NOTICE OF PUBLIC MEETING

PUENTE Charter School

The Board of Directors of PUENTE Learning Center will be conducting a public meeting on:

Friday, December 11, 2020
10:30 a.m.

Join Zoom Meeting
puente-org.zoom.us
Meeting ID: 778 6834 2148

Any person who wishes to address the Board of Directors is welcomed to attend. No prior notification of your attendance is necessary.

If you require accommodations in order to attend this meeting can call Jerome Greening at 323.780.0076 or email at jerome@puente.org. for assistance

It is hereby noted that the agenda for this meeting of the PUENTE Governing Board has been posted at the following location(s):

- www.puente.org
- PUENTE Charter School, 501 S. Boyle Ave., Los Angeles, CA 90033 main doors and parent board

PUENTE
LEARNING CENTER

PUENTE Learning Center
Audited Financial Statements
As of and for the Years Ended June 30, 2020 and 2019
with Independent Auditor's Report

PUENTE Learning Center
Audited Financial Statements
As of and for the Years Ended June 30, 2020 and 2019
with Independent Auditor's Report

Maginnis Knechtel & McIntyre LLP
Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
PUENTE Learning Center
Pasadena, California

Report on the Financial Statements

We have audited the accompanying financial statements of PUENTE Learning Center (the Center), a nonprofit organization, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2020 and 2019, 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.

Report on 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 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 11, 2020, 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.

Maginnis Knechtel & McIntyre, LLP

Pasadena, California
December 11, 2020

ASSETS	2020	2019
Current assets		
Cash and cash equivalents	$ 1,207,416	$ 1,121,703
Short-term investments	14,913,121	17,369,659
Accounts receivable, net	331,140	114,150
Contributions receivable, net	521,457	513,470
Prepaid expenses and other assets	87,640	36,485
Total Current Assets	**17,060,774**	**19,155,467**
Land, building and equipment, net	6,913,398	6,986,407
Cash surrender value of life insurance	27,088	25,967
TOTAL ASSETS	**$ 24,001,260**	**$ 26,167,841**

LIABILITIES AND NET ASSETS	2020	2019
Current liabilities		
Accounts payable and accrued liabilities	$ 266,949	$ 165,999
Paycheck Protection Program loan	416,790	-
Deferred revenue	-	8,834
Total Current Liabilities	**683,739**	**174,833**
Net assets		
Without donor restrictions		
Board designated (capital expansion)	2,909,831	2,909,831
Undesignated	9,366,516	10,592,826
Total net assets without donor restrictions	**12,276,347**	**13,502,657**
With donor restrictions		
Purpose restricted	4,279,642	5,728,819
Perpetual in nature	6,761,532	6,761,532
Total net assets with donor restrictions	**11,041,174**	**12,490,351**
Total net assets	**23,317,521**	**25,993,008**
TOTAL LIABILITIES AND NET ASSETS	**$ 24,001,260**	**$ 26,167,841**

See notes to the financial statements.

	2020			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**2019 Total**
Operating revenue				
Contributions	$ 681,978	$ 837,392	$ 1,519,370	$ 716,259
Fees revenue	4,489	-	4,489	30,186
Special events	58,646	-	58,646	104,050
Charter School	1,971,442	21,610	1,993,052	2,224,465
Other revenues	40,969	-	40,969	71,250
Net assets release from restrictions				
Satisfaction of program restrictions	1,679,783	(1,679,783)	-	-
Total operating revenue	**4,437,307**	**(820,781)**	**3,616,526**	**3,146,210**
Operating expenses and losses				
Programs and educational	4,174,164	-	4,174,164	3,677,015
Management and general	483,306	-	483,306	640,442
Fundraising	251,096	-	251,096	338,552
Total operating expenses	**4,908,566**	**-**	**4,908,566**	**4,656,009**
Change in net assets from operations	**(471,259)**	**(820,781)**	**(1,292,040)**	**(1,509,799)**
(Other items considered to be nonoperating)				
Investment return (loss), net	(758,142)	(628,396)	(1,386,538)	1,759,468
Interest income	3,091	-	3,091	5,008
Change in net assets	**(1,226,310)**	**(1,449,177)**	**(2,675,487)**	**254,677**
Net assets at the beginning of year	13,502,657	12,490,351	25,993,008	25,738,331
Net assets at end of year	**$ 12,276,347**	**$ 11,041,174**	**$ 23,317,521**	**$ 25,993,008**

See notes to financial statements.

