	472,787	821,421
Contributions receivable, net	832,853	747,485
Prepaid expenses and other assets	103,654	79,048
Total Current Assets	21,594,517	22,719,006
Land, building and equipment, net	6,662,355	6,818,336
Cash surrender value of life insurance	28,509	28,509
TOTAL ASSETS	\$ 28,285,381	\$ 29,565,851
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 274,040	\$ 311,105
Deferred revenue	235,807	-
Total Current Liabilities	509,847	311,105
Net assets		
Without donor restrictions		
Board designated (capital expansion)	2,909,831	2,909,831
Undesignated	13,877,417	13,871,671
Total net assets without donor restrictions	16,787,248	16,781,502
With donor restrictions		
Purpose restricted	4,226,754	5,711,712
Perpetual in nature	6,761,532	6,761,532
Total net assets with donor restrictions	10,988,286	12,473,244
Total net assets	27,775,534	29,254,746
TOTAL LIABILITIES AND NET ASSETS	\$ 28,285,381	\$ 29,565,851

See notes to the financial statements.

PUENTE Learning Center
Statements of Activities
For the Year Ended June 30, 2022
(With comparative totals for 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Operating revenue				
Contributions and grants	\$ 1,483,659	\$ 444,612	\$ 1,928,271	\$ 1,553,644
California State Preschool Program contract	273,576	-	273,576	235,431
Special events	35,913	-	35,913	-
Charter School	3,834,926	-	3,834,926	2,700,080
Other revenues	6,439	-	6,439	31,699
Net assets release from restrictions				
Satisfaction of program restrictions	1,577,275	(1,577,275)	-	-
Total operating revenue	7,211,788	(1,132,663)	6,079,125	4,520,854
Operating expenses and losses				
Programs and educational	6,057,781	-	6,057,781	4,698,062
Management and general	319,278	-	319,278	364,103
Fundraising	182,386	-	182,386	195,351
Total operating expenses	6,559,445	-	6,559,445	5,257,516
Change in net assets from operations	652,343	(1,132,663)	(480,320)	(736,662)
Other items considered to be nonoperating				
Investment return (loss), net	(647,179)	(352,295)	(999,474)	6,250,702
Interest income	582	-	582	2,067
Paycheck Protection Program loan forgiveness	-	-	-	421,118
Change in net assets	5,746	(1,484,958)	(1,479,212)	5,937,225
Net assets at the beginning of year	16,781,502	12,473,244	29,254,746	23,317,521
Net assets at end of year	\$ 16,787,248	\$ 10,988,286	\$ 27,775,534	\$ 29,254,746

See notes to financial statements.

PUENTE Learning Center
Statements of Functional Expenses
For the Year Ended June 30, 2022
(With comparative totals for 2021)

	2022						2021	
	Program	Charter School	Total Program Expenses	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries	\$ 950,872	\$ 1,884,995	\$ 2,835,867	\$ 33,675	\$ 66,518	\$ 100,193	\$ 2,936,060	\$ 2,459,205
Payroll taxes	69,564	135,828	205,392	2,796	4,988	7,784	213,176	175,898
Employee benefits	124,152	245,218	369,370	13,781	11,401	25,182	394,552	305,714
Total personnel costs	1,144,588	2,266,041	3,410,629	50,252	82,907	133,159	3,543,788	2,940,817
Depreciation	312,100	34,318	346,418	100,391	34,237	134,628	481,046	630,079
Professional services	342,051	895,671	1,237,722	51,827	41,393	93,220	1,330,942	689,964
Donated materials and services	462,965	-	462,965	18,089	4,829	22,918	485,883	488,271
Insurance	47,377	89,285	136,662	4,247	3,157	7,404	144,066	139,764
Utilities	43,996	82,547	126,543	6,858	3,299	10,157	136,700	76,136
Building lease	(225,000)	225,000	-	-	-	-	-	6,188
Other	-	277	277	7,900	-	7,900	8,177	4,328
Equipment rental and maintenance	12,249	29,656	41,905	22,165	725	22,890	64,795	43,911
Office supplies and expense	17,746	54,892	72,638	23,463	2,471	25,934	98,572	46,838
Textbooks	674	17,694	18,368	-	-	-	18,368	8,207
Telephone	7,180	12,963	20,143	773	528	1,301	21,444	24,819
Dues and subscriptions	15,765	47,642	63,407	4,759	4,225	8,984	72,391	51,780
Travel	14,469	21,490	35,959	10	377	387	36,346	2,236
Training and workshops	45,944	13,371	59,315	9,400	4,238	13,638	72,953	24,431
Doubtful accounts expense	12,292	11,979	24,271	15,058	-	15,058	39,329	75,222
Property taxes	482	77	559	4,086	-	4,086	4,645	4,525
Total functional expenses	\$ 2,254,878	\$ 3,802,903	\$ 6,057,781	\$ 319,278	\$ 182,386	\$ 501,664	\$ 6,559,445	\$ 5,257,516

See notes to the financial statements.

