



Consolidated Financial Statements,
Schedule of Expenditures of Federal Awards, and Reports
Required by Government Auditing Standards and the Uniform
Guidance

June 30, 2023 and 2022

**Guadalupe Center Educational
Programs, Inc.**

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Independent Auditor's Report

The Board of Directors
Guadalupe Center Educational Programs, Inc.
Salt Lake City, Utah

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Guadalupe Center Educational Programs, Inc., which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Guadalupe Center Educational Programs, Inc. as of June 30, 2023 and 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Guadalupe Center Educational Programs, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS 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 consolidated 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 consolidated 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 Guadalupe Center Educational Programs, Inc.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Guadalupe Center Educational Programs, Inc.'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 consolidated financial statements as a whole. The supplemental schedules on pages 23 through 30 and the accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 21, 2023, on our consideration of Guadalupe Center Educational Programs, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Guadalupe Center Educational Programs, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Guadalupe Center Educational Programs, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Erik Bailly LLP".

Salt Lake City, Utah
December 21, 2023

Guadalupe Center Educational Programs, Inc.

Consolidated Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,724,737	\$ 1,530,273
Government grants and contracts receivable	617,598	391,079
Other receivables	9,619	11,724
Prepaid expenses and deposits	<u>13,402</u>	<u>36,261</u>
Total current assets	2,365,356	1,969,337
Property and equipment, net	6,345,036	6,593,465
Investments	664,823	631,466
Endowment - investments	943,393	856,030
Beneficial interest in assets held by recipient organization	<u>241,373</u>	<u>232,554</u>
	<u><u>\$ 10,559,981</u></u>	<u><u>\$ 10,282,852</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 72,705	\$ 33,562
Accrued liabilities	300,013	314,359
Deferred revenue	<u>-</u>	<u>33,851</u>
Total current liabilities	372,718	381,772
Net assets		
Without donor restrictions		
Undesignated	8,757,899	8,722,271
Board designated endowment	<u>943,393</u>	<u>856,030</u>
Total net assets without donor restrictions	<u>9,701,292</u>	<u>9,578,301</u>
With donor restrictions		
Purpose restrictions	244,598	90,225
Endowment	<u>241,373</u>	<u>232,554</u>
Total net assets with donor restrictions	<u>485,971</u>	<u>322,779</u>
Total net assets	<u><u>10,187,263</u></u>	<u><u>9,901,080</u></u>
	<u><u>\$ 10,559,981</u></u>	<u><u>\$ 10,282,852</u></u>

Guadalupe Center Educational Programs, Inc.

Consolidated Statements of Activities
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net Assets Without Donor Restrictions		
Public support		
Private donations	\$ 677,889	\$ 738,018
Revenue		
Interest income	107	16
Net investment return	130,292	(153,919)
Other	6,788	16,905
Special events revenue	207,050	21,450
Less costs of direct benefits to donors	<u>(87,116)</u>	<u>(8,415)</u>
	935,010	614,055
Net Assets Released from Restrictions		
Restrictions satisfied	<u>7,842,463</u>	<u>6,254,709</u>
Total public support and revenue without donor restrictions	<u>8,777,473</u>	<u>6,868,764</u>
Expenses		
Program services		
Guadalupe Charter School	4,865,641	4,104,819
Adult Education Program	732,315	615,950
Preschool Program	1,219,441	971,200
Toddler Beginnings	315,148	217,729
In-Home Program	<u>478,842</u>	<u>332,981</u>
Total program services	<u>7,611,387</u>	<u>6,242,679</u>
Supporting services		
Management and general	557,001	295,309
Fundraising	<u>486,094</u>	<u>284,913</u>
Total supporting services	<u>1,043,095</u>	<u>580,222</u>
Total expenses	<u>8,654,482</u>	<u>6,822,901</u>
Change in Net Assets Without Donor Restrictions	<u>122,991</u>	<u>45,863</u>

(Continued)

Guadalupe Center Educational Programs, Inc.

Consolidated Statements of Activities
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
With Donor Restrictions - Purpose Restrictions		
Public support		
Private donations	\$ 767,047	\$ 1,255,774
Public grants and contracts		
Charter School - federal funding	1,980,637	1,405,934
Charter School - state funding	3,005,041	2,403,137
Other government funding	2,234,489	1,241,505
Net Assets Released from Restrictions		
Restrictions satisfied	<u>(7,842,463)</u>	<u>(6,254,709)</u>
Change in Net Assets With Donor Restrictions from Operations	144,751	51,641
Change in Interest in Net Assets of Recipient Organization	<u>18,441</u>	<u>(29,718)</u>
Change in Net Assets With Donor Restrictions	<u>163,192</u>	<u>21,923</u>
Change in Net Assets	286,183	67,786
Net Assets, Beginning of Year	<u>9,901,080</u>	<u>9,833,294</u>
Net Assets, End of Year	<u><u>\$ 10,187,263</u></u>	<u><u>\$ 9,901,080</u></u>