	2020							2019
	Program	Charter School	Total Program Expenses	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries	$ 1,006,334	$ 1,010,293	$ 2,016,627	$ 179,855	$ 102,213	$ 282,068	$ 2,298,695	$ 1,970,169
Payroll taxes	65,630	78,072	143,702	12,442	6,606	19,048	162,750	141,512
Employee benefits	98,498	133,632	232,130	24,895	13,236	38,131	270,261	233,720
Total personnel costs	1,170,462	1,221,997	2,392,459	217,192	122,055	339,247	2,731,706	2,345,401
Depreciation	420,242	6,536	426,778	127,649	46,344	173,993	600,771	628,136
Professional services	222,726	370,724	593,450	33,746	48,531	82,277	675,727	750,585
Donated materials and services	384,848	-	384,848	-	11,220	11,220	396,068	396,015
Insurance	57,043	26,314	83,357	12,429	6,400	18,829	102,186	173,272
Utilities	42,448	40,336	82,784	8,106	4,213	12,319	95,103	116,537
Building lease	(173,904)	173,904	-	5,162	-	5,162	5,162	269
Other	-	126	126	361	-	361	487	969
Equipment rental and maintenance	2,558	10,515	13,073	31,707	1,233	32,940	46,013	89,291
Office supplies and expense	16,703	26,218	42,921	10,228	1,486	11,714	54,635	50,517
Textbooks	64	26,477	26,541	-	-	-	26,541	14,253
Telephone	8,216	8,639	16,855	1,505	976	2,481	19,336	20,446
Dues and subscriptions	31,627	40,257	71,884	16,390	6,781	23,171	95,055	13,208
Travel	2,256	1,187	3,443	3,652	117	3,769	7,212	8,032
Training and workshops	10,262	1,869	12,131	6,692	1,740	8,432	20,563	29,824
Doubtful accounts expense	-	21,648	21,648	6,296	-	6,296	27,944	15,298
Property taxes	-	1,866	1,866	2,191	-	2,191	4,057	3,956
Total functional expenses	$ 2,195,551	$ 1,978,613	$ 4,174,164	$ 483,306	$ 251,096	$ 734,402	$ 4,908,566	$ 4,656,009

See notes to the financial statements.

	Years ended June 30,	
	2020	2019
Cash flows from operating activities:		
Change in total net assets	$ (2,675,487)	$ 254,677
Adjustments to reconcile change in net assets to net cash (used) in operating activities:		
Depreciation	600,771	628,136
Loss on disposal of equipment	32,876	-
Net unrealized loss (gain) on investments	1,530,510	(1,574,819)
Changes in operating assets and liabilities:		
Contributions receivable	(7,987)	(334,348)
Accounts receivable	(216,990)	(36,628)
Prepaid and other assets	(52,276)	1,672
Accounts payable and accrued liabilities	100,950	(37,824)
Deferred revenue	(8,834)	8,834
Net cash (used) in operating activities	**(696,467)**	**(1,090,300)**
Cash flows from investing activities:		
Purchase of property and equipment	(560,638)	(222,334)
Proceeds from sale of investments	1,070,000	1,500,000
Reinvested interest and dividends	(143,972)	(184,649)
Net cash provided by investing activities	**365,390**	**1,093,017**
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	416,790	-
Net cash provided by financing activities	**416,790**	**-**
NET INCREASE IN CASH AND CASH EQUIVALENTS	85,713	2,717
CASH AND CASH EQUIVALENTS - BEGINNING	**1,121,703**	**1,118,986**
CASH AND CASH EQUIVALENTS - ENDING	**$ 1,207,416**	**$ 1,121,703**

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 Kindergarten
- 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, 2020 and 2019, 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) 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, 2020 and 2019, 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 contributions 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.

c) 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, 2020 and 2019 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.