PUENTE Learning Center
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	Years ended June 30,	
	2022	2021
Cash flows from operating activities:		
Change in total net assets	\$ (1,479,212)	\$ 5,937,225
Adjustments to reconcile change in net assets to net cash (used) in operating activities:		
Depreciation	481,046	630,079
Net realized and unrealized loss (gain) on investments	1,093,972	(6,152,331)
(Gain) from Paycheck Protection Program loan forgiveness	-	(421,118)
Changes in operating assets and liabilities:		
Contributions receivable	(85,368)	(226,028)
Accounts receivable	348,634	(490,281)
Prepaid and other assets	(24,606)	7,171
Accounts payable and accrued liabilities	(37,065)	48,484
Deferred revenue	235,807	-
Net cash provided (used) by operating activities	533,208	(666,799)
Cash flows from investing activities:		
Purchase of property and equipment	(325,065)	(535,017)
Proceeds from sale of investments	89,870	900,000
Reinvested interest and dividends	(94,529)	(96,534)
Net cash provided (used) by investing activities	(329,724)	268,449
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	203,484	(398,350)
CASH AND CASH EQUIVALENTS - BEGINNING	809,066	1,207,416
CASH AND CASH EQUIVALENTS - ENDING	\$ 1,012,550	\$ 809,066

See notes to financial statements.

(1) ORGANIZATION

PUENTE Learning Center (the Center) is a not-for-profit, tax-exempt, community based organization founded in 1985 and incorporated in 1989. The Center's mission is stated within its name: People United to Enrich the Neighborhood Through Education. "Puente" is also the Spanish word for "bridge." The Center offers a bridge to opportunity by addressing barriers that prevent individuals from building strong educational foundations and achieving self-sufficiency for themselves, their families, and their communities. Celebrating its 30th anniversary in 2015, the Center has provided a respectful, safe learning environment that welcomes all members of the community, regardless of age, educational background, or economic circumstances.

The campus, located in Boyle Heights, offers tuition-free classes. In its over 30 years in service to the community, approximately 100,000 students have benefited from PUENTE's programs, which include:

- Preschool Readiness
- Charter School (TK/K to fourth grade)
- Summer Intensive Reading
- After School Enrichment
- College Access
- English as a Second Language
- Adult High School Diploma
- High School Intensive Reading
- High School Credit Recovery
- Computer Applications
- Computer Repair/A+ Certification Preparation
- Veterans Job Training

Limited educational opportunities and widespread poverty profoundly affect the vitality of the neighborhoods the Center serves. These communities have a particularly urgent need for English-language instruction and supplementary educational activities, combined with job training programs that focus on specific workforce needs. Offering a blend of traditional classroom instruction and current computer technology, the Center is a vibrant resource for neighborhood empowerment and opportunity.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

The Center recognizes contributions as revenue in the period received. Contributions, net assets, and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. For the years ended June 30, 2022 and 2021, certain of the Center's net assets are classified as restricted. These amounts represent contributions that are limited in use in accordance with donor-imposed stipulations.

(Continued)

b) Summarized Financial Information

The financial statements include certain prior-year summarized financial information in total but not by net assets category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information is included for informational purposes only and should be read in conjunction with the Center's June 30, 2021 financial statements from which the summarized information was derived.

c) Net Assets

The Center reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. These generally result from revenues generated by receiving unrestricted contributions, providing services, receiving rental income and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Center, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. At June 30, 2022 and 2021, the Center had \$2,909,831 that the Board of Directors has designated to be used for capital expansion.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Center's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in-service.

The Center's donor-restricted endowment funds, including the unspent appreciation of the endowment fund and the portion of the Center's donor-restricted endowment funds that the Center is committed to maintaining in perpetuity are classified in net assets with donor restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

(Continued)

d) Cash and Cash Equivalents

Cash and cash equivalents are short-term, highly liquid investments with original maturities of three months or less at the time of purchase. The carrying values of cash and cash equivalents at June 30, 2022 and 2021 approximate their fair values.

The Center maintains its cash and cash equivalents in bank accounts and other investment accounts, which, at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

e) Investments

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Securities are generally held in custodial investment accounts administered by financial institutions.

Investment purchases and sales are accounted for on a trade-date basis. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the statement of activities as increases or decreases in unrestricted net assets unless their use is restricted by donor stipulations or by law.

Investments are made according to the investment policies, guidelines, and objectives adopted by the Center's Board of Directors. These guidelines provide for investments in equities, fixed income, and other securities with performance measured against appropriate indices. The investments are generally managed by outside investment managers contracted by the Center. Market values of such investments and credit ratings of bond issuers are routinely reviewed by the Board of Directors.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

f) Land, Building and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Buildings	30 Years
Furniture and Equipment	3 – 8 Years
Software	5 Years

Expenditures for repairs and maintenance are charged to operations when incurred, while major renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year.

(Continued)

g) Long-Lived Assets

The Center reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the years ended June 30, 2022 and 2021.

h) Accounts Receivable

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents their estimated net realizable value. The allowance for doubtful accounts, if any, is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written off when internal collection efforts have been unsuccessful in collecting the amount due.

i) Contributions and Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Center uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

j) Net Assets Restricted to Purchase Property and Equipment

Net assets restricted to purchase property and equipment has been restricted by donors and is not available for operating purposes.

k) Revenue and Revenue Recognition

Revenue is recognized when earned as performance obligations are satisfied. The Center receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Center's federal, state, and local contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expense.

(Continued)

l) Contributed Goods and Services

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial 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 value in the period received. The Los Angeles Unified School District provides teachers and administrative support to the Center at no cost.

Contributed goods and services received by the Center during the years ended June 30, 2022 and 2021 consist of the following:

	2022	2021
Teachers and administrative support	\$ 462,965	\$ 477,345
Other donated goods and services	22,918	10,926
	\$ 485,883	\$ 488,271

m) Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the programs and services benefited by a method that best measures the relative degree of benefits. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as indirect costs, which are allocated on a square footage basis.