Guadalupe Center Educational Programs, Inc.
Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services						Supporting Services			
	Guadalupe Charter School	Adult Education Program	Preschool Program	Toddler Beginnings	In-Home Program	Total	Management and General	Fundraising	Total	Total Expenses
Salaries	\$ 3,015,529	\$ 508,953	\$ 773,221	\$ 206,493	\$ 319,011	\$ 4,823,207	\$ 147,294	\$ 269,976	\$ 417,270	\$ 5,240,477
Benefits	688,252	100,555	198,992	36,082	58,124	1,082,005	86,114	70,713	156,827	1,238,832
Professional and technical services	217,283	6,651	60,401	3,290	5,975	293,600	45,816	3,292	49,108	342,708
Purchased property services (repairs and maintenance)	284,173	47,222	67,296	37,813	31,729	468,233	4,505	16,647	21,152	489,385
Other purchased services	35,035	2,851	4,625	1,579	8,423	52,513	10,907	62	10,969	63,482
Supplies	474,327	17,444	60,174	12,090	6,289	570,324	14,091	85,920	100,011	670,335
Depreciation	145,869	46,394	49,223	17,373	31,554	290,413	12,032	26,716	38,748	329,161
Other	5,173	2,245	5,509	428	17,737	31,092	236,242	12,768	249,010	280,102
Special events	-	-	-	-	-	-	-	87,116	87,116	87,116
Total expenses	4,865,641	732,315	1,219,441	315,148	478,842	7,611,387	557,001	573,210	1,130,211	8,741,598
Less expenses included as revenue on the consolidated statement of activities - costs of direct benefits to donors	-	-	-	-	-	-	-	(87,116)	(87,116)	(87,116)
	<u>\$ 4,865,641</u>	<u>\$ 732,315</u>	<u>\$ 1,219,441</u>	<u>\$ 315,148</u>	<u>\$ 478,842</u>	<u>\$ 7,611,387</u>	<u>\$ 557,001</u>	<u>\$ 486,094</u>	<u>\$ 1,043,095</u>	<u>\$ 8,654,482</u>

Guadalupe Center Educational Programs, Inc.
Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services						Supporting Services			Total Expenses
	Guadalupe Charter School	Adult Education Program	Preschool Program	Toddler Beginnings	In-Home Program	Total	Management and General	Fundraising	Total	
Salaries	\$ 2,422,495	\$ 415,837	\$ 579,697	\$ 140,563	\$ 214,346	\$ 3,772,938	\$ 133,873	\$ 166,039	\$ 299,912	\$ 4,072,850
Benefits	562,809	81,953	136,237	27,526	32,207	840,732	74,061	36,170	110,231	950,963
Professional and technical services	212,471	10,405	43,618	3,256	6,534	276,284	1,444	4,518	5,962	282,246
Purchased property services (repairs and maintenance)	336,065	41,338	71,701	22,593	29,687	501,384	4,218	15,570	19,788	521,172
Other purchased services	31,479	2,894	4,244	1,473	5,758	45,848	10,145	4,056	14,201	60,049
Supplies	415,519	15,997	80,788	4,150	8,735	525,189	11,123	24,679	35,802	560,991
Depreciation	122,194	45,741	49,842	17,145	31,081	266,003	11,878	26,316	38,194	304,197
Other	1,787	1,785	5,073	1,023	4,633	14,301	48,567	7,565	56,132	70,433
Special events	-	-	-	-	-	-	-	8,415	8,415	8,415
Total expenses	4,104,819	615,950	971,200	217,729	332,981	6,242,679	295,309	293,328	588,637	6,831,316
Less expenses included as revenue on the consolidated statement of activities - costs of direct benefits to donors	-	-	-	-	-	-	-	(8,415)	(8,415)	(8,415)
Total expenses	<u>\$ 4,104,819</u>	<u>\$ 615,950</u>	<u>\$ 971,200</u>	<u>\$ 217,729</u>	<u>\$ 332,981</u>	<u>\$ 6,242,679</u>	<u>\$ 295,309</u>	<u>\$ 284,913</u>	<u>\$ 580,222</u>	<u>\$ 6,822,901</u>

Guadalupe Center Educational Programs, Inc.

Consolidated Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Activities		
Change in net assets	\$ 286,183	\$ 67,786
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	329,161	304,197
Loss on disposal of property and equipment	83,766	-
Impairment loss - construction in process	130,984	-
Change in interest in net assets of recipient organization	(18,441)	29,718
Net investment return	(130,292)	153,919
Changes in operating assets and liabilities		
Government grants and contracts receivable	(226,519)	49,928
Other receivables	2,105	(7,423)
Prepaid expenses and deposits	22,859	(16,314)
Accounts payable and accrued liabilities	24,797	(124,519)
Deferred revenue	<u>(33,851)</u>	<u>5,785</u>
Net Cash from Operating Activities	<u>470,752</u>	<u>463,077</u>
Investing Activities		
Purchases of property and equipment	(295,482)	(266,368)
Proceeds from interest in net assets of recipient organization	9,622	8,874
Purchases of investments	9,677	(10,494)
Purchases of endowment investments	<u>(105)</u>	<u>(44)</u>
Net Cash used for Investing Activities	<u>(276,288)</u>	<u>(268,032)</u>
Net Change in Cash and Cash Equivalents	194,464	195,045
Cash and Cash Equivalents, Beginning of Year	<u>1,530,273</u>	<u>1,335,228</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,724,737</u></u>	<u><u>\$ 1,530,273</u></u>

