

**PROYECTO PASTORAL**

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

# PROYECTO PASTORAL

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**PROYECTO PASTORAL**  
**GENERAL INFORMATION**  
**JUNE 30, 2019**

- |  |   |
|--|---|
| 1. Full Official Name of the Agency  | Proyecto Pastoral   |
| 2. Program Name and Contract Number:<br>General Center<br>State Preschool  | CCTR8116<br>CSPP8246  |
| 3. Type of Agency  | Nonprofit Corporation   |
| 4. Address of Agency Headquarters  | 135 North Mission Road<br>Los Angeles, California 90033-2101                    |
| 5. Name and Address of Executive Director<br>and Name of Chief Executive Officer, Business<br>Officer, or Accountant |   |
| Executive Director   | Cynthia Sanchez<br>135 North Mission Road<br>Los Angeles, California 90033-2101 |
| Controller   | Position Open   |
| 6. Telephone Number  | (323) 881-0018  |
| 7. Period Covered by Examination   | July 1, 2018 to June 30, 2019   |
| 8. Number of Days of Agency Operation  | 246 days  |
| 9. Scheduled Hours of Operation Each Day   | Centers: 7:00 a.m. - 6:00 p.m.<br>Office: 9:00 a.m. - 5:00 p.m.                 |



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Proyecto Pastoral  
135 North Mission Road  
Los Angeles, California 90033

Members of the Board:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Proyecto Pastoral, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Proyecto Pastoral as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited Proyecto Pastoral's financial statements as of and for the year ended June 30, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information on pages 14 to 33 is presented for purposes of additional analysis as required by the California Department of Education, and is 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 16, 2019, on our consideration of Proyecto Pastoral'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 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 Proyecto Pastoral's internal control over financial reporting and compliance.



MILLER KAPLAN ARASE LLP

North Hollywood, California

December 16, 2019

**PROYECTO PASTORAL**  
STATEMENTS OF FINANCIAL POSITION

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 343,934	\$ 791,036
Accounts Receivable	418,101	476,836
Contributions Receivable	1,591,875	1,056,577
Prepaid Expenses and Deposits	<u>62,449</u>	<u>15,688</u>
TOTAL CURRENT ASSETS	2,416,359	2,340,137
Contributions Receivable, Less Current Portion	535,000	480,000
Land, Buildings and Equipment, Net (Note 3)	<u>878,790</u>	<u>859,146</u>
TOTAL ASSETS	<u>\$ 3,830,149</u>	<u>\$ 3,679,283</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 217,280	\$ 163,767
Accrued Payroll and Compensated Absences	194,559	166,711
CDE Reserve	367	3,503
Deferred Income	26,128	36,277
Loans Payable	<u>80,000</u>	<u>-</u>
TOTAL LIABILITIES	<u>518,334</u>	<u>370,258</u>
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	1,170,608	1,591,827
Net Assets With Donor Restrictions	<u>2,141,207</u>	<u>1,717,198</u>
TOTAL NET ASSETS	<u>3,311,815</u>	<u>3,309,025</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,830,149</u>	<u>\$ 3,679,283</u>

**PROYECTO PASTORAL**  
STATEMENTS OF ACTIVITIES

	July 1, 2018 to June 30, 2019			July 1, 2017 to June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT</b>						
Individual Support and Other Contributions	\$ 228,100	\$ -	\$ 228,100	\$ 154,323	\$ 2,620	\$ 156,943
Foundation Grants	319,567	2,220,723	2,540,290	314,873	1,834,214	2,149,087
Government Grants	2,473,547	30,808	2,504,355	2,678,650	27,237	2,705,887
Business Donations	43,429	27,500	70,929	80,990	69,508	150,498
Fundraising Events	26,900	-	26,900	27,764	-	27,764
<b>TOTAL PUBLIC SUPPORT</b>	<b>3,091,543</b>	<b>2,279,031</b>	<b>5,370,574</b>	<b>3,256,600</b>	<b>1,933,579</b>	<b>5,190,179</b>
<b>REVENUE</b>						
Thrift Shop Sales	-	-	-	1,225	-	1,225
Interest	201	-	201	427	-	427
Other Income	71,009	-	71,009	47,442	-	47,442
<b>TOTAL REVENUE</b>	<b>71,210</b>	<b>-</b>	<b>71,210</b>	<b>49,094</b>	<b>-</b>	<b>49,094</b>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>3,162,753</b>	<b>2,279,031</b>	<b>5,441,784</b>	<b>3,305,694</b>	<b>1,933,579</b>	<b>5,239,273</b>
<b>RELEASE OF RESTRICTIONS</b>	<b>1,855,022</b>	<b>(1,855,022)</b>	<b>-</b>	<b>1,267,336</b>	<b>(1,267,336)</b>	<b>-</b>
	<b>5,017,775</b>	<b>424,009</b>	<b>5,441,784</b>	<b>4,573,030</b>	<b>666,243</b>	<b>5,239,273</b>
<b>EXPENSES</b>						
Fundraising	97,541	-	97,541	169,606	-	169,606
General	584,388	-	584,388	490,722	-	490,722
Programs	4,757,065	-	4,757,065	4,129,273	-	4,129,273
<b>TOTAL EXPENSES</b>	<b>5,438,994</b>	<b>-</b>	<b>5,438,994</b>	<b>4,789,601</b>	<b>-</b>	<b>4,789,601</b>
<b>CHANGE IN NET ASSETS</b>	<b>(421,219)</b>	<b>424,009</b>	<b>2,790</b>	<b>(216,571)</b>	<b>666,243</b>	<b>449,672</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,591,827</b>	<b>1,717,198</b>	<b>3,309,025</b>	<b>1,808,398</b>	<b>1,050,955</b>	<b>2,859,353</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,170,608</b>	<b>\$ 2,141,207</b>	<b>\$ 3,311,815</b>	<b>\$ 1,591,827</b>	<b>\$ 1,717,198</b>	<b>\$ 3,309,025</b>