The statement of functional expenses includes payments made by the Charter School Programs to the Center as lease payments for the building space occupied by the Charter School. These payments eliminate at the entity level.

n) Tax-Exempt Status

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and the corresponding California provisions.

o) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

p) Date of Management's Review

Management has evaluated subsequent events through December XX, 2022, the date the financial statements were available to be issued.

(Continued)

q) Recent Accounting Pronouncements

In February of 2016, the FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 to improve financial reporting about leasing transactions. The ASU affects all organizations that lease assets such as real estate and equipment. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. In June 2020, FASB issued ASU 2020-05 Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Date for Certain Entities to extend the effective date for the adoption of the accounting standards. The new standard for 2016-02 Leases become effective for fiscal years beginning after December 15, 2021. The Center is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

r) Reclassification

Certain reclassifications have been made to the June 30, 2021 financial statement presentation to correspond to the current year's format. Total net assets and change in net assets are unchanged due to these reclassifications.

(3) LIQUIDITY AND AVAILABILITY

The Center's financial assets available to meet cash needs for general expenditures within one year of the date of the statements of financial position include:

	2022	2021
Cash	\$ 1,012,550	\$ 809,066
Accounts receivable	472,787	821,421
Other financial assets, net	6,527,545	5,754,031
Available financial assets	\$ 8,012,882	\$ 7,384,518

As part of the Center' liquidity management, it has a policy to structure its financials assets to be available as its general expenditures, liabilities, and other obligations became due. The Center invests cash in excess of daily requirements in investment pools and money market funds.

(4) INVESTMENTS

The Center has implemented the fair value measurement accounting standard, which defines fair value for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs utilize unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

(Continued)

PUENTE Learning Center
Notes to Financial Statements
As of and for the Years Ended June 30, 2022 and 2021

(4) INVESTMENTS

The following table presents information about the Center's assets that are measured at fair value on a recurring basis at June 30, 2022 and 2021 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year ended June 30, 2022	FY 2021-22		
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	\$ 14,313,250	\$ 14,313,250	\$ -	\$ -
Bond funds	2,657,258	2,657,258	-	-
Equity mutual funds	2,202,165	2,202,165	-	-
	<u>\$ 19,172,673</u>	<u>\$ 19,172,673</u>	<u>\$ -</u>	<u>\$ -</u>
	Year ended June 30, 2021	FY 2020-21		
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	\$ 14,651,035	\$ 14,651,035	\$ -	\$ -
Bond funds	3,053,309	3,053,309	-	-
Equity mutual funds	2,557,642	2,557,642	-	-
	<u>\$ 20,261,986</u>	<u>\$ 20,261,986</u>	<u>\$ -</u>	<u>\$ -</u>

The fair values of the marketable securities within Level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

Investment income for the years ended June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 94,529	\$ 96,534
Unrealized gain /(loss)	(1,093,972)	6,152,331
	<u>\$ (999,443)</u>	<u>\$ 6,248,865</u>

The Center recognizes transfers at the beginning of each reporting period. Transfers between level 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between level 2 and 3 investments relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels during the years ended June 30, 2022 and 2021.

(5) LAND, BUILDING AND EQUIPMENT

Property and equipment at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 2,417,714	\$ 2,403,954
Building	10,442,970	10,403,819
Software	857,584	857,584
Furniture and equipment	965,876	897,196
Asset work in progress	1,193,445	989,969
	<u>15,877,589</u>	<u>15,552,522</u>
Less: Accumulated depreciation	<u>(9,215,234)</u>	<u>(8,734,186)</u>
	<u>\$ 6,662,355</u>	<u>\$ 6,818,336</u>

Depreciation expense for the years ended June 30, 2022 and 2021 amounted to \$481,046 and \$630,079, respectively.

(6) ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Accrued vacation	\$ 153,541	\$ 130,721
Accrued payroll	59,236	27,665
Accrued other	61,263	152,719
	<u>\$ 274,040</u>	<u>\$ 311,105</u>

(7) CHARTER SCHOOL REVENUES

Charter School revenues for the years ended June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
State LCFF	1,389,244	\$ 1,154,444
State Education Protection Act	603,130	403,578
Lottery	60,290	35,424
School Nutrition Programs	152,818	70,552
Special education revenue	257,070	154,579
Local payment in lieu of property tax	719,929	543,502
Other Federal income	391,990	223,208
Other State revenue	260,455	114,747
	<u>\$ 3,834,926</u>	<u>\$ 2,700,034</u>

(8) GRANTS AND CONTRACTS

The Center's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Center has no provision for the possible disallowance of program costs in its financial statements.

(9) ENDOWMENTS

The Center's endowments consist of funds established for a variety of purposes. Endowment funds are established by donor-restricted gifts to either provide a permanent endowment, which is to provide a permanent source of income to the Center, or a term endowment, which is to provide income for a specified period to the Center.

The Center's management has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on permanently restricted endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

The primary long-term financial objective for the Center's endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management. Performance of the overall endowment against this objective is measured over an investment horizon of five to seven years. The endowments are also managed to optimize the long run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that funds the Center's existing spending policy and allows sufficient reinvestment to grow the endowment principal at a rate that exceeds inflation (as measured by the Consumer Price Index). Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested. The Center has adopted a flexible spending policy for its endowment and elected to spend 5% of the last three years average of the fair value of these investments in the current year.