Note 1 - Summary of Significant Accounting Policies**Operational Purpose**

Guadalupe Center Educational Programs, Inc. is a nonprofit corporation organized under the laws of the State of Utah to provide educational services as a sustainable way to end the cycle of poverty in families. The In-Home program sends counselors into low-income homes to help new parents create an environment that nurtures their child's cognitive development. Toddler Beginnings and Preschool Programs expose young learners to the school environment and ensure kindergarten readiness. Students enter the Guadalupe Charter School (GCS) at age five to continue their high-quality, individualized education until 6th grade. The Adult Education Program offers classes in English as a second language, U.S. citizenship, and job skills to parents and adult community members. Funding for these programs comes from private donations, government grants and contracts.

GCS received charter school status starting in the 2007/2008 school year. Charter schools are funded by the State of Utah on a per pupil basis. The Utah State Legislature appropriates funds each year to replace a portion of the property tax revenues usually distributed through local school districts that are not available to charter schools. Charter schools, including GCS, may apply for state, federal, and specialized funds if qualifying students are served in approved programs. GCS is governed by a local board of trustees comprised of parents as well as members of the Board of Directors (the Board) of Guadalupe Center Educational Programs Inc. and the community at large.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Guadalupe Center Educational Programs, Inc., Guadalupe Holding Company (GHC), and Friends of Guadalupe (FOG). The consolidated entities are collectively referred to as "GEP." All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements. GHC and FOG are tax-exempt supporting organizations organized during October 2013 in connection with the financing, construction, and ownership of the Guadalupe School building, which was completed and placed in service during August 2014.

The accompanying consolidated financial statements of GEP have been prepared using the accrual method of accounting.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents are defined as cash on hand and highly liquid investments with maturities of three months or less. Restricted cash is not considered a cash equivalent.

Receivables and Credit Policies

Receivables consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. At June 30, 2023 and 2022, the allowance was \$0.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2023 and 2022, the allowance was \$0 and all amounts are expected to be collected within one year.

Property and Equipment

Property and equipment are recorded at acquisition cost or, where donated, at estimated fair value at the date of the donation. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. Property and equipment have been assigned useful lives ranging from three to thirty-nine years. Expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities.

GEP reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. GEP has determined that certain long-lived assets were impaired during the year ended June 30, 2023, and has recorded an impairment loss of \$130,984 at June 30, 2023. There were no indicators of asset impairment during the year ended June 30, 2022.

Beneficial Interest in Assets Held by Recipient Organization

The Catholic Foundation of Utah (CFU) is the recipient organization that holds an endowment fund for the benefit of GEP. As CFU has not been granted variance power, that is, the unilateral power to redirect the use of the transferred assets to another beneficiary, GEP recognizes its rights to the assets and adjusts that interest for its share of the change in net assets of CFU related to the transferred assets in accordance with generally accepted accounting principles (GAAP). Accounting for changes in the interest in net assets of recipient organization is recorded as an increase or decrease in net assets with restrictions until appropriated for expenditure by GEP (time restriction).

Investments

GEP records investment purchases at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Concentration and Credit Risk

As a charter school, GCS receives a significant amount of funding from the State of Utah. If this funding were lost, it would have a material adverse effect on the financial condition of GEP.

Investments are made by diversified investment managers whose performance is monitored by GEP and the Board. Although the fair values of investments are subject to fluctuation on a year-to-year basis, GEP believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

GEP manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, GEP has not experienced losses in any of these accounts. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2023, GEP had approximately \$951,000 in excess of FDIC-insured limits.

Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of GEP's mission.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the organization's program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended June 30, 2023 and 2022, respectively.

Revenue and Revenue Recognition

GEP recognizes contributions when cash, securities or other assets; and unconditional promise to give; or a 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 met.

A portion of GEP's revenue is derived from cost-reimbursable federal and state contracts and grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the consolidated statement of financial position. GEP received cost-reimbursable grants of \$0 and \$33,851 that have not been recognized at June 30, 2023 and 2022, because qualifying expenditures have not yet been incurred, with advance payments of \$0 and \$33,851 recognized in the consolidated statements of financial position as deferred revenue.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, professional and technical services, supplies, depreciation, interest, and other, which are allocated on the basis of estimates of time and effort.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and those differences could be material.

Income Tax Status

Guadalupe Center Educational Programs, Inc. is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), that qualifies for the charitable contribution deduction, and has been determined not to be a private foundation under Section 509(a)(1). The organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

GHC and FOG are organized as Utah nonprofit corporations and have been recognized by the (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3), qualifying for the charitable contribution deduction under Section 170(b)(1)(A)(viii), and have been determined not to be private foundations under Section 509(a)(3).