(Attached notes are an integral part of this statement)

**PROYECTO PASTORAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**JULY 1, 2018 TO JUNE 30, 2019 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018**

	PROGRAM SERVICES						SUPPORT SERVICES			Total 2018	
	La Guarderia Preschool	Community in Action	GHP		Centro de Alegria	Promise Neighborhood	Total Program Services	General	Fundraising		
			Homeless Program	Impacto							
<b>EXPENSES</b>											
Salaries and Wages	\$ 180,810	\$ 21,739	\$ 460,975	\$ 577,500	\$ 576,100	\$ 843,104	\$ 2,660,228	\$ 173,846	\$ 32,123	\$ 2,866,197	\$ 2,446,845
Benefits and Payroll Taxes	40,798	4,806	125,532	82,024	173,241	144,970	571,371	(2,496)	4,416	573,291	620,152
	221,608	26,545	586,507	659,524	749,341	988,074	3,231,599	171,350	36,539	3,439,488	3,066,997
Bank and Finance Charges	-	-	157	-	-	231	388	6,360	-	6,748	5,871
Depreciation Expense	3,777	-	1,926	9,937	46,765	5,465	67,870	7,335	-	75,205	54,961
Direct Program Expenses	70	-	1,208	1,604	345	27,523	30,750	12,526	-	43,276	20,508
Dues and Subscriptions	-	-	-	3,079	714	815	4,608	2,668	1,098	8,374	13,853
Fundraising	-	-	-	-	-	-	-	3,226	5,863	9,089	14,186
General Insurance	1,630	553	5,161	9,600	6,416	3,709	27,069	10,803	-	37,872	57,118
Miscellaneous	222	588	487	3,371	818	2,136	7,622	3,695	110	11,427	5,771
Office Supplies	64	-	3,875	6,496	9,597	12,482	32,514	19,301	245	52,060	49,468
Payroll Processing	-	-	-	-	-	-	-	10,185	-	10,185	16,196
Permits/Taxes	273	-	30	-	10,055	-	10,358	5,176	-	15,534	15,363
Professional Services	25,962	32,415	3,927	60,653	31,191	364,662	518,810	216,025	18,138	752,973	598,355
Program Activities	25,031	34,420	126,069	69,407	33,264	75,309	363,500	62,896	32,468	458,864	363,456
Program Supplies	11,437	145	100,761	28,962	41,102	20,394	202,801	9,322	2,939	215,062	206,212
Rent	8,837	-	51,802	-	-	-	60,639	1,100	-	61,739	61,151
Repairs and Maintenance	8,953	4,663	60,551	36,621	61,883	18,798	191,469	40,559	3	232,031	201,424
Travel	-	449	511	1,597	136	4,375	7,068	1,861	138	9,067	38,711
<b>TOTAL EXPENSES</b>	<b>\$ 307,864</b>	<b>\$ 99,778</b>	<b>\$ 942,972</b>	<b>\$ 890,851</b>	<b>\$ 991,627</b>	<b>\$ 1,523,973</b>	<b>\$ 4,757,065</b>	<b>\$ 584,388</b>	<b>\$ 97,541</b>	<b>\$ 5,438,994</b>	<b>\$ 4,789,601</b>

(Attached notes are an integral part of this statement)



**PROYECTO PASTORAL**  
**STATEMENTS OF CASH FLOWS**

	July 1, 2018 to June 30, 2019	July 1, 2017 to June 30, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 2,790	\$ 449,672
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) By Operating Activities:		
Depreciation and Amortization	84,042	63,797
(Increase) Decrease in:		
Accounts Receivable	58,735	(83,158)
Contributions Receivable	(590,298)	(866,633)
Prepaid Expenses and Deposits	(46,761)	26,511
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	53,513	52,553
Accrued Payroll and Compensated Absences	27,848	(89,065)
CDE Reserve	(3,136)	(306)
Deferred Income	(10,149)	36,277
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(423,416)</u>	<u>(410,352)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Loans	<u>80,000</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Equipment	<u>(103,686)</u>	<u>(113,579)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(447,102)	(523,931)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>791,036</u>	<u>1,314,967</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 343,934</u>	<u>\$ 791,036</u>

Depreciation and amortization includes \$8,837 categorized as rent expense on the statements of functional expenses (Note 4).