The goal of the spending policy is to better identify potential income generated from endowment and long-term investment, and to minimize the probability of eroding the principal over the long term. At June 30, 2022 and 2021, the Center's endowment net assets were \$10,290,859 and \$11,548,473, respectively.

(Continued)

PUENTE Learning Center
Notes to Financial Statements
As of and for the Years Ended June 30, 2022 and 2021

	<u>Purpose Restricted</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Changes in endowment net assets for the year ended June 30, 2022			
Endowment net assets - beginning of year	\$ 4,786,941	\$ 6,761,532	\$ 11,548,473
Net realized and unrealized (loss)	(352,295)	-	(352,295)
Appropriation of endowment assets for expenditure	(905,319)	-	(905,319)
Endowment net assets	<u>\$ 3,529,327</u>	<u>\$ 6,761,532</u>	<u>\$ 10,290,859</u>

	<u>Purpose Restricted</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Changes in endowment net assets for the year ended June 30, 2021			
Endowment net assets - beginning of year	\$ 3,600,614	\$ 6,761,532	\$ 10,362,146
Net realized and unrealized gain	2,061,447	-	2,061,447
Appropriation of endowment assets for expenditure	(875,120)	-	(875,120)
Endowment net assets	<u>\$ 4,786,941</u>	<u>\$ 6,761,532</u>	<u>\$ 11,548,473</u>

(10) INCOME TAXES

Generally accepted accounting principles requires the Center to recognize and record the financial impact of uncertainty in income taxes and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. It also provides guidance on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires additional disclosures. At June 30, 2022 and 2021, the Center did not recognize any uncertain tax position.

The Center's federal and state income tax returns for 2018 and subsequent years are subject to examination by the regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively. No open tax years are currently under examination.

(11) RETIREMENT PLAN

The Center sponsors a defined contribution retirement plan and a tax-deferred annuity plan [under Internal Revenue Code Section 403(b)] administered by TIAA/CREF (Teachers Insurance Annuity Association/College Retirement Equities Fund) investing in deferred group annuities. Money is contributed to TIAA/CREF and deposited in investment categories consistent with each participant's direction. Employees are eligible to participate in the defined contribution retirement plan after two years of service and in the tax-deferred annuity plan after three months of employment. The Center contributes 5% of each eligible participant's salary to the defined contribution retirement plan. For the years ended June 30, 2022 and 2021, the Center's contributions were \$63,683 and \$50,698, respectively.

(12) COMMITMENTS AND CONTINGENCIES

Regulatory and Compliance Reviews

As a tax exempt organization, the Center is subject to regulatory and compliance reviews by granting agencies and regulatory bodies at the local, state and federal level. Management believes that there are no matters as of the date of this report that would result in a material impact to the financial statements or jeopardize the tax-exempt status of the Center.

Charter School Programs

The Charter School Programs have 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 reimbursement, if required, would not be material.

COVID-19

In March 2020, the World Health Organization declared a global pandemic in response to an outbreak of a novel coronavirus (COVID-19). The full extent to which the coronavirus may impact the Center's results of operations, liquidity or financial position is uncertain. Management continues to monitor the impact that the COVID-19 pandemic is having on the Center and the industry in which it operates. However, given the speed and frequency of continuously evolving developments with respect to this pandemic, the Center cannot reasonably estimate the magnitude of the impact to its results of operations.

SUPPLEMENTARY INFORMATION
Charter School Programs

PUENTE Learning Center
Statements of Financial Position
Charter School Programs
June 30, 2022 and 2021

ASSETS	2022	2021
Current assets		
Cash and cash equivalents	\$ 840,234	\$ 351,345
Accounts receivable, net	363,408	644,197
Contributions receivable, net	498,848	484,151
Total Current Assets	1,702,490	1,479,693
Building and equipment, net	514,888	497,289
TOTAL ASSETS	\$ 2,217,378	\$ 1,976,982
LIABILITIES AND NET ASSETS		
Current liabilities		
Deferred revenue	\$ 235,807	\$ -
Due to the Center other programs	243,366	270,800
Total Current Liabilities	479,173	270,800
Net assets		
Without donor restrictions	1,238,069	1,206,046
With donor restrictions	500,136	500,136
Total Net Assets	1,738,205	1,706,182
TOTAL LIABILITIES AND NET ASSETS	\$ 2,217,378	\$ 1,976,982

PUENTE Learning Center
Statements of Activities
Charter School Programs
For the Years Ended June 30, 2022 and 2021