GHC and FOG are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the organizations are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The organizations have determined that they are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

GEP believes that each entity has appropriate support for any tax positions taken affecting their annual filing requirements and, as such, do not have any uncertain tax positions that are material to the consolidated financial statements. The organizations would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Adoption of Accounting Standards Codification Topic 842

Effective July 1, 2022, GEP adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). GEP elected to apply the guidance as of July 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the income statement as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. GEP has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, GEP accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. The adoption of the new standard did not materially impact GEP's Consolidated Statements of Financial Position, Activities or Cash Flows and there was no cumulative effect adjustment to net assets.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

Management has evaluated subsequent events through December 21, 2023, the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2023	2022
Cash and cash equivalents	\$ 1,724,737	\$ 1,530,273
Government grants and contracts receivable	617,598	391,079
Other receivables	9,619	11,724
	<u>2,351,954</u>	<u>1,933,076</u>
Deductions for restrictions	<u>(244,598)</u>	<u>(90,225)</u>
	<u><u>\$ 2,107,356</u></u>	<u><u>\$ 1,842,851</u></u>

Additionally, GEP has endowment funds that consist of funds designated by the Board that totaled \$943,393 and \$856,030, as of June 30, 2023 and 2022, respectively. GEP also has investment funds intended to be held for long-term purposes that totaled \$664,823 and \$631,466, as of June 30, 2023 and 2022, respectively. Although GEP does not intend to spend from this board-designated endowment fund or the investment account, the endowment and part of the investment amounts could be made available, if necessary, for general expenditures.

Note 3 - Government Grants and Contracts Receivable

Government grants and contracts receivable totaling \$617,598 and \$391,079 at June 30, 2023 and 2022, respectively, represent amounts due from certain state and local government agencies for reimbursement of various approved expenses under grants or contracts. All of these amounts are expected to be collected within a year.

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 425,435	\$ 425,435
Building	6,821,081	6,929,166
Furniture and equipment	1,695,022	1,613,620
Vehicles	480,335	480,335
Construction in process	<u>270,000</u>	<u>186,904</u>
	9,691,873	9,635,460
Less accumulated depreciation	<u>(3,346,837)</u>	<u>(3,041,995)</u>
	<u><u>\$ 6,345,036</u></u>	<u><u>\$ 6,593,465</u></u>

Note 5 - Endowment

During the year ended June 30, 2017, GEP established an endowment fund (the Endowment) held by FOG to receive gifts and to provide support for the activities and general operations of GEP. Net assets associated with endowment funds are classified and reported based on the existence or absence of any donor-imposed restrictions. As of June 30, 2023 and 2022, Endowment net assets totaled \$943,393 and \$856,030, respectively, and represent unrestricted net assets designated for investment by the Board.

Investment and Spending Policies

GEP has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The performance objective is to achieve returns at least equal to relevant benchmarks. Actual returns in any given year may vary. To satisfy this long-term rate-of return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

Guadalupe Center Educational Programs, Inc.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The annual net earnings of unrestricted Endowment funds may be committed, granted, or expended for the activities and purposes of GEP in an amount not to exceed 10% of the total value of the fund upon unanimous approval of the Board. Changes in Endowment net assets for the years ended June 30, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 856,030	\$ 972,434
Purchase (sale) of investments	105	44
Investment return		
Interest and dividends, net of fees	17,359	21,120
Net realized and unrealized gain	<u>69,899</u>	<u>(137,568)</u>
Endowment net assets, end of year	<u><u>\$ 943,393</u></u>	<u><u>\$ 856,030</u></u>

Note 6 - Beneficial Interest in Assets Held by Recipient Organization

In approximately 1985, an endowment fund with donor restrictions that are perpetual in nature was established with Catholic Foundation of Utah (CFU). CFU is responsible for the investment and administration of the fund and the earnings are to be used to benefit GEP. The restricted corpus balance is \$165,000 at June 30, 2023 and 2022. GEP does not believe that CFU has variance power as defined by GAAP and, therefore, records its interest in the changes in the net assets of CFU related to this Endowment.

At June 30, 2023 and 2022, GEP has recorded \$241,373 and \$232,554, respectively, as its interest in the net assets of CFU relating to this Endowment. Investments maintained by CFU on behalf of GEP in an endowment fund are carried at fair value, and realized and unrealized gains and losses are reflected in the consolidated statements of activities. Account activity for the years ended June 30, 2023 and 2022, is reflected in the following table:

	<u>2023</u>	<u>2022</u>
Interest in the net assets of recipient organization, beginning of year	\$ 232,554	\$ 271,146
Investment returns (net of expenses)		
Net realized and unrealized gains and (losses)	18,441	(29,718)
Withdrawals/amounts appropriated for operations	<u>(9,622)</u>	<u>(8,874)</u>
Interest in the net assets of recipient organization, end of year	241,373	232,554
Allocated to net assets subject to endowment spending policy appropriation	<u>(76,373)</u>	<u>(67,554)</u>
Net assets with donor restrictions - perpetual in nature, end of year	<u><u>\$ 165,000</u></u>	<u><u>\$ 165,000</u></u>

The Board has interpreted state law to not require the preservation of the purchasing power (real value) of the permanent Endowment funds unless explicit donor stipulations specify otherwise. The donor of the Endowment has specifically stipulated that the original endowment principal may only be expended with the prior written consent of the donor. For the years ended June 30, 2023 and 2022, \$9,622 and \$8,874 was appropriated from previous appreciation of the endowment fund and was released.