(Continued)

d) 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.

e) Property 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.

f) 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, 2020 and 2019.

(Continued)

g) 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.

h) 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 asses 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.

i) 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.

j) 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, 2020 and 2019 consist of the following:

	2020	2019
Teachers and administrative support	$ 384,648	$ 378,369
Direct donor benefit expense	11,420	17,646
Donated piano	30,000	-
	$ 426,068	$ 396,015

(Continued)

k) 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.

l) 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.

m) 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.

n) Date of Management's Review

Management has evaluated subsequent events through December 11, 2020, the date the financial statements were available to be issued.

o) Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, *Not-for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,* which revises the not-for-profit financial reporting model. ASU 2016-14 provides for additional disclosure requirements and modifies net asset and expense reporting. The Center adopted the new guidance effective for the year ended June 30, 2019 and applied the changes prospectively. Implementation of this guidance resulted in a change in presentation of net assets, expenses, and additional disclosures surrounding the Center's liquidity and availability of financial assets.

In June 2018, the FASB issued ASU No. 2018-08. *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made,* which amends the accounting guidance related to (1) evaluating whether transactions should be accounted for as contributions or exchange transactions, and (2) determining whether a contribution is conditional. For resource recipients, the ASU is effective for annual periods beginning after December 15, 2018, with early adoption permissible. The Center adopted this guidance for the year ended June 30, 2020. The adoption of this guidance had no significant impact on how the Center accounts for its activities.

(Continued)

o) Recent Accounting Pronouncements (Continued)

In May 2014, the FASB issued ASU 2014-09 Revenue from Contracts with Customers (ASC 606) and followed by several updates. This new standard includes the required steps to achieve the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. 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 ASU 2014-09 Revenue from Contracts with Customers becomes effective for fiscal years beginning after December 15, 2019. 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.

(3) LIQUIDITY AND AVAILIBILITY

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:

	2020	2019
Cash	$ 1,207,416	$ 1,121,703
Accounts receivable	331,140	114,150
Other financial assets, net	1,785,440	2,808,705
Available financial assets	**$ 3,323,996**	**$ 4,044,558**

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).

The following table presents information about the Center's assets that are measured at fair value on a recurring basis at June 30, 2020 and 2019 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

(Continued)

	Year ended June 30, 2020	FY 2019-20 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	$ 9,355,500	$ 9,355,500	$ -	$ -
Bond funds	3,115,765	3,115,765	-	-
Equity mutual funds	2,441,856	2,441,856	-	-
	$ 14,913,121	$ 14,913,121	$ -	$ -

	Year ended June 30, 2019	FY 2018-19 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	$ 11,142,249	$ 11,142,249	$ -	$ -
Bond funds	3,903,306	3,903,306	-	-
Equity mutual funds	2,324,104	2,324,104	-	-
	$ 17,369,659	$ 17,369,659	$ -	$ -

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, 2020 and 2019 consist of the following:

	2020	**2019**
Interest and dividends	$ 143,972	$ 184,649
Unrealized gain /(loss)	(1,530,510)	1,574,819
	$ (1,386,538)	**$ 1,759,468**

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, 2020 and 2019.

(5) PROPERTY PLANT & EQUIPMENT

Property and equipment at June 30, 2020 and 2019 consist of the following:

	2020	2019
Land	$ 2,403,954	$ 2,403,954
Building	10,327,911	10,313,306
Software	857,584	877,260
Furniture and equipment	752,822	716,477
Asset work in progress	675,233	182,089
	15,017,504	14,493,086
Less: Accumulated depreciation	(8,104,106)	(7,506,679)
	$ 6,913,398	**$ 6,986,407**

Depreciation expense for the years ended June 30, 2020 and 2019 amounted to $600,771 and $628,136, respectively.