	2022	2021
Changes in net assets without donor restrictions		
Revenue		
State LCFF, lottery, and other	\$ 2,465,937	\$ 1,778,745
Special education revenue	257,070	154,579
Local property tax	719,929	543,502
Other federal income	391,990	223,208
Total revenues without donor restrictions	3,834,926	2,700,034
Net assets released from restrictions		
Satisfaction of program restrictions	-	-
Total net assets released from restrictions	-	-
Total revenues without donor restrictions and net assets released from restrictions	3,834,926	2,700,034
Expenses		
Program expenses:		
Personnel costs:		
Salaries	1,884,995	1,387,549
Payroll taxes	135,828	98,921
Employee benefits	245,218	175,848
Total personnel costs	2,266,041	1,662,318
Building lease	225,000	212,688
Depreciation	34,318	20,127
Dues and subscriptions	47,642	24,036
Equipment rental and maintenance	29,656	17,581
Insurance	89,285	75,409
Office supplies and expenses	54,892	25,356
Other	277	-
Professional services	895,671	440,191
Telephone	12,963	13,312
Textbooks	17,694	7,748
Training and workshops	13,371	7,119
Travel	21,490	560
Utilities	82,547	39,898
Doubtful accounts expense	11,979	48,060
Property taxes	77	-
Total operating expenses	1,536,862	932,085
Total expenses	3,802,903	2,594,403
Change in net assets without donor restrictions	32,023	105,631
Changes in net assets with donor restrictions		
Contributions	-	46
Net assets released from restrictions	-	-
Change in net assets with donor restrictions	-	46
Change in total net assets	32,023	105,677
Net assets at the beginning of year	1,706,182	1,600,505
Net assets at end of year	\$ 1,738,205	\$ 1,706,182

**PUENTE Learning Center
Statements of Cash Flows
Charter School Programs
For the Years Ended June 30, 2022 and 2021**

	2022	2021
Cash flows from operating activities:		
Change in total net assets	\$ 32,023	\$ 105,677
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	34,318	20,127
Changes in operating assets and liabilities:		
Accounts receivable	280,789	(421,348)
Contributions receivable	(14,697)	7,589
Deferred revenue	235,807	-
Due to the Center other programs	(27,434)	59,872
Net cash provided (used) by operating activities	540,806	(228,083)
Cash flows from investing activities:		
Purchase of property and equipment	(51,917)	(162,346)
Net cash (used) by investing activities	(51,917)	(162,346)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	488,889	(390,429)
CASH AND CASH EQUIVALENTS - BEGINNING	351,345	741,774
CASH AND CASH EQUIVALENTS - ENDING	\$ 840,234	\$ 351,345

**PUENTE Learning Center
Charter School Organization Structure
For the Year Ended June 30, 2022**

a) Date and Granting Authority of Charter School: August 2002 (Initial)
March 2017 (Renewal)
April 2018 (Revision)
Los Angeles Unified School District

b) Members of the Governing Board:

<u>Name</u>	<u>Title</u>	<u>Board Term</u>	<u>Term Expiration</u>
Chun Wong	Chairman	3 years	June 2024
Tyler M.P. Sutherland	Vice Chairman	3 years	June 2025
Jocelyn Rocenwald	Treasurer	3 years	June 2023
Oscar Cabrales	Secretary	3 years	June 2024
Lara Lightbody	Member	3 years	June 2023
Albert Reyes	Member	3 years	June 2023
Greg Gonzalez	Member	3 years	June 2023

c) Superintendent: Jerome Greening

d) Charter School Name: PUENTE Charter School
Charter School Number: 473

PUENTE Learning Center
Schedule of Average Daily Attendance – Classroom Based
For the Year Ended June 30, 2022

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Charter School. 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.

All ADA for the charter school is generated through classroom-based instruction.

<u>Grade</u>	<u>ADA Second Period Report</u>	<u>ADA Annual Report</u>
TK/K – 3rd grade	178.85	177.58
4th grade	<u>44.45</u>	<u>44.28</u>
Total	<u>223.30</u>	<u>221.86</u>

**PUENTE Learning Center
Schedule of Instructional Time
For the Year Ended June 30, 2022**

This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of Education Code Sections 47612 and 47612.5.

<u>Grade</u>	<u>Minutes Provided</u>	<u>Minutes Required</u>	<u>Instructional Days</u>	<u>Status</u>
Transitional Kindergarten	60,925	36,000	180	In Compliance
Kindergarten	60,925	36,000	180	In Compliance
1st Grade	61,350	50,400	180	In Compliance
2nd Grade	61,350	50,400	180	In Compliance
3rd Grade	61,350	50,400	180	In Compliance
4th Grade	61,350	54,000	180	In Compliance

PUENTE Learning Center
Reconciliation of Annual Financial Report with Audited Financial Statements
Charter School Programs
For the Year Ended June 30, 2022

Summarized below are the Charter School Programs net assets reconciliations between the Unaudited Annual Financial Report and the audited financial statements.

June 30, 2022 Annual Financial Report	
Fund balances (net assets), unaudited	\$ 1,738,205
Adjustments and Reclassification:	
Increasing (decreasing) the fund balance (net assets)	
Accounts and Contributions Receivable, net	12,704
Accounts payable	(25,382)
Deferred Revenue	12,678
Net Adjustments and Reclassifications	-
June 30, 2022 Annual Financial Statement	
Fund balances (net assets), audited	<u>\$ 1,738,205</u>