Note 7 - Fair Value Measurements

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to GEP's assessment of the quality, risk or liquidity profile of the asset or liability.

Investment assets and endowment investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values. The fair value of GEP's beneficial interest in assets held by CFU is based on the fair value of fund investments as reported by CFU. These are considered to be Level 3 measurements.

Guadalupe Center Educational Programs, Inc.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The following table presents assets measured at fair value on a recurring basis at June 30, 2023:

Assets	Fair Value Measurements at Report Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Beneficial interest in assets held by recipient organization	\$ -	\$ -	\$ 241,373	\$ 241,373
Investments				
Cash and money market funds, at cost	\$ -	\$ -	\$ -	\$ 62,502
Fixed income mutual funds	235,853	-	-	235,853
U.S. equity mutual funds	174,169	-	-	174,169
Equity securities	192,299	-	-	192,299
	<u>\$ 602,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 664,823</u>
Endowment investments				
Cash and money market funds, at cost	\$ -	\$ -	\$ -	\$ 3,438
Fixed income mutual funds	323,157	-	-	323,157
U.S. equity mutual funds	441,840	-	-	441,840
International equity mutual funds	138,853	-	-	138,853
Asset allocation mutual funds	36,105	\$ -	\$ -	36,105
	<u>\$ 939,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 943,393</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2023:

	Beneficial Interest in Assets Held by Recipient Organization
Balance at June 30, 2022	\$ 232,554
Investment return, net	18,441
Distributions	(9,622)
Balance at June 30, 2023	<u>\$ 241,373</u>

Guadalupe Center Educational Programs, Inc.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2022:

Assets	Fair Value Measurements at Report Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Beneficial interest in assets held by recipient organization	\$ -	\$ -	\$ 232,554	\$ 232,554
Investments				
Cash and money market funds, at cost	\$ -	\$ -	\$ -	\$ 38,506
Fixed income mutual funds	243,978	-	-	243,978
U.S. equity mutual funds	187,223	-	-	187,223
Equity securities	161,759	-	-	161,759
	<u>\$ 592,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 631,466</u>
Endowment investments				
Cash and money market funds, at cost	\$ -	\$ -	\$ -	\$ 3,260
Fixed income mutual funds	318,766	-	-	318,766
U.S. equity mutual funds	336,726	-	-	336,726
International equity mutual funds	159,950	-	-	159,950
Asset allocation mutual funds	37,328	-	-	37,328
	<u>\$ 852,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 856,030</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2022:

	Beneficial Interest in Assets Held by Recipient Organization
Balance at June 30, 2021	\$ 271,146
Investment return, net	(29,718)
Distributions	(8,874)
Balance at June 30, 2022	<u>\$ 232,554</u>

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2023 and 2022:

	2023	2022
Subject to expenditure for specified purpose		
Early Learning Center	\$ 107,557	\$ 34,090
Adult Education	25,000	-
Guadalupe Charter School	47,041	56,135
Other	65,000	-
	<u>244,598</u>	<u>90,225</u>
Endowment		
Perpetual in nature, not subject to spending policy or appropriation	165,000	165,000
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation (Note 5)	<u>76,373</u>	<u>67,554</u>
	<u>241,373</u>	<u>232,554</u>
	<u><u>\$ 485,971</u></u>	<u><u>\$ 322,779</u></u>

Note 9 - Defined Contribution Retirement Plan

GEP participates in the UAPCS Retirement Plan (the Plan), a qualified multiemployer plan. All employees who have attained the age of 21 are eligible to participate in the Plan. GEP makes matching plan contributions on behalf of participating, eligible employees in the amount of 50% of deferred employee compensation not to exceed 10% of their salary. For the years ended June 30, 2023 and 2022, GEP recorded expense of \$106,752 and \$90,858, respectively, to the Plan.



Supplementary Information
June 30, 2023 and 2022

Guadalupe Center Educational Programs, Inc.

Guadalupe Center Educational Programs, Inc.
Consolidating Statement of Financial Position
June 30, 2023

	GEP	Guadalupe Holding Co.	Friends of Guadalupe	Eliminations	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 1,443,741	\$ 275,959	\$ 5,037	\$ -	\$ 1,724,737
Government grants and contracts receivable	617,598	-	-	-	617,598
Intercompany receivable	1,357,580	-	-	(1,357,580)	-
Other receivables	9,619	-	-	-	9,619
Prepaid expenses and deposits	13,402	-	-	-	13,402
Total current assets	3,441,940	275,959	5,037	(1,357,580)	2,365,356
Property and equipment, net	159,763	6,185,273	-	-	6,345,036
Operating lease right of use asset	5,679,935	-	-	(5,679,935)	-
Investments	664,823	-	-	-	664,823
Endowment - investments	-	-	943,393	-	943,393
Beneficial interest in assets held by recipient organization	241,373	-	-	-	241,373
	<u>\$ 10,187,834</u>	<u>\$ 6,461,232</u>	<u>\$ 948,430</u>	<u>\$ (7,037,515)</u>	<u>\$ 10,559,981</u>