(6) ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2020 and 2019 consist of the following:

	2020	2019
Accrued vacation	$ 97,474	$ 45,308
Accrued payroll	115,025	70,753
Accrued other	54,450	49,938
	$ 266,949	**$ 165,999**

(7) PAYCHECK PROTECTION PROGRAM LOAN

On April 27, 2020, the Center was granted a loan in the amount of $416,790, pursuant to the Paycheck Protection Program (PPP) under the CARES Act. The loan matures on April 27, 2022, bears interest at a rate of 1% per year, and is payable monthly starting in November 2020. Under the terms of the PPP, certain amounts of the loan may be forgiven if used for qualifying expenses as described in the CARES Act. Management is preparing to apply for forgiveness.

(8) CHARTER SCHOOL REVENUES

Charter School revenues for the years ended June 30, 2020 and 2019 consist of the following:

[illegible]

(9) 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.

(10) 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.

(Continued)

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, 2020 and 2019, the Center's endowment net assets were $10,362,146 and $11,813,866, respectively.

	Purpose Restricted	Perpetual in Nature	Total
Changes in endowment net assets for the year ended June 30, 2020			
Endowment net assets - beginning of year	$ 5,052,334	$ 6,761,532	$ 11,813,866
Net realized and unrealized (loss)	(628,396)	-	(628,396)
Appropriation of endowment assets for expenditure	(823,324)	-	(823,324)
Endowment net assets	**$ 3,600,614**	**$ 6,761,532**	**$ 10,362,146**

	Purpose Restricted	Perpetual in Nature	Total
Changes in endowment net assets for the year ended June 30, 2019			
Endowment net assets - beginning of year	$ 5,279,201	$ 6,761,532	$ 12,040,733
Net realized and unrealized gain	612,361	-	612,361
Appropriation of endowment assets for expenditure	(839,228)	-	(839,228)
Endowment net assets	**$ 5,052,334**	**$ 6,761,532**	**$ 11,813,866**

(11) 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, 2020 and 2019, the Center did not recognize any uncertain tax position.

The Center's federal and state income tax returns for 2016 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.

(12) 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, 2020 and 2019, the Center’s contributions were $49,653 and $49,407, respectively.

(13) 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.

(14) SUBSEQUENT EVENTS

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, and, if the outbreak continues on its current trajectory, such impacts could grow and become material to its liquidity or financial position.

SUPPLEMENTARY INFORMATION

PUENTE Learning Center
Statements of Financial Position
Charter School Programs
June 30, 2020 and 2019

ASSETS		**2020**		**2019**
Current assets				
Cash and cash equivalents	$	741,774	$	897,012
Accounts receivable, net		222,849		114,150
Contributions receivable, net		491,740		489,493
Total Current Assets		**1,456,363**		**1,500,655**
Building and equipment, net		355,070		212,908
TOTAL ASSETS	$	**1,811,433**	$	**1,713,563**

LIABILITIES AND NET ASSETS				
Current liabilities				
Due to other programs to the Center	$	210,928	$	127,497
Total Current Liabilities		**210,928**		**127,497**
Net assets				
Without donor restrictions		1,100,415		957,348
With donor restrictions		500,090		628,718
Total Net Assets		**1,600,505**		**1,586,066**
TOTAL LIABILITIES AND NET ASSETS	$	**1,811,433**	$	**1,713,563**