SUPPLEMENTARY INFORMATION
Child Care and Development Programs

PUENTE Learning Center
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number / Grantor's Number	Award Amount State	Expenditures	
				Federal	State
Federal (Footnote 1.)					
U.S. Department of Agriculture:					
Passed through California Dept. of Education (CDE):					
School Breakfast Program - Especially Needy	10.553	13526		\$ 43,507	
National School Lunch Program - Section 4	10.555	13523		9,411	
National School Lunch Program - Section 11	10.555	13524		90,066	
Subtotal Child Nutrition Cluster				<u>142,984</u>	
Total U.S. Department of Agriculture				<u>142,984</u>	
U.S. Department of Education:					
Passed through California Dept. of Education (CDE):					
Every Student Succeeds Act (ESSA):					
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		17,958	
Title II, Part A, Supporting Effective Instruction	84.367	14341		52,451	
COVID-19 - Education Stabilization Fund:					
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536		32,867	
Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	15547		169,439	
Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U	15559		92,721	
Elementary and Secondary School Emergency Relief (ESSER III) Fund: Learning Loss	84.425U	10155		23,180	
Governor's Emergency Education Relief Fund (GEER) Learning Loss Mitigation	84.425C	15517		2,760	
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425	15618		5,333	
Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619		1,224	
Expanded Learning Opportunities (ELO) Grant ESSER III State Reserve Emergency Needs	84.425	15620		3,477	
Expanded Learning Opportunities (ELO) Grant ESSER III State Reserve Learning Loss	84.425	15621		5,993	
Subtotal COVID-19 - Education Stabilization Fund				<u>336,994</u>	
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	15644		614	
Passed through CDE and Los Angeles Unified School District:					
Individuals with Disabilities Education Act (IDEA):					
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379		66,977	
Subtotal Special Education (IDEA) Cluster				<u>66,977</u>	
Total U.S. Department of Education				<u>474,994</u>	
State					
California State Preschool Program		CSPP1251	\$ 273,576		\$ 273,576
Total Federal and State Expenditures			<u>\$ 273,576</u>	<u>\$ 617,978</u>	<u>\$ 273,576</u>

Footnote 1. Basis of Presentation

The Schedule of Expenditures of Federal and State Awards includes the expenditures of federal and state awards of PUENTE Learning Center (the Center). Expenditures are presented on the accrual basis of accounting. The Center did not incur total federal expenditures in excess of \$750,000 for the year ended June 30, 2022. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Of the Federal expenditures presented in the schedule, the Center did not provided Federal awards to subrecipients.

PUENTE Learning Center
Combining Statement of Activities
For the Year Ended June 30, 2022

	2022			
	<u>CSPP1251</u>	<u>Total CDE CD Contracts</u>	<u>Non-CD Programs</u>	<u>Total</u>
Operating revenue				
Contributions and grants	\$ 35,200	\$ 35,200	\$ 1,893,071	\$ 1,928,271
California State Preschool Program contract	273,576	273,576	-	273,576
Special events	-	-	35,913	35,913
Charter School	-	-	3,834,926	3,834,926
Other revenues	-	-	6,439	6,439
Total operating revenue	308,776	308,776	5,770,349	6,079,125
Operating expenses and losses				
Salaries	317,175	317,175	2,618,885	2,936,060
Payroll taxes	23,245	23,245	189,931	213,176
Employee benefits	40,498	40,498	354,054	394,552
Depreciation	68,618	68,618	412,428	481,046
Professional services	67,080	67,080	1,263,862	1,330,942
Donated materials and services	-	-	485,883	485,883
Insurance	15,017	15,017	129,049	144,066
Utilities	14,350	14,350	122,350	136,700
Other	-	-	8,177	8,177
Equipment rental and maintenance	4,448	4,448	60,347	64,795
Office supplies and expense	8,027	8,027	90,545	98,572
Textbooks	674	674	17,694	18,368
Telephone	2,412	2,412	19,032	21,444
Dues and subscriptions	3,644	3,644	68,747	72,391
Travel	-	-	36,346	36,346
Training and workshops	331	331	72,622	72,953
Doubtful accounts expense	-	-	39,329	39,329
Property taxes	-	-	4,645	4,645
Total operating expenses	565,519	565,519	5,993,926	6,559,445
Change in net assets from operations	(256,743)	(256,743)	(223,577)	(480,320)
(Other items considered to be nonoperating)				
Investment return (loss), net	-	-	(999,474)	(999,474)
Interest income	-	-	582	582
Change in net assets	\$ (256,743)	\$ (256,743)	\$ (1,222,469)	\$ (1,479,212)

PUENTE Learning Center
Schedule of Expenditures by State Categories
For the Year Ended June 30, 2022

	2022	
	CSP1251	Total CDE CD Contracts
Expenditures		
1000 Certificated salaries	\$ 226,496	\$ 226,496
2000 Classified salaries	71,569	71,569
3000 Employee benefits	37,030	37,030
4000 Books and supplies	10,262	10,262
5000 Services and other operating expenses	98,892	98,892
6100/6200 Other approved capital outlay	-	-
6400 New equipment	-	-
6500 Replacement equipment	-	-
Depreciation on assets not purchased with public funds	68,618	68,618
Start-up expenses - service level exemption	-	-
Indirect costs	14,214	14,214
Total expenses claimed for reimbursement	527,081	527,081
Total supplemental expenses	38,438	38,438
Total Expenditures	\$ 565,519	\$ 565,519

PUENTE Learning Center
Schedule of Claimed Equipment Expenditures
For the Year Ended June 30, 2022

	2022		Total
	CDE CD Contracts CSPP1251	Non-CDE Programs	
Capitalized Equipment Expensed on the AUD With Prior Written Approval			
None	\$ -	-	\$ -
Subtotal	-	-	-
Capitalized Equipment Expensed on the AUD Without Prior Written Approval			
None	-	-	-
Subtotal	-	-	-
Total	\$ -	\$ -	\$ -

Note: PUENTE Learning Center's capitalization threshold is \$5,000.