(Continued)

Guadalupe Center Educational Programs, Inc.
Consolidating Statement of Financial Position
June 30, 2023

	GEP	Guadalupe Holding Co.	Friends of Guadalupe	Eliminations	Total
Liabilities and Net Assets					
Current liabilities					
Accounts payable	\$ 67,920	\$ 4,785	\$ -	\$ -	\$ 72,705
Accrued liabilities	292,076	-	7,937	-	300,013
Operating lease liability	353,543	-	-	(353,543)	-
Intercompany payable	-	493,899	863,681	(1,357,580)	-
Total current liabilities	713,539	498,684	871,618	(1,711,123)	372,718
Operating lease liability, less current portion	5,326,392	-	-	(5,326,392)	-
Total liabilities	6,039,931	498,684	871,618	(7,037,515)	372,718
Net Assets					
Without donor restrictions					
Undesignated	\$ 3,661,932	\$ 5,962,548	\$ (866,581)	\$ -	\$ 8,757,899
Board designated endowment	-	-	943,393	-	943,393
Total net assets without donor restrictions	3,661,932	5,962,548	76,812	-	9,701,292
With donor restrictions					
Purpose restrictions	244,598	-	-	-	244,598
Endowment	241,373	-	-	-	241,373
Total net assets with donor restrictions	485,971	-	-	-	485,971
Total net assets	4,147,903	5,962,548	76,812	-	10,187,263
	<u>\$ 10,187,834</u>	<u>\$ 6,461,232</u>	<u>\$ 948,430</u>	<u>\$ (7,037,515)</u>	<u>\$ 10,559,981</u>

Guadalupe Center Educational Programs, Inc.
Consolidating Statement of Financial Position
June 30, 2022

	GEP	Guadalupe Holding Co.	Friends of Guadalupe	Eliminations	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 1,289,663	\$ 161,597	\$ 79,013	\$ -	\$ 1,530,273
Government grants and contracts receivable	391,079	-	-	-	391,079
Intercompany receivable	806,726	-	-	(806,726)	-
Other receivables	11,724	-	-	-	11,724
Prepaid expenses and deposits	36,261	-	-	-	36,261
Total current assets	2,535,453	161,597	79,013	(806,726)	1,969,337
Property and equipment, net	382,074	6,211,391	-	-	6,593,465
Investments	631,466	-	-	-	631,466
Endowment - investments	-	-	856,030	-	856,030
Beneficial interest in assets held by recipient organization	232,554	-	-	-	232,554
	<u>\$ 3,781,547</u>	<u>\$ 6,372,988</u>	<u>\$ 935,043</u>	<u>\$ (806,726)</u>	<u>\$ 10,282,852</u>

(Continued)

Guadalupe Center Educational Programs, Inc.
Consolidating Statement of Financial Position
June 30, 2022

	GEP	Guadalupe Holding Co.	Friends of Guadalupe	Eliminations	Total
Liabilities and Net Assets					
Current liabilities					
Accounts payable	\$ 28,777	\$ 4,785	\$ -	\$ -	\$ 33,562
Accrued liabilities	310,155	-	4,204	-	314,359
Deferred revenue	33,851	-	-	-	33,851
Intercompany payable	-	89,562	717,164	(806,726)	-
Total current liabilities	372,783	94,347	721,368	(806,726)	381,772
Net Assets					
Without donor restrictions					
Undesignated	\$ 3,085,985	\$ 6,278,641	\$ (642,355)	\$ -	\$ 8,722,271
Board designated endowment	-	-	856,030	-	856,030
Total net assets without donor restrictions	3,085,985	6,278,641	213,675	-	9,578,301
With donor restrictions					
Purpose restrictions	90,225	-	-	-	90,225
Endowment	232,554	-	-	-	232,554
Total net assets with donor restrictions	322,779	-	-	-	322,779
Total net assets	3,408,764	6,278,641	213,675	-	9,901,080
	<u>\$ 3,781,547</u>	<u>\$ 6,372,988</u>	<u>\$ 935,043</u>	<u>\$ (806,726)</u>	<u>\$ 10,282,852</u>

Guadalupe Center Educational Programs, Inc.

Consolidating Statement of Activities

Year Ending June 30, 2023

	GEP	Guadalupe Holding Co.	Friends of Guadalupe	Eliminations	Total
Net Assets Without Donor Restrictions					
Public support					
Private donations	\$ 677,889	\$ -	\$ -	\$ -	\$ 677,889
Revenue					
Interest income	-	-	107	-	107
Net investment return	43,034	-	87,258	-	130,292
Other	5,969	114,362	240,000	(353,543)	6,788
Special events revenue	207,050	-	-	-	207,050
Less costs of direct benefits to donors	(85,923)	-	(1,193)	-	(87,116)
	848,019	114,362	326,172	(353,543)	935,010
Net Assets Released from Restrictions					
Restrictions satisfied	7,842,463	-	-	-	7,842,463
Total public support and revenue without donor restrictions	8,690,482	114,362	326,172	(353,543)	8,777,473
Expenses					
Program services					
Guadalupe Charter School	4,980,320	122,194	-	(236,873)	4,865,641
Adult Education Program	745,525	20,624	-	(33,834)	732,315
Preschool Program	1,213,776	31,332	-	(25,667)	1,219,441
Toddler Beginnings	323,115	8,367	-	(16,334)	315,148
In-Home Program	490,416	12,927	-	(24,501)	478,842
Total program services	7,753,152	195,444	-	(337,209)	7,611,387
Supporting services					
Management and general	334,151	224,072	2,278	(3,500)	557,001
Fundraising	27,232	10,939	460,757	(12,834)	486,094
Total supporting services	361,383	235,011	463,035	(16,334)	1,043,095
Total expenses	8,114,535	430,455	463,035	(353,543)	8,654,482
Change in Net Assets Without Donor Restrictions	575,947	(316,093)	(136,863)	-	122,991