**PROYECTO PASTORAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1 - NATURE OF ACTIVITIES**

Proyecto Pastoral ("Proyecto"), a non-profit organization, works in the economically and politically disenfranchised community of Boyle Heights to empower the community personally and socially by developing grassroots projects in education, leadership, and service. Programs and services include early childhood education centers, after school programs, community safety and leadership development and homeless services. Funding comes from foundations, private contributions, state and federal grants.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**B. Donated Services and Materials**

Amounts for donated volunteer services have not been reported in the financial statements as the criteria for recognition under GAAP have not been satisfied for the years ended June 30, 2019 or 2018. Donated goods are reported in the financial statements at estimated fair market value and are included in revenue and expense. The estimated value of donated goods in the years ended June 30, 2019 and 2018 was approximately \$65,000 and \$31,000, respectively.

**C. Land, Buildings and Equipment**

All expenditures for land, buildings, equipment and major improvements are capitalized and reported in the statements of financial position at cost (or fair value on date of donation). Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. (See Note 3.)

**D. Income Tax Status**

Proyecto is a non-profit organization and is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Proyecto and recognize a tax liability if Proyecto has taken a tax position that more likely than not would not be sustained upon examination by a tax authority. Proyecto is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**E. Estimates**

The preparation of financial statements in conformity with GAAP 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.

**F. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits in banks and money market funds.

**PROYECTO PASTORAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable comprise reimbursements due for services rendered before year end under contracts with various agencies. Accounts receivable are reported net of allowances for doubtful accounts as estimated by management based on historical experience with each agency. As of June 30, 2019 and 2018, respectively, there were no allowances for doubtful accounts.

**H. Contributions**

Public support is generally reported as revenue in the year when promised. However, public support is reported as restricted support if received with donor stipulations that limit the use of the donated amounts. When a donor-imposed restriction expires or is met, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

**I. Contributions Receivable**

Contributions receivable is estimated based on promises made on or before June 30 for which payment had not yet been received. As of June 30, 2019 contributions receivable totaling \$1,591,875 were expected to be received within one year, and \$535,000 within two years. No allowance is provided for uncollectible accounts.

**J. Functional Allocation of Expenses**

The costs of providing Proyecto's various programs and supporting services have been reported on a functional basis in the statement of functional expenses. Expenditures that can be identified with a specific program or supporting service are allocated directly according to their purpose. Costs that are common to more than one function are allocated among the applicable programs and supporting services based on employees' time records, using percentages that represent their hours spent or salaries.

The financial statements include expenses for the year ended June 30, 2018 by their natural classifications in total, but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction Proyecto's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**K. New Accounting Pronouncement**

The Financial Accounting Standards Board (FASB) recently issued ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14, provides that nonprofit organizations, among other things:

1. Present amounts for two net asset classes in the financial statements rather than three;
2. Provide enhanced disclosures about:
  - a. Amounts and purposes of board designations;
  - b. Qualitative information about the management of liquid resources available to meet cash needs for one year;
  - c. Qualitative information about the availability of financial assets to meet cash needs for one year;
  - d. Expenses by both their natural and functional classifications;
  - e. Methods used to allocate costs among program and support functions;

**PROYECTO PASTORAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. New Accounting Pronouncement (Continued)**

- f. Underwater endowment funds;
- 3. Report investment return net of investment expenses; and
- 4. Use the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset.

ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. Earlier application is permitted. The amendments are applied retrospectively to all periods presented. The Organization adopted ASU 2016-14 for the year ended June 30, 2019.

**L. Reclassifications**

Certain account balances as of and for the year ended 2018 have been reclassified to conform to the 2019 presentation.

**NOTE 3 - LAND, BUILDINGS AND EQUIPMENT**

Land, buildings and equipment consist of the following:

	Assets Life in Years	Year Ended June 30,	
		2019	2018
		Total	Total
Land	-	\$ 281,032	\$ 281,032
Buildings	31	314,289	314,289
Building Improvements	15	1,776,242	1,706,242
Leasehold Improvements	15-30	495,151	495,151
Office Equipment	5-10	396,963	336,284
Vehicles	5	119,640	91,632
Development in Progress	-	-	55,000
		<u>3,383,317</u>	<u>3,279,630</u>
Less: Accumulated Depreciation and Amortization		<u>2,504,527</u>	<u>2,420,484</u>
		<u>\$ 878,790</u>	<u>\$ 859,146</u>

**NOTE 4 - COMMITMENTS**

Proyecto entered into a lease agreement with the Roman Catholic Archbishop of Los Angeles as of June 1, 1990 for real property for the operation of the La Guarderia program. The agreement required Proyecto to construct a building on the premises, with the value thereof deemed prepaid rent. The term of the lease was five years commencing June 1, 1990, and included renewal options of five additional five-year periods. The building construction costs totaled \$238,598.

For purposes of financial statement classification, the building cost has been recognized as a leasehold improvement with periodic amortization of the costs recorded as rent expense. Management has exercised the renewal options. Accordingly, the building cost is amortized over a period of thirty years. Amortized cost recorded as rent expense for each of the years ended June 30, 2019 and 2018 totaled \$8,837. The remaining amortization under this lease agreement is \$8,837 for the year ended June 30, 2020.