PUENTE Learning Center
Schedule of Claimed Expenditures for Renovations and Repairs
For the Year Ended June 30, 2022

	2022		
	CDE Contracts CSPP1251	Non-CDE Programs	Total
<u>Unit Cost Under \$10,000 Per Item</u>			
None	\$ -	\$ -	\$ -
Subtotal	-	-	-
<u>Unit Cost \$10,000 or More Per Item With Prior Approval</u>			
None	-	-	-
Subtotal	-	-	-
<u>Unit Cost \$10,000 or More Per Item Without Prior Approval</u>			
None	-	-	-
Subtotal	-	-	-
Total	\$ -	\$ -	\$ -

Note: PUENTE Learning Center's capitalization threshold is \$5,000.

PUENTE Learning Center
Schedule of Claimed Administrative Costs
For the Year Ended June 30, 2022

Claimed Administrative Costs	2022	
	CSP1251	Total CDE CD Contracts
Salaries	\$ 3,137	\$ 3,137
Employee benefits		-
Books and supplies	-	-
Services and other operating expenses	24,013	24,013
Depreciation on non-CDE-funded assets used in program	-	-
Indirect costs	14,214	14,214
Total expenses claimed for reimbursement	41,364	41,364
Total supplemental expenses	-	-
Total Expenditures	\$ 41,364	\$ 41,364

PUENTE Learning Center
Notes to the Child Care and Development Programs Supplemental Information
For the Year Ended June 30, 2022

In accordance with the applicable requirements from the Funding Terms & Conditions:

1. Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. No interest expense was claimed to a child development contract for the year ended June 30, 2022.
2. All expenses claimed for reimbursement under a related party rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. No related party rent expense was claimed to a child development contract for the year ended June 30, 2022.
3. Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2022.

Contractor Name: PUENTE LEARNING CENTER
California Department of Education
Audited Enrollment, Attendance and Fiscal
Report for California State Preschool Program

Contract Number: CSPP1251
Fiscal Year Ended: June 30, 2022
Vendor Code: C0473

Section 1 – Number of Counties Where Services are Provided

Number of counties where the agency provided services to certified children (Form 1): **1**

Number of counties where the agency provided mental health consultation services to certified children (Form 2): **0**

Number of counties where the agency provided services to non-certified children (Form 3): **0**

Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): **0**

Total enrollment and attendance forms to attach: **2**

Note: For each of the above categories, submit one July-December form and one form for each service county for January-June.

Section 2 – Days of Enrollment, Attendance and Operation

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	7,445		7,445	
Total Certified Days of Enrollment with Mental Health Consultation Services			0	
Days of Attendance (including MHCS)	7,212		7,212	N/A
Total Non-Certified Days of Enrollment			0	
Total Non-Certified Days of Enrollment with Mental Health Consultation Services			0	

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Days of Operation	180		180	N/A

Section 3 – Revenue

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs			0
County Maintenance of Effort (EC Section 8279)			0
Other:			0
Other:			0
TOTAL RESTRICTED INCOME	0	0	0

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Reserve			0

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Waived Family Fees for Certified Children			0
Interest Earned on Child Development Apportionment Payments			0
Fees for Non-Certified Children			0
Unrestricted Income: Head Start			0
Other:			0
Other:			0

Section 4 - Reimbursable Expenses

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			0
1000 Certificated Salaries	226,496		226,496
2000 Classified Salaries	71,569		71,569
3000 Employee Benefits	37,030		37,030
4000 Books and Supplies	10,262		10,262
5000 Services and Other Operating Expenses	98,892		98,892
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance	68,618		68,618
Start-up Expenses (service level exemption)			0
Indirect Costs (include in Total Administrative Cost)	14,214		14,214
TOTAL REIMBURSABLE EXPENSES	527,081	0	527,081

Does the agency have an indirect cost rate approved by its cognizant agency (Select YES or NO)? Yes No

Approved Indirect Cost Rate: 3.20%

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)	41,364		41,364
Total Staff Training Cost (included in Reimbursable Expenses)			0

SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 4.

Section 5 - Supplemental Funding

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding			0
Other: Restricted donations from	35,200		35,200
Other:			0
TOTAL SUPPLEMENTAL REVENUE	35,200	0	35,200

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries		21,485	21,485
2000 Classified Salaries		6,656	6,656
3000 Employee Benefits		3,468	3,468
4000 Books and Supplies		882	882
5000 Services and Other Operating Expenses		5,947	5,947
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
Non-Reimbursable Supplemental Expenses			0
TOTAL SUPPLEMENTAL EXPENSES	0	38,438	38,438

Section 6 - Summary

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	7,445	0	7,445
Days of Operation	180	0	180
Days of Attendance (including MHCS)	7,212	0	7,212
Total Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Restricted Program Income	0	0	0
Transfer from Reserve	0	0	0
Interest Earned on Apportionment Payments	0	0	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	527,081	0	527,081
Total Administrative Cost	41,364	0	41,364
Total Staff Training Cost	0	0	0
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

Section 7 – Auditor’s Assurances

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Education Division:

Eligibility, enrollment and attendance records are being maintained as required (Select YES or NO): Yes No

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO): Yes No

Section 8 – Comments

Include any comments in the comment box. If necessary, attach additional sheets to explain adjustments.

Supplemental expenditures were omitted from the CPARIS Form. Audit adjustments reported in Section 5 account for the supplemental expenditures that are in addition to the reimbursable expenses claimed in Section 4. These adjustments do not impact Section 4. This matter did not result in questioned costs or other reportable issues.