(Continued)

Guadalupe Center Educational Programs, Inc.
Consolidating Statement of Activities
Year Ending June 30, 2023

	GEP	Guadalupe Holding Co.	Friends of Guadalupe	Eliminations	Total
With Donor Restrictions					
Purpose Restrictions					
Public support					
Private donations	\$ 767,047	\$ -	\$ -	\$ -	\$ 767,047
Public grants and contracts					
Charter School - federal funding	1,980,637	-	-	-	1,980,637
Charter School - state funding	3,005,041	-	-	-	3,005,041
Other government funding	2,234,489	-	-	-	2,234,489
Net Assets Released from Restrictions					
Restrictions satisfied	(7,842,463)	-	-	-	(7,842,463)
Change in Net Assets With Donor Restrictions from Operations	144,751	-	-	-	144,751
Change in Interest in Net Assets of Recipient Organization	18,441	-	-	-	18,441
Change in Net Assets With Donor Restrictions	163,192	-	-	-	163,192
Change in Net Assets	739,139	(316,093)	(136,863)	-	286,183
Net Assets, Beginning of Year,	3,408,764	6,278,641	213,675	-	9,901,080
Net Assets, End of Year	\$ 4,147,903	\$ 5,962,548	\$ 76,812	\$ -	\$ 10,187,263

Guadalupe Center Educational Programs, Inc.

Consolidating Statement of Activities

Year Ending June 30, 2022

	GEP	Guadalupe Holding Co.	Friends of Guadalupe	Eliminations	Total
Net Assets Without Donor Restrictions					
Public support					
Private donations	\$ 952,795	\$ -	\$ -	\$ (214,777)	\$ 738,018
Revenue					
Interest income	-	-	16	-	16
Net investment return	(37,471)	-	(116,448)	-	(153,919)
Other	1,445	(24,582)	378,189	(338,147)	16,905
Special events revenue	21,450	-	-	-	21,450
Less costs of direct benefits to donors	(8,415)	-	-	-	(8,415)
	929,804	(24,582)	261,757	(552,924)	614,055
Net Assets Released from Restrictions					
Restrictions satisfied	6,254,709	-	-	-	6,254,709
Total public support and revenue without donor restrictions	7,184,513	(24,582)	261,757	(552,924)	6,868,764
Expenses					
Program services					
Guadalupe Charter School	4,204,102	122,194	-	(221,477)	4,104,819
Adult Education Program	629,160	20,624	-	(33,834)	615,950
Preschool Program	965,535	31,332	-	(25,667)	971,200
Toddler Beginnings	225,696	8,367	-	(16,334)	217,729
In-Home Program	344,555	12,927	-	(24,501)	332,981
Total program services	6,369,048	195,444	-	(321,813)	6,242,679
Supporting services					
Management and general	287,524	9,131	216,931	(218,277)	295,309
Fundraising	115,781	10,939	171,027	(12,834)	284,913
Total supporting services	403,305	20,070	387,958	(231,111)	580,222
Total expenses	6,772,353	215,514	387,958	(552,924)	6,822,901
Change in Net Assets Without Donor Restrictions	412,160	(240,096)	(126,201)	-	45,863

(Continued)

Guadalupe Center Educational Programs, Inc.
Consolidating Statement of Activities
Year Ending June 30, 2022

	GEP	Guadalupe Holding Co.	Friends of Guadalupe	Eliminations	Total
With Donor Restrictions					
Purpose Restrictions					
Public support					
Private donations	\$ 1,255,774	\$ -	\$ -	\$ -	\$ 1,255,774
Public grants and contracts					
Charter School - federal funding	1,405,934	-	-	-	1,405,934
Charter School - state funding	2,403,137	-	-	-	2,403,137
Other government funding	1,241,505	-	-	-	1,241,505
Net Assets Released from Restrictions					
Restrictions satisfied	(6,254,709)	-	-	-	(6,254,709)
Change in Net Assets With Donor Restrictions from Operations	51,641	-	-	-	51,641
Change in Interest in Net Assets of Recipient Organization	(29,718)	-	-	-	(29,718)
Change in Net Assets With Donor Restrictions	21,923	-	-	-	21,923
Change in Net Assets	434,083	(240,096)	(126,201)	-	67,786
Net Assets, Beginning of Year	2,974,681	6,518,737	339,876	-	9,833,294
Net Assets, End of Year	<u>\$ 3,408,764</u>	<u>\$ 6,278,641</u>	<u>\$ 213,675</u>	<u>\$ -</u>	<u>\$ 9,901,080</u>



Supplementary Information and
Schedule of Expenditures of Federal Awards and Reports
Required by Government Auditing Standards and the
Uniform Guidance
June 30, 2023

Guadalupe Center Educational
Programs, Inc.