**PROYECTO PASTORAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 5 - DONATED FACILITIES**

Proyecto entered into a ten-year agreement in July 2013, to rent facilities at \$550 per month from Dolores Mission. Proyecto paid \$6,600 under the agreement for the years ended June 30, 2019 and 2018, respectively. Future minimum payments under the lease are as follows for years ending June 30:

2020	\$ 6,600
2021	6,600
2022	6,600
2023	6,600
	<u>6,600</u>
	<u>\$ 26,400</u>

The estimated value of the facilities is \$4,000 per month. In-kind rent valued at \$41,400 for the years ended June 30, 2019 and 2018, respectively, is included in the financial statements as public support and rent expense.

**NOTE 6 - NET ASSETS**

As of June 30, 2019, net assets with donor restrictions, including contributions receivable, are available for the following programs:

	Year Ended June 30,	
	2019	2018
Centro de Alegria	\$ -	\$ 16,625
La Guarderia Preschool	50,000	52,201
Promise Neighborhood	1,753,131	1,140,516
Impacto	286,731	419,264
Guadalupe Homeless Project	45,095	69,697
Community in Action	1,250	13,895
Future Periods	5,000	5,000
	<u>\$ 2,141,207</u>	<u>\$ 1,717,198</u>

**NOTE 7 - CONCENTRATION OF CREDIT RISK**

Proyecto maintains cash on deposit with various banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. At June 30, 2019, bank deposits exceeded the maximum insurance coverage by \$293,676. Proyecto has not experienced any losses in these accounts.

**NOTE 8 - AVAILABILITY OF FINANCIAL ASSETS**

Proyecto has \$343,934 of financial assets, consisting of cash and cash equivalents, available within one year of the balance sheet date to meet its cash needs for general expenditures. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for expenditure within one year of the balance sheet date. Proyecto's goal is to maintain cash on hand to meet at least one year's worth of anticipated operating expenses and a policy to structure its financial assets to be available as its general expenditures and liabilities come due.

**PROYECTO PASTORAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 9 - OPERATING LEASES**

Proyecto has entered into operating lease agreements for the use of two copiers for \$703 per month through March 2024. The future minimum rental payments required under these operating leases is \$6,324. Total payments made under the leases during the year ended June 30, 2019 were \$8,431. See Note 5 for additional lease agreements.

**NOTE 10 – RELATED PARTY TRANSACTIONS**

Proyecto received two loans totaling \$80,000 from related parties during the year end June 30, 2019. One loan of \$30,000 from four members of the Board was due July 15, 2019, subject to 8% interest if not paid by the maturity date. Proyecto repaid \$25,000 after the year end, \$5,000 remains outstanding. A second interest-free loan of \$50,000 from Jesuits West is due June 30, 2020.

**NOTE 11 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 16, 2019, the date the financial statements were available to be issued. There were no material subsequent events that require recognition or additional disclosure in these financial statements.

**PROYECTO PASTORAL**

**SUPPLEMENTARY INFORMATION**

**PROYECTO PASTORAL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**JULY 1, 2018 TO JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal or State Expenditures
<b>FEDERAL:</b>			
U.S. Department of Education			
Passed Through Essential Access Health:			
Essential Access Health	94.006	-	\$ 44,501
Passed Through California Department of Education:			
Child Care & Development	93.596	CCTR8116	136,070
Child Care & Development	93.575	CCTR8116	62,539
State Preschool	93.596	CSPP8246	42,326
State Preschool	93.575	CSPP8246	19,440
			<u>260,375</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>304,876</u>
U.S. Department of Agriculture			
Passed Through California Department of Education:			
Child and Adult Care Food Program (Nutrition)	10.558	-	87,841
U.S. Department of Homeland Security - Federal Emergency Management System			
Emergency Food and Shelter Program	97.024	Phase 35	41,159
TOTAL FEDERAL			<u>433,876</u>
<b>STATE:</b>			
California Department of Education			
Child Development Division:			
Child Care & Development		CCTR8116	374,375
State Preschool		CSPP8246	173,849
State Preschool		CSPP8246	269,519
TOTAL STATE			<u>817,743</u>
<b>CITY OF LOS ANGELES:</b>			
Los Angeles Homeless Services Authority		Crisis Housing	547,500
Los Angeles Homeless Services Authority via The People Concern		Rapid Rehousing	95,635
Los Angeles Unified School District - Beyond the Bell		-	188,208
City of Los Angeles Hilda Solis Drive		-	400
Los Angeles County Children and Family First (Prop 10 Commission) via Para Los Ninos		BS Region Lead	448,212
TOTAL CITY OF LOS ANGELES			<u>1,279,955</u>
TOTAL FEDERAL, STATE AND CITY			<u>\$ 2,531,574</u>

Footnote 1. Basis of Presentation

The *Schedule of Expenditures of Federal and State Awards* includes the expenditures of federal and state awards to Proyecto Pastoral. Expenditures are presented on the accrual basis of accounting. The federal information in this schedule is presented in accordance with the requirements of *Uniform Guidance*, 2 CFR Part 200, Subpart F. Thus, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.