**California State Preschool Program – Form 1A
 Certified Children Days of Enrollment and Attendance from July 2021 – December 2021**

Pilot Program: None

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time			0	1.0000	0.0000
Three Years and Older Three-quarters-time			0	0.7500	0.0000
Three Years and Older One-half-time	2,629		2,629	0.6193	1,628.1397
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time			0	1.5400	0.0000
Exceptional Needs Three-quarters-time			0	1.1550	0.0000
Exceptional Needs One-half-time			0	0.9537	0.0000
Limited and Non-English Proficient Full-time-plus			0	1.2980	0.0000
Limited and Non-English Proficient Full-time			0	1.1000	0.0000
Limited and Non-English Proficient Three-quarters-time			0	0.8250	0.0000
Limited and Non-English Proficient One-half-time	628		628	0.6193	388.9204

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Three-quarters-time			0	0.8250	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6193	0.0000
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled Three-quarters-time			0	1.4475	0.0000
Severely Disabled One-half-time			0	1.1952	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	3,257	0	3,257	N/A	2,017.0601

Attendance	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	3,167		3,167	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

**California State Preschool Program – Form 1B
 Certified Children Days of Enrollment and Attendance from January 2022 – June 2022**

Service County: Los Angeles

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time			0	1.0000	0.0000
Three Years and Older One-half-time	3,388		3,388	0.6334	2,145.9592
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time			0	1.5400	0.0000
Exceptional Needs One-half-time			0	0.9754	0.0000
Dual Language Learner Full-time-plus			0	1.2980	0.0000
Dual Language Learner Full-time			0	1.1000	0.0000
Dual Language Learner One-half-time	800		800	0.6334	506.7200
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6334	0.0000

Contractor Name: PUENTE LEARNING CENTER

Contract Number: CSPP1251

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled One-half-time			0	1.2225	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	4,188	0	4,188	N/A	2,652.6792

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	4,045		4,045	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

**INDEPENDENT AUDITOR’S 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
PUENTE Learning Center
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 financial statements of PUENTE Learning Center (the Center), a nonprofit organization, which comprise the statement financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December XX, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center’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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Center’s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center’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 Center’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pasadena, California
December 6, 2022

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors
PUENTE Learning Center
Los Angeles, California

Report on State Compliance

We have audited the Puente Learning Center's (the Center) compliance with the types of compliance requirements as described in the Education Audit Appeals Panel's *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* that could have a direct and material effect on the Center's state programs for the year ended June 30, 2022. The Center's state programs are identified below.

Management's Responsibility for the Financial Statements

Management is responsible for compliance with state statutes, regulations, and the terms and conditions applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Center's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the Center'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 state program. However, our audit does not provide a legal determination of the Center's compliance with those requirements.

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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools	
A. Attendance	Not applicable
B. Teacher Certification and Misassignments	Not applicable
C. Kindergarten Continuance	Not applicable
D. Independent Study	Not applicable
E. Continuation Education	Not applicable
F. Instructional Time	Not applicable
G. Instructional Materials	Not applicable
H. Ratio of Administrative Employees to Teachers	Not applicable
I. Classroom Teacher Salaries	Not applicable
J. Early Retirement Incentive	Not applicable
K. Gann Limit Calculation	Not applicable
L. School Accountability Report Card	Not applicable
M. Juvenile Court Schools	Not applicable
N. Middle or Early College High Schools	Not applicable
O. K-3 Grade Span Adjustment	Not applicable
P. Transportation Maintenance of Effort	Not applicable
Q. Apprenticeship: Related and Supplemental Instruction	Not applicable
R. Comprehensive School Safety Plan	Not applicable
S. District of Choice	Not applicable
School Districts, Country Offices of Education, and Charter Schools	
T. California Clean Energy Jobs Act	Not applicable
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study-Course Based	Not applicable
Z. Immunizations	Yes
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ. Career Technical Education Incentive Grant	Not applicable
DZ. In Person Instruction Grant	Yes
Charter Schools	
AA. Attendance	Yes
BB. Mode of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study	Not applicable
DD. Determination of Funding for Nonclassroom-Based Instruction	Not applicable
EE. Annual Instructional Minutes – Classroom Based	Yes
FF. Charter School Facility Grant Program	Not applicable

Opinion on State Compliance

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2022.

Pasadena, California
December 6, 2022

**PUENTE LEARNING CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Component 1 – Summary of Auditor’s Results:

The audit of Puente Learning Center June 30, 2022 financial statements resulted in an unmodified opinion.

The audit for year ended June 30, 2022 disclosed no instances of reportable conditions in internal control and noncompliance which are material to the financial statements.

Major Program:

Not applicable – not a Uniform Guidance Audit.

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

Not applicable – not a Uniform Guidance Audit.

Low-risk auditee under Section 200 of the Uniform Guidance:

Not applicable – not a Uniform Guidance Audit.

Questioned Costs:

None.

Component 2 – Findings Related to the Financial Statements Reported in Accordance with Government Auditing Standards:

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statement that are required to be reported in accordance with *Government Auditing Standards*.

There were no matters reported for the year ended June 30, 2022.

Component 3 – Findings and Questioned Costs Relating to Federal Awards:

Not applicable – not a Uniform Guidance Audit.

Component 4 – Status of Prior Year Audit Findings:

There were no findings or questioned costs for prior year ended June 30, 2021.