	2020	2019
Changes in net assets without donor restrictions		
Revenue		
State LCFF, lottery, and other	$ 1,343,178	$ 986,749
Special education revenue	132,173	87,813
Local property tax	430,406	270,049
Other federal income	65,685	54,854
Total revenues without donor restrictions	**1,971,442**	**1,399,465**
Net assets released from restrictions		
Satisfaction of program restrictions	150,238	196,282
Total net assets released from restrictions	**150,238**	**196,282**
Total revenues without donor restrictions and net assets released from restrictions	**2,121,680**	**1,595,747**
Expenses		
Program expenses:		
Personnel costs:		
Salaries	1,010,293	771,625
Payroll taxes	78,072	55,877
Employee benefits	133,632	68,316
Total personnel costs	**1,221,997**	**895,818**
Building lease	173,904	117,769
Depreciation	6,536	6,250
Dues and subscriptions	40,257	1,377
Equipment rental and maintenance	10,515	11,449
Insurance	26,314	35,877
Office supplies and expenses	26,218	15,601
Other	126	614
Professional services	370,724	245,440
Telephone	8,639	2,633
Textbooks	26,477	11,846
Training and workshops	1,869	6,726
Travel	1,187	1,200
Utilities	40,336	15,093
Doubtful accounts expense	21,648	11,490
Property taxes	1,866	-
Total operating expenses	**756,616**	**483,365**
Total expenses	**1,978,613**	**1,379,183**
Change in net assets without donor restrictions	**143,067**	**216,564**
Changes in net assets with donor restrictions		
Contributions	21,610	-
Donations - grants for facility	-	825,000
Net assets released from restrictions	(150,238)	(196,282)
Change in net assets with donor restrictions	(128,628)	628,718
Change in total net assets	**14,439**	**845,282**
Net assets at the beginning of year	1,586,066	740,784
Net assets at end of year	**$ 1,600,505**	**$ 1,586,066**

PUENTE Learning Center
Statements of Cash Flows
Charter School Programs
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in total net assets	**$ 14,439**	**$ 845,282**
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,536	6,250
Changes in operating assets and liabilities:		
Accounts receivable	(108,699)	(26,121)
Contributions receivable	(2,247)	(500,000)
Due to other programs to the center	83,431	25,413
Net cash (used) provided by operating activities	**(6,540)**	**350,824**
Cash flows from investing activities:		
Purchase of property and equipment	(148,698)	(202,658)
Net cash (used) in investing activities	**(148,698)**	**(202,658)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(155,238)	148,166
CASH AND CASH EQUIVALENTS - BEGINNING	**897,012**	**748,846**
CASH AND CASH EQUIVALENTS - ENDING	**$ 741,774**	**$ 897,012**

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:

Name	Title	Board Term	Term Expiration
Albert Reyes	Chairman	3 Years	Jun-20
Chun Wong	Vice Chairman	3 Years	Jun-21
Richelle Rae Huizar	Secretary	3 Years	Jun-20
Tyler M.P. Sutherland	Treasurer	3 Years	Mar-22
Greg Gonzalez	Member	3 Years	Jun-20
Oscar Cabrales	Member	3 Years	Jun-21
Daniel Arguello	Member	3 Years	Jun-21
Jocelyn Rocenwald	Member	3 Years	Jun-23

c) Superintendent: Jerome Greening

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

Grade	ADA Second Period Report	ADA Annual Report
Kindergarten – 2nd grade	146.38	146.38

Grade	Minutes Provided	Minutes Required	Instructional Days	Status
Kindergarten	54,675	36,000	180	In Compliance
1st Grade	54,675	50,400	180	In Compliance
2nd Grade	54,675	50,400	180	In Compliance

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

June 30, 2020 Annual Financial Report		
Fund balances (net assets), unaudited	$	1,650,169
Adjustments and Reclassification:		
Increasing (decreasing) the fund balance (net assets)		
Accounts Receivable		(13,397)
Building and Equipment		(384,973)
Accounts Payable		348,706
Net Adjustments and Reclassifications		(49,664)
June 30, 2020 Annual Financial Statement		
Fund balances (net assets), audited	$	1,600,505

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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, 2020, 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 11, 2020.

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.

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.

Maginnis Knechtel & McIntyre, LLP

Pasadena, California
December 11, 2020

Maginnis Knechtel & McIntyre LLP
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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 requirements as described in the Education Audit Appeals Panel's 2019-20 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting for the year ended June 30, 2020. 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 2019-2020 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.

Opinion on State Compliance

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2020.

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:

Description	Procedures Performed
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 Accountability Plan	Yes
Y. Independent Study – Course Based	Not applicable
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

Maginnis Knechtel & McIntyre, LLP

Pasadena, California
December 11, 2020

PUENTE LEARNING CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Component 1 – Summary of Auditor's Results:

The audit of Puente Learning Center June 30, 2020 financial statements resulted in an unmodified opinion.

The audit for year ended June 30, 2020 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:
None

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:
Not applicable – no prior year audit findings reported.