**PROYECTO PASTORAL**  
**COMBINING STATEMENT OF ACTIVITIES**  
**JULY 1, 2018 TO JUNE 30, 2019**

	<u>CSP8246</u>	<u>CCTR8116</u>	<u>Total CDE Contracts</u>	<u>Non-CDE Programs</u>	<u>Total</u>
<b>PUBLIC SUPPORT</b>					
Individual Support and Other Contributions	\$ -	\$ -	\$ -	\$ 194,273	\$ 194,273
Foundation Grants	-	-	-	2,540,290	2,540,290
Government Grants	505,134	572,984	1,078,118	1,333,161	2,411,279
Child Nutrition Program	40,603	45,430	86,033	-	86,033
Supplemental Revenue	15,965	17,862	33,827	-	33,827
Transfer from CDE Reserves	7,043	-	7,043	-	7,043
Business Donations	-	-	-	70,929	70,929
Fundraising Events	-	-	-	26,900	26,900
	<u>568,745</u>	<u>636,276</u>	<u>1,205,021</u>	<u>4,165,553</u>	<u>5,370,574</u>
<b>REVENUE</b>					
Interest	-	-	-	201	201
Family Fees	16,414	18,366	34,780	-	34,780
Other Income	-	-	-	36,229	36,229
	<u>16,414</u>	<u>18,366</u>	<u>34,780</u>	<u>36,430</u>	<u>71,210</u>
	<u>585,159</u>	<u>654,642</u>	<u>1,239,801</u>	<u>4,201,983</u>	<u>5,441,784</u>
<b>EXPENSES</b>					
Salaries and Wages	350,970	392,701	743,671	2,122,526	2,866,197
Benefits and Payroll Taxes	101,015	113,026	214,041	359,250	573,291
Bank and Finance Charges	-	-	-	6,748	6,748
Depreciation Expense	22,191	24,828	47,019	28,186	75,205
Dues and Subscriptions	337	377	714	7,660	8,374
Fundraising	-	-	-	9,089	9,089
General Insurance	3,797	4,248	8,045	29,827	37,872
Meeting Expenses	64	72	136	4,386	4,522
Miscellaneous	490	550	1,040	10,387	11,427
Office Supplies	4,559	5,102	9,661	42,399	52,060
Payroll Processing	-	-	-	10,185	10,185
Permits/Taxes	4,874	5,454	10,328	5,206	15,534
Professional Services	14,223	15,915	30,138	735,297	765,435
Program Activities	25,937	29,021	54,958	403,906	458,864
Program Supplies	24,795	27,744	52,539	162,523	215,062
Rent	-	-	-	61,739	61,739
Repairs and Maintenance	14,945	16,721	31,666	64,894	96,560
Security Service	1,070	1,196	2,266	1,322	3,588
Staff Development	196	219	415	26,811	27,226
Travel	-	-	-	4,545	4,545
Utilities	18,486	20,684	39,170	96,301	135,471
	<u>587,949</u>	<u>657,858</u>	<u>1,245,807</u>	<u>4,193,187</u>	<u>5,438,994</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ (2,790)</u>	<u>\$ (3,216)</u>	<u>\$ (6,006)</u>	<u>\$ 8,796</u>	<u>\$ 2,790</u>

(Attached notes are an integral part of this statement)

**PROYECTO PASTORAL**  
**COMBINING SCHEDULE OF EXPENDITURES BY STATE CATEGORIES**  
**JULY 1, 2018 TO JUNE 30, 2019**

	<u>CSPP8246</u>	<u>CCTR8116</u>	<u>Total</u>
CERTIFIED SALARIES			
Teachers' Salaries	\$ 235,920	\$ 263,123	\$ 499,043
CLASSIFIED SALARIES			
Clerical and Other Office Salaries	115,050	129,578	244,628
EMPLOYEE BENEFITS	101,015	113,026	214,041
BOOKS, SUPPLIES AND EQUIPMENT			
Instructional Materials and Supplies	24,795	27,744	52,539
SERVICES AND OTHER OPERATING EXPENSES	74,755	83,644	158,399
DEPRECIATION	<u>22,191</u>	<u>24,828</u>	<u>47,019</u>
TOTAL EXPENDITURES	<u>\$ 573,726</u>	<u>\$ 641,943</u>	<u>\$ 1,215,669</u>

**PROYECTO PASTORAL**  
COMBINING SCHEDULE OF REIMBURSABLE ADMINISTRATIVE COSTS  
JULY 1, 2018 TO JUNE 30, 2019

	<u>CSPP8246</u>	<u>CCTR8116</u>	<u>Total</u>
SERVICES AND OTHER OPERATING EXPENSES			
Indirect Costs	<u>\$ 14,223</u>	<u>\$ 15,915</u>	<u>\$ 30,138</u>
TOTAL	<u><u>\$ 14,223</u></u>	<u><u>\$ 15,915</u></u>	<u><u>\$ 30,138</u></u>

**PROYECTO PASTORAL**  
COMBINING SCHEDULE OF REIMBURSABLE EQUIPMENT EXPENDITURES  
JULY 1, 2018 TO JUNE 30, 2019

	<u>CSP8246</u>	<u>CCTR8116</u>	<u>Total</u>
Reimbursable Equipment Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**PROYECTO PASTORAL**  
**COMBINING SCHEDULE OF REIMBURSABLE RENOVATIONS AND REPAIRS**  
**JULY 1, 2018 TO JUNE 30, 2019**