**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***

The Board of Directors
Guadalupe Center Educational Programs, Inc.
Salt Lake City, Utah

We have audited 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, the consolidated financial statements of Guadalupe Center Educational Programs, Inc., which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated December 21, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Guadalupe Center Educational Programs, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Guadalupe Center Educational Programs, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Guadalupe Center Educational Programs, Inc.'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Salt Lake City, Utah
December 21, 2023



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Guadalupe Center Educational Programs, Inc.
Salt Lake City, Utah

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Guadalupe Center Educational Programs, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Guadalupe Center Educational Programs, Inc.'s major federal program for the year ended June 30, 2023. Guadalupe Center Educational Programs, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Guadalupe Center Educational Programs, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Guadalupe Center Educational Programs, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of Guadalupe Center Educational Programs, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Guadalupe Center Educational Programs, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Guadalupe Center Educational Programs, Inc.'s compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Guadalupe Center Educational Programs, Inc.'s compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Guadalupe Center Educational Programs, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Guadalupe Center Educational Programs, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Guadalupe Center Educational Programs, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature of Eric Bailly in cursive script.

Salt Lake City, Utah
December 21, 2023

Guadalupe Center Educational Programs, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
<u>U.S. Department of Education</u>			
Passed Through the Utah State Office of Education:			
Special Education Cluster			
Special Education - Grants to States	84.027	22/23FTFL	\$ 63,475
Special Education - Preschool Grants	84.173	21/22PRE IDEA	2,758
Special Education - American Rescue Plan - PreK	84.173X	22ARPP	1,354
Special Education - American Rescue Plan	84.027X	22ARPI	12,759
Total Special Education Cluster			<u>80,346</u>
Adult Education - Basic Grants to States	84.002	23ADEB	253,222
Title I Grants Cluster			
Title I Grants to Local Educational Agencies	84.010	22T1SF	1,219
Title I Grants to Local Educational Agencies	84.010	22T1FT	102,521
Total Title I Grants Cluster			<u>103,740</u>
Supporting Effective Instruction State Grants	84.367	222FT/223FT	17,742
English Language Acquisition State Grants	84.365	21ELFT	9,742
Student Support and Academic Enrichment	84.424A	214/224/234AFT	25,897
COVID-19 Education Stabilization Fund - Governors Emergency Education Relief Fund	84.425C	21GEER	16,168
COVID-19 Education Stabilization Fund - Elementary and Secondary School Education Relief	84.425D	21ESSER	116,784
COVID-19 Education Stabilization Fund - Elementary and Secondary School Education Relief - DTL	84.425U	21ARPL	5,000
COVID-19 Education Stabilization Fund - Elementary and Secondary School Education Relief	84.425U	21ARPF	299,713
American Rescue Plan - Elementary and Secondary School Emergency Relief - Summer School	84.425U	21ARPS	110,152
American Rescue Plan - Elementary and Secondary School Emergency Relief - Afterschool	84.425U	21ARPL	53,274
Total 84.425			<u>601,091</u>
Total U.S. Department of Education			<u>1,091,780</u>

Guadalupe Center Educational Programs, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed Through Utah State Office of Education:			
Child Nutrition Cluster			
National School Lunch Program	10.555	23NSLP/22&23SBP	373,283
Fresh Fruit and Vegetable Program	10.582	22FFVP/22FFVP	29,786
Total Child Nutrition Cluster			403,069
Total U.S. Department of Agriculture			403,069
<u>U.S. Department of Health and Human Services</u>			
Passed Through the Utah Department of Workforce Services:			
Child Care Development Fund Cluster			
Child Care and Development Block Grant	93.575 - CCRSA	23DWS0200	49,157
Child Care and Development Block Grant (Stabilization)	93.575	N/A	630,750
Child Care and Development Block Grant (Stabilization)	93.575	N/A	824,500
Child Care and Development Block Grant	93.575	20DWS0182	49,679
Expanded Student access Grant	93.575	20DWS0140	998,237
Total Child Care Development Fund Cluster			2,552,323
Community-Based Child Abuse Prevention grant	93.590	A03295	118,530
Passed Through Salt Lake County, Utah			
CWF - COVID-19 Public health Workforce Supplemental fu	93.354	222701420	10,446
Social Services Block Grant	93.667	HCD22107SS	40,000
Total U.S. Department of Health and Human Services			2,721,299
Total Federal Financial Assistance			\$ 4,216,148

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Guadalupe Center Educational Programs, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Guadalupe Center Educational Programs, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Guadalupe Center Educational Programs, Inc.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The Organization has not elected to use the 10% de minimis cost rate.

Guadalupe Center Educational Programs, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
Child Care Development Fund Cluster	93.575
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None