

**El Centrito Family Learning Centers
Financial Statements
June 30, 2011**

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INDEPENDENT AUDITOR'S REPORT

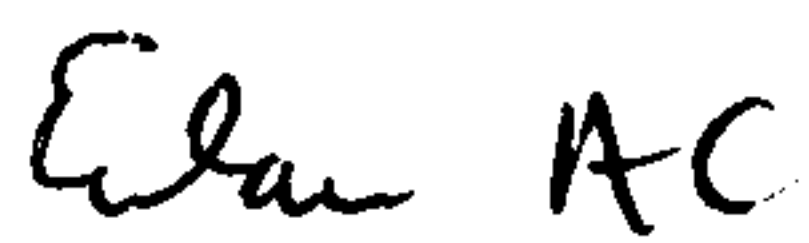
To the Board of Directors of
El Centrito Family Learning Centers:

I have audited the accompanying statement of assets, liabilities, and net assets-modified cash basis of El Centrito Family Learning Centers as of June 30, 2011, and the related statement of revenue, support, expenses and changes in net assets-modified cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based upon my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, El Centrito Family Learning Center's policy is to prepare its financial statements using the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of El Centrito Family Learning Centers as of June 30, 2011 and its revenue, support, expenses, and changes in net assets for the years then ended on the basis of accounting described in Note 1.



Eulau Accountancy Corporation

Ventura, CA
December 19, 2011

El Centrito Family Learning Centers
Statement of Assets, Liabilities, and Net Assets-
Modified Cash Basis
As of June 30, 2011

ASSETS

Current Assets:	
Cash	\$ 145,144
Investments	<u>50,793</u>
Total Current Assets	<u>195,937</u>
Property, Plant, and Equipment:	
Furniture and Equipment	28,151
Computer Equipment	96,327
Library	30,566
Accumulated Depreciation	<u>(136,738)</u>
Total Property, Plant, and Equipment	<u>18,306</u>
Other Assets	
Investment Designated for Specific Purposes	<u>6,500</u>
Total Other Assets	<u>6,500</u>
Total Assets	<u><u>\$ 220,743</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Payroll Taxes Payable	\$ 2,190
Credit Cards Payable	<u>1,295</u>
Total Current Liabilities	<u>3,485</u>
Total Liabilities	<u>3,485</u>
Net Assets:	
Unrestricted Net Assets:	
Operating	210,758
Board Designated	<u>6,500</u>
Total Unrestricted Net Assets	217,258
Total Net Assets	<u>217,258</u>
Total Liabilities and Net Assets	<u><u>\$ 220,743</u></u>

El Centrito Family Learning Centers
Statement of Revenue, Support, Expenses and
Changes in Net Assets-Modified Cash Basis
For the Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue, Support & Other:			
Service Fees	\$ 607,738		\$ 607,738
Grants	5,000	152,506	157,506
In-kind Donations	92,214		92,214
Donations	31,716	4,100	35,816
Special Events	20,773		20,773
Investment Income	535		535
Miscellaneous	188		188
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	154,912	(154,912)	
Expiration of Time Restrictions	1,694	(1,694)	
	<u>914,770</u>		<u>914,770</u>
Total Revenue, Support, & Other			
Expenses:			
Salaries	564,601		564,601
Payroll Taxes and Fringe Benefits	129,879		129,879
Advertising & Public Relations	3,277		3,277
Computer Peripherals & Small Program Eq.	2,069		2,069
Contract Services & Professional Fees	33,829		33,829
Depreciation	8,419		8,419
Dues & Subscriptions	1,262		1,262
Education & Training	3,817		3,817
Equipment rent	3,050		3,050
Insurance	5,318		5,318
Office Expense	9,803		9,803
Postage	1,306		1,306
Printing	1,573		1,573
Program Supplies & Activities	42,133		42,133
Rent	79,521		79,521
Repair & Maintenance	967		967
Special Event Expenses	5,644		5,644
Telephone	4,191		4,191
Travel & Local Transportation	3,352		3,352
Other	2,946		2,946
	<u>906,957</u>		<u>906,957</u>
Total Expenses			
Change in Net Assets	7,813		7,813
Net Assets at Beginning of Year	<u>209,445</u>		<u>209,445</u>
Net Assets at End of Year	<u>\$ 217,258</u>	<u>\$ -</u>	<u>\$ 217,258</u>

El Centrito Family Learning Centers
Notes to Financial Statements
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the modified cash basis of accounting which is an other comprehensive basis of accounting. The modified cash basis of accounting combines elements of the cash and accrual basis of accounting. Under this basis, revenues are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of 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.

Fair Value Measurements

When financial statement elements are required to be measured at fair value, valuation techniques are ranked into three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 Inputs – quoted prices in active markets for identical assets

Level 2 Inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 Inputs - estimates using the best information available when there is little of no market

Property, Plant, and Equipment

All property, plant, and equipment over \$1,000 is capitalized. Depreciable assets are stated at cost, if purchased. Donated assets are recorded at fair value. Use restrictions on contributions of property and equipment are assumed to expire over the useful life of the asset unless the donor specifies a different period. Depreciation is computed on a straight line basis over the estimated useful lives of the assets. Depreciation totaled \$8,419 in 2011.

Grants and Contributions

All grants and contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted support that increases temporarily restricted net assets. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

El Centrito Family Learning Centers
Notes to Financial Statements
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. There were no cash equivalents held in 2011.

Income Taxes

El Centrito Family Learning Centers (El Centrito) is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Donated Services

Donated services are recorded at fair value if they meet the requirements under ASC 958-605-25-16.