	<u>CSP8246</u>	<u>CCTR8116</u>	<u>Total</u>
Reimbursable Renovations and Repairs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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June 30, 2019

Contract Number

CSPP

8246

Vendor Code

Q975

Full Name of Contractor

Proyecto Pastoral

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time	4,194	3	4,197	1.0000	4,197
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.6193	0
Exceptional Needs Full-time-plus				1.6166	0
Exceptional Needs Full-time	1,176		1,176	1.3700	1,611.12
Exceptional Needs Three-quarters-time				1.0275	0
Exceptional Needs One-half-time				0.6193	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time	5,814		5,814	1.1000	6,395.4
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0

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CSPP

8246

Vendor Code

Q975

Full Name of Contractor **Projecto Pastoral**

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.0237	0
Severely Disabled Full-time				1.7150	0
Severely Disabled Three-quarters-time				1.2863	0
Severely Disabled One-half-time				0.6193	0
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>11,184</b>	<b>3</b>	<b>11,187</b>	<b>N/A</b>	<b>12,203.52</b>
<b>DAYS OF OPERATION</b>	<b>246</b>		<b>246</b>	<b>N/A</b>	<b>N/A</b>
<b>DAYS OF ATTENDANCE</b>	<b>11,163</b>		<b>11,163</b>	<b>N/A</b>	<b>N/A</b>

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3-5) and continue to Revenue Section on page 6.

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Full Name of Contractor

Proyecto Pastoral

Section 3 - Revenue	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs	38,173	2,430	40,603
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
<b>Restricted Income - Subtotal</b>	<b>38,173</b>	<b>2,430</b>	<b>40,603</b>
Transfer from Reserve - General		7,043	7,043
Transfer from Reserve - Professional Development			
<b>Transfer from Reserve Total</b>		<b>7,043</b>	<b>7,043</b>
Family Fees for Certified Children	16,414		16,414
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income: Fees for Non-Certified Children			
Unrestricted Income: Head Start			
Unrestricted Income - Other:			
<b>Total Revenue</b>	<b>54,587</b>	<b>9,473</b>	<b>64,060</b>



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Full Name of Contractor

Proyecto Pastoral

Section 4 - Reimbursable Expenses	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	247,287	-11,367	235,920
2000 Classified Salaries	110,025		110,025
3000 Employee Benefits	101,945	-1,652	100,293
4000 Books and Supplies	22,544	492	23,036
5000 Services and Other Operating Expenses	71,734	396	72,130
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance	13,229	3,128	16,357
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (Include in Administrative Cost)		14,223	14,223
Non-Reimbursable (State Use Only)			
<b>Total Reimbursable Expenses</b>	<b>566,764</b>	<b>5,220</b>	<b>571,984</b>
Total Administrative Cost (included in section 4 above)		14,223	14,223

Approved Indirect Cost Rate:

Comments:

NO SUPPLEMENTAL REVENUE Check this box and omit Page 8.

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Full Name of Contractor

Proyecto Pastoral

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
<b>Section 5 - Supplemental Revenue</b>			
Enhancement Funding			
Other: PRIVATE FUNDRAISING	15,965		15,965
Other:			
<b>Total Supplemental Revenue</b>	<b>15,965</b>		<b>15,965</b>

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
<b>Section 6 - Supplemental Expenses</b>			
1000 Certificated Salaries			
2000 Classified Salaries	5,025		5,025
3000 Employee Benefits	722		722
4000 Books and Supplies	1,759		1,759
5000 Services and Other Operating Expenses	2,625		2,625
6000 Equipment/Capital Outlay			
Depreciation or Use Allowance	5,834		5,834
Indirect Costs			
Non-reimbursable Expenses 6100-6500 Non-reimbursable Capital Outlay			
<b>Total Supplemental Expenses</b>	<b>15,965</b>		<b>15,965</b>

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 Vendor Code Q975

**Full Name of Contractor** Proyecto Pastoral

Section 7 - Summary	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Total Certified Days of Enrollment	11,184	3	11,187
Days of Operation	246		246
Days of Attendance	11,163		11,163
Total Non-Certified Days of Enrollment			
Restricted Program Income	38,173	2,430	40,603
Transfer from Reserve		7,043	7,043
Family Fees for Certified Children	16,414		16,414
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	566,764	5,220	571,984
Total Administrative Cost		14,223	14,223

Total Certified Adjusted Days of Enrollment 12,203.52  
 Total Non-Certified Adjusted Days of Enrollment 0

Independent Auditor's Assurances on Agency's Compliance with the Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Learning and Care Division:

Eligibility, enrollment and attendance records are being maintained as required (check YES or NO):  
 Yes  No  
 Reimbursable expenses claimed on page 7 are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):  
 Yes  No

Include any comments in the Comments box on page 7. If necessary, attach additional sheets to explain adjustments.

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CCTR 8116

Vendor Code

Q975

Full Name of Contractor

Proyecto Pastoral

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Infants (up to 18 months) Full-time-plus				2.4426	0
Infants (up to 18 months) Full-time				2.0700	0
Infants (up to 18 months) Three-quarters-time				1.5525	0
Infants (up to 18 months) One-half-time				1.1385	0
FCCH Infants (up to 18 months) Full-time-plus				2.2656	0
FCCH Infants (up to 18 months) Full-time				1.9200	0
FCCH Infants (up to 18 months) Three-quarters-time				1.4400	0
FCCH Infants (up to 18 months) One-half-time				1.0560	0
Toddlers (18 up to 36 months) Full-time-plus				1.8880	0
Toddlers (18 up to 36 months) Full-time	8,532		8,532	1.6000	13,651.2
Toddlers (18 up to 36 months) Three-quarters-time				1.2000	0
Toddlers (18 up to 36 months) One-half-time				0.8800	0
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.5500	0

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Full Name of Contractor **Proyecto Pastoral**

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Exceptional Needs Full-time-plus				1.6166	0
Exceptional Needs Full-time				1.3700	0
Exceptional Needs Three-quarters-time				1.0275	0
Exceptional Needs One-half-time				0.7535	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6050	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6050	0

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Full Name of Contractor **Proyecto Pastoral**

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Severely Disabled Full-time-plus				2.0237	0
Severely Disabled Full-time				1.7150	0
Severely Disabled Three-quarters-time				1.2863	0
Severely Disabled One-half-time				0.9433	0

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>8,532</b>		<b>8,532</b>	N/A	<b>13,651.2</b>
<b>DAYS OF OPERATION</b>	<b>246</b>		<b>246</b>	N/A	N/A
<b>DAYS OF ATTENDANCE</b>	<b>8,521</b>		<b>8,521</b>	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 4-6) and continue to Revenue Section on page 7.

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Full Name of Contractor

Proyecto Pastoral

Section 3 - Revenue	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs	42,711	2,719	45,430
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
<b>Restricted Income - Subtotal</b>	<b>42,711</b>	<b>2,719</b>	<b>45,430</b>
Transfer From Reserve			
Family Fees for Certified Children	18,366		18,366
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income: Fees for Non-Certified Children			
Unrestricted Income: Head Start			
Unrestricted Income - Other			
<b>Total Revenue</b>	<b>61,077</b>	<b>2,719</b>	<b>63,796</b>

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Full Name of Contractor **Proyecto Pastoral**

Section 4 - Reimbursable Expenses	Column A Cumulative CDFNS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	275,843	-12,720	263,123
2000 Classified Salaries	123,955		123,955
3000 Employee Benefits	114,067	-1,848	112,219
4000 Books and Supplies	25,223	553	25,776
5000 Services and Other Operating Expenses	80,263	443	80,706
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance	14,802	3,500	18,302
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (Include in Administrative Cost)		15,915	15,915
Non-Reimbursable (State Use Only)			
<b>Total Reimbursable Expenses</b>	<b>634,153</b>	<b>5,843</b>	<b>639,996</b>
Total Administrative Cost (included in Section 4 above)		15,915	15,915

Approved Indirect Cost Rate:

Comments:

NO SUPPLEMENTAL REVENUE Check this box and omit Page 9.



Fiscal Year Ending

June 30, 2019

Contract Number

CCTR 8116

Vendor Code

Full Name of Contractor

Projecto Pastoral

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
<b>Section 5 - Supplemental Revenue</b>			
Enhancement Funding			
Other:PRIVATE FUNDRAISING	17,862		17,862
Other:			
<b>Total Supplemental Revenue</b>	<b>17,862</b>		<b>17,862</b>

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
<b>Section 6 - Supplemental Expenses</b>			
1000 Certificated Salaries			
2000 Classified Salaries	5,623		5,623
3000 Employee Benefits	807		807
4000 Books and Supplies	1,968		1,968
5000 Services and Other Operating Expenses	2,938		2,938
6000 Equipment/Capital Outlay			
Depreciation or Use Allowance	6,526		6,526
Indirect Costs			
Non-reimbursable Expenses 6100-6500 Non-reimbursable Capital Outlay			
<b>Total Supplemental Expenses</b>	<b>17,862</b>		<b>17,862</b>

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED ATTENDANCE AND FISCAL REPORT FOR  
 CHILD DEVELOPMENT PROGRAMS  
 A U D 9500 Page 10 of 10 (06/19)

Fiscal Year Ending June 30, 2019

Contract Number CCTR 8116

Vendor Code

Full Name of Contractor **Proyecto Pastoral**

Section 7 - Summary	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Total Certified Days of Enrollment	8,532		8,532
Days of Operation	246		246
Days of Attendance	8,521		8,521
Total Non-Certified Days of Enrollment			
Restricted Program Income	42,711	2,719	45,430
Transfer from Reserve			
Family Fees for Certified Children	18,366		18,366
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	634,153	5,843	639,996
Total Administrative Cost		15,915	15,915

Total Certified Adjusted  
Days of Enrollment

13,651.2

Total Non-Certified  
Adjusted  
Days of Enrollment

0

Independent Auditor's Assurances on Agency's Compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Learning and Care Division:

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

Yes  
 No

Reimbursable expenses claimed on page 8 are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

Yes  
 No

Include any comments in the 'Comments' box on page 8. If necessary, attach additional sheets to explain adjustments.