2. NATURE OF THE ORGANIZATION

El Centrito Family Learning Centers is a bilingual, bicultural community center located in Oxnard, California. El Centrito was founded in 1991 as a sponsored project of the Sisters of St. Joseph Ministerial Services. On September 1, 1999, El Centrito became a separate, independent entity.

The agency operates four interlinked programs designed to serve the entire family and provide children and parents with tools to build their educational skills:

Community Technology Center and Adelante Homework Club

El Centrito operates a community technology center that focuses on how computers serve as an educational and resource tool for academic enrichment and personal development. The computer lab provides youth and families of Oxnard with limited computer access the opportunity to use computers outside of school and work. The Lab serves ages four to adult, is free, and provides a place to learn essential computer skills. The Adelante Homework Club is a homework assistance program offering daily school based after school tutoring sessions and quarterly parent education classes.

School Readiness Program

The School Readiness Program provides two three-hour sessions daily that help prepare children for school by introducing pre-literacy skills. The sessions include reading readiness activities and fifteen minutes on the computer.

El Centrito Family Learning Centers
Notes to Financial Statements
June 30, 2011

2. NATURE OF THE ORGANIZATION (CONTINUED)

Family Literacy Program

The Calmecac Family Literacy Program integrates the education of children and their parents. The program provides intensive and comprehensive family literacy services and family support services to children ages 2-5 years and their parents. Program components include English as a Second Language classes for parents, educational growth classes for children and family support services.

Parent Education & Outreach Program

El Centrito conducts parent education workshops for parents and their preschool children. The focus is on classes that support strengthening the partnership between parents and schools, activities that focus on the parent's role as their child's first teacher, and parent leadership training. In 2010, training for parents regarding the steps needed for students to achieve higher education was added to the program.

3. INVESTMENTS

Investments available for sale are stated at fair value and consist of certificates of deposit:

	<u>Basis</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Certificates of deposit	\$ <u>57,293</u>	\$ <u>57,293</u>	\$ <u>---0---</u>
Total	\$ <u>57,293</u>	\$ <u>57,293</u>	\$ <u>---0---</u>

4. FAIR VALUE MEASUREMENTS

The following table presents assets that are measured at fair value on a recurring basis as of June 30, 2011:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Available-for-sale securities	\$ <u>57,293</u>	\$ <u>57,293</u>

El Centrito Family Learning Centers
Notes to Financial Statements
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5. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors or made within the time period specified by donors.

Purpose Restrictions Accomplished:

Parent Education and Outreach Program	\$ 85,312
Community Technology Center and Adelante Homework Club	40,000
Family Literacy Program	12,500
School Readiness Program	12,500
Administrative	<u>4,600</u>
Total Purpose Restrictions Satisfied	\$ <u>154,912</u>

Time Restrictions Satisfied \$ 1,694

6. FUTURE MINIMUM LEASE PAYMENTS

El Centrito leases three copiers under 60 month leases for \$248, \$103 and \$81 per month. At the end of the lease term, the agency has the option of purchasing each copier at its fair market value. In addition, the agency rents space for its School Readiness Program for \$654 per month under a 60 month lease. At the end of the lease term, El Centrito has an option to extend the lease for another term.

The following is a schedule by years of future minimum lease payments as of June 30, 2011:

Year ending June 30:

2012	\$ 12,415
2013	11,797
2014	11,797
2015	10,805
2016	<u>242</u>
Total Future Minimum Lease Payments	\$ <u>47,056</u>

The agency has a month-to-month lease with the City of Oxnard for space at the old Oxnard High School in exchange for paying a prorated share of utility and maintenance costs. The rent under the arrangement was less than fair value. Programs conducted at the old Oxnard High School site included the Community Technology Center, School Readiness Program, and Family Literacy Program. An in-kind contribution and rental expense have been recorded at fair value to recognize the donation of space (See Note 7).

El Centrito Family Learning Centers
Notes to Financial Statements
June 30, 2011

7. IN-KIND CONTRIBUTIONS

The Organization recorded the following in-kind contributions using the market approach, a Level 2 Input:

Rent	\$ 70,209
Goods	18,557
Other Services	<u>3,448</u>
Total In-kind Contributions	\$ <u>92,214</u>

8. FUNCTIONAL EXPENSES

Functional expenses as a percent of total expenses for the year ended June 30, 2011 are as follows:

Program Services	85 %
Management and general	11 %
Fundraising	<u>4 %</u>
Total	<u>100 %</u>

Fundraising expense totaled \$36,583 in 2011.

9. RELATED PARTY TRANSACTIONS

The Board of Directors approved hiring the Executive Director's husband, who co-founded El Centrito, to perform services as a Parent Educator/Outreach Specialist. He was paid \$12,562 for his services in 2011. In addition, the sister-in-law of the Executive Director was contracted to provide janitorial services. She was paid \$5,670 for her services in 2011.

10. BOARD DESIGNATIONS

On October 7, 2008, the Board of Directors designated \$6,500 of the proceeds from the sale of a vehicle for a future building.

11. CONCENTRATIONS

Approximately 46% of El Centrito's 2011 revenue and support consisted of contracts with the Oxnard School District. The Organization would be adversely affected if its contracts with the Oxnard School District terminated.

El Centrito Family Learning Centers
Notes to Financial Statements
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12. RECLASSIFICATIONS

In prior years, El Centrito reported certificates of deposits with maturities exceeding 90 days as cash when they should have been classified as investments. In 2010, there were \$82,838 of certificates of deposits that should have been reported as investments. Consequently, cash should have been reported as \$113,774 instead of \$196,612. The reclassification had no effect on changes in net assets or net assets.

13. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated events through December 19, 2011, the date which the financial statements were available to be issued.