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED RESERVE ACCOUNT ACTIVITY REPORT  
 A U D 9530-A Page 1 of 1 (06/19)

Fiscal Year End June 30, 2019  
 Reserve Account Type Center-Based  
 Vendor Code Q975

**Full Name of Contractor** Proyecto Pastoral

<b>Prior Year - Reserve Account Activity</b>	<b>Per 2017-18 AUD 9530-A</b>		
1. Beginning Balance (2017-18 Ending Balance)	3,503		
2. Plus Transfers to Reserve Account:	Per CDNFS 9530		
Contract No.CSPP7244	3,898		
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
<b>Total Transferred from PY Contracts to Reserve</b>	<b>3,898</b>		
3. Less Excess Reserve to be Billed			
<b>4. Ending Balance on PY Post-Audit CDNFS 9530</b>	<b>7,401</b>		
<b>Current Year - Reserve Account Activity</b>	Column A CDNFS 9530-A	Column B Audit Adjustments	Column C Per Audit
5. Plus Interest Earned This Year on Reserve	9		9
6. Less Transfers to Contracts from Reserve:			
CSPP General-Contract No.8246	7,043		7,043
CSPP General-Contract No.			
CSPP Professional Development-Contract No.			
CSPP Professional Development-Contract No.			
<b>Subtotal CSPP Transfers</b>	<b>7,043</b>		<b>7,043</b>
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
<b>Subtotal Other Contract Transfers</b>			
<b>Total Transferred to Contracts from Reserve Account</b>	<b>7,043</b>		<b>7,043</b>
<b>7. Ending Balance on June 30, 2019</b>	<b>367</b>		<b>367</b>

COMMENTS - If necessary, attach additional sheets to explain adjustments.



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

Board of Directors  
Proyecto Pastoral  
135 North Mission Road  
Los Angeles, California 90033

Members of the Board:

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 Proyecto Pastoral, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Proyecto Pastoral'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 Proyecto Pastoral's internal control. Accordingly, we do not express an opinion on the effectiveness of Proyecto Pastoral'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 Proyecto Pastoral'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Items 1 and 2, Section III.

### **Proyecto Pastoral's Response to Findings**

Proyecto Pastoral's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Proyecto Pastoral's response and, accordingly, we express no opinion on it.

### **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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



MILLER KAPLAN ARASE LLP

North Hollywood, California

December 16, 2019

**PROYECTO PASTORAL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2019**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unmodified opinion on the financial statements of Proyecto Pastoral.
2. No significant deficiencies were reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. Instances of noncompliance are discussed below.
4. No single audit was required under Uniform Guidance.

**SECTION II - FINDINGS - FINANCIAL STATEMENT AUDIT**

None.

**STATUS OF PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT**

None.

**SECTION III - FINDINGS - COMPLIANCE**

1. CFDA No. 93.575/93.596, Child Care and Development Fund, California Department of Education General Center Contract CCTR8116 and California State Preschool Program Contract CSPP8246: Total child nutrition income per Proyecto's accounting records did not agree to the annual CDE reports, which could over or understate reimbursable costs. Child nutrition income for contract CSPP8246 was understated by \$2,430 and for contract CCTR8116 was understated by \$2,719. This was caused by not reconciling the accounting records with the CDE reports before submitting. We recommend that Proyecto's accounting records be reconciled with the CDE reports and reviewed by the Executive Director and Controller before submission.

Response: Since this issue repeated, management will add an additional internal control procedure to include a quarterly confirmation with the funder of revenue disbursed to date.

2. CFDA No. 93.575/93.596, Child Care and Development Fund, California Department of Education General Center Contract CCTR8116 and California State Preschool Program Contract CSPP8246: Total reimbursable expenses per Proyecto's accounting records did not agree to the annual CDE reports, which could over or understate reimbursable costs. Reimbursable expenses for contract CSPP8246 were understated by \$5,220 and for contract CCTR8116 were understated by \$5,843. This was caused by not reconciling the accounting records with the CDE reports before submitting. We recommend that Proyecto's accounting records be reconciled with the CDE reports and reviewed by the Executive Director and Controller before submission.

Response: In order to mitigate this issue, management will add a semi-annual confirmation of expenses incurred to date by a staff member outside of the quarterly report preparation process.

**PROYECTO PASTORAL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2019**

**STATUS OF PRIOR YEAR FINDINGS - COMPLIANCE**

1. CFDA No. 93.575/93.596, Child Care and Development Fund, California Department of Education General Center Contract CCTR7117 and California State Preschool Program Contract CSPP7244: Total child nutrition income per Proyecto's accounting records did not agree to the annual CDE reports, which could over or understate reimbursable costs. Child nutrition income for contract CSPP7244 was understated by \$3,761 and for contract CCTR7117 was understated by \$2,823. This was caused by not reconciling the accounting records with the CDE reports before submitting. We recommend that Proyecto's accounting records be reconciled with the CDE reports and reviewed by the Executive Director and Controller before submission.

Response: Management has implemented a more formal close-out process in which balance sheet accounts are validated monthly and government revenue and receivables are tied to monthly invoices. These new procedures will mitigate this issue.

Status of Corrective Action: Under-reporting of child nutrition income per Proyecto's accounting records and annual CDE reports repeated. Management will add an additional internal control procedure to include a quarterly confirmation with the funder of revenue disbursed to date.