

GUADALUPE CENTERS, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORT**

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

GUADALUPE CENTERS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Guadalupe Centers, Inc.
Kansas City, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Guadalupe Centers, Inc., (a nonprofit organization) which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Guadalupe Centers, Inc. as of December 31, 2022 and 2021, 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Guadalupe Centers, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the 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 auditors' 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 supplementary information on pages 19 through 21, including the 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*, is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards 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 July 11, 2023, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Westbrook & Co., P.C.

Richmond, Missouri
July 11, 2023

GUADALUPE CENTERS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	2022	RESTATED 2021
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 12,159,207	\$ 10,954,663
Grants receivable, net	3,499,037	2,425,060
Promises receivable, net	1,008,070	834,062
Accounts receivable, net	284,177	71,085
Prepaid expenses	82,908	72,345
Investments	1,662,662	1,895,611
Property and equipment, net	22,352,460	21,895,852
Collection items, donated artwork	<u>182,500</u>	<u>182,500</u>
TOTAL ASSETS	<u>\$ 41,231,021</u>	<u>\$ 38,331,178</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$ 774,477	\$ 840,495
Accrued expenses and payroll withholdings	229,310	139,933
Accrued interest	30,658	34,462
Deferred revenue	-	27,333
SBA paycheck protection program loans	-	815,870
Notes payable, net	<u>9,332,811</u>	<u>10,206,516</u>
TOTAL LIABILITIES	<u>10,367,256</u>	<u>12,064,609</u>

NET ASSETS:

Without donor restrictions	28,531,434	24,096,712
With donor restrictions	<u>2,332,331</u>	<u>2,169,857</u>
TOTAL NET ASSETS	<u>30,863,765</u>	<u>26,266,569</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 41,231,021</u>	<u>\$ 38,331,178</u>

See accompanying notes.

GUADALUPE CENTERS, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			RESTATED 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Federal government grants/contracts	\$ 6,012,858	\$ -	\$ 6,012,858	\$ 6,536,073	\$ -	\$ 6,536,073
Other government grants/contracts	23,355,883	-	23,355,883	22,088,351	-	22,088,351
Contributions and non-government grants	197,646	1,631,500	1,829,146	312,624	1,508,956	1,821,580
United Way	259,350	-	259,350	136,101	-	136,101
Program services and other fees	3,318,685	-	3,318,685	2,407,119	-	2,407,119
Special events	312,030	-	312,030	107,343	-	107,343
Rent revenue	3,542,527	-	3,542,527	3,297,262	-	3,297,262
Net investment income (loss), Note D	(204,195)	-	(204,195)	232,469	-	232,469
Other revenue	1,984,324	-	1,984,324	1,089,098	-	1,089,098
Total support and revenue	38,779,108	1,631,500	40,410,608	36,206,440	1,508,956	37,715,396
Net assets released from restrictions	1,469,026	(1,469,026)	-	1,103,642	(1,103,642)	-
Total support, revenue and reclassifications	40,248,134	162,474	40,410,608	37,310,082	405,314	37,715,396
EXPENSES:						
Program services:						
Community Center	7,489,865	-	7,489,865	6,787,444	-	6,787,444
Alta Vista Charter School	26,203,037	-	26,203,037	22,229,507	-	22,229,507
Management and general	2,213,406	-	2,213,406	2,370,188	-	2,370,188
Fundraising	722,974	-	722,974	338,939	-	338,939
Total expenses	36,629,282	-	36,629,282	31,726,078	-	31,726,078
Change in net assets before loan forgiveness	3,618,852	162,474	3,781,326	5,584,004	405,314	5,989,318
Forgiveness of Payroll Protection Program loan	815,870	-	815,870	2,818,300	-	2,818,300
Change in Net Assets	4,434,722	162,474	4,597,196	8,402,304	405,314	8,807,618
Net assets, January 1	24,096,712	2,169,857	26,266,569	15,694,408	1,764,543	17,458,951
Net assets, December 31	<u>\$ 28,531,434</u>	<u>\$ 2,332,331</u>	<u>\$ 30,863,765</u>	<u>\$ 24,096,712</u>	<u>\$ 2,169,857</u>	<u>\$ 26,266,569</u>

See accompanying notes.

GUADALUPE CENTERS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services				
	Community	Alta Vista	Management		
	Center	Charter	and General	Fundraising	Total
		School			
Salaries	\$ 3,409,344	\$ 10,591,116	\$ 371,628	\$ 246,864	\$ 14,618,952
Payroll taxes and benefits	560,355	3,049,297	118,886	36,685	3,765,223
Assistance to individuals	334,658	-	-	12,106	346,764
Building and equipment maintenance	88,362	1,233,134	146,486	2,555	1,470,537
Conferences, meetings and travel	50,403	24,428	46,231	2,023	123,085
Contract and professional fees	512,579	2,785,121	153,882	176,930	3,628,512
Depreciation	849,266	314,013	-	-	1,163,279
Student transportation	-	1,280,483	-	-	1,280,483
Food supplies	608,703	796,939	-	-	1,405,642
Office supplies	21,674	-	21,659	5,686	49,019
Other supplies	138,877	1,017,227	5,703	133	1,161,940
Insurance	22,167	167,546	75,715	-	265,428
Interest	531,998	132,287	-	-	664,285
Utilities	145,266	465,115	58,374	12,478	681,233
Printing and publications	24,693	1,294	7,143	865	33,995
Textbooks and educational materials	11,476	638,307	-	-	649,783
Telephone and communications	61,069	-	19,744	4,681	85,494
Rent expense	106,997	3,398,150	1,173,464	-	4,678,611
Special event expense	2,012	-	-	221,968	223,980
Other	9,966	308,580	14,491	-	333,037
Total expenses	<u>\$ 7,489,865</u>	<u>\$ 26,203,037</u>	<u>\$ 2,213,406</u>	<u>\$ 722,974</u>	<u>\$ 36,629,282</u>

See accompanying notes.

GUADALUPE CENTERS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services				
	Community	Alta Vista	Management	Fundraising	Total
	Center	Charter School	and General		
Salaries	\$ 2,794,068	\$ 9,675,019	\$ 458,524	\$ 167,584	\$ 13,095,195
Payroll taxes and benefits	551,275	2,808,312	124,321	23,475	3,507,383
Assistance to individuals	593,427	-	500	-	593,927
Building and equipment maintenance	151,003	903,660	108,567	630	1,163,860
Conferences, meetings and travel	12,212	12,659	3,545	87	28,503
Contract and professional fees	323,066	1,565,560	261,381	110,401	2,260,408
Depreciation	787,166	392,504	-	-	1,179,670
Student transportation	-	803,728	-	-	803,728
Food supplies	483,133	388,740	-	-	871,873
Office supplies	31,918	-	17,990	816	50,724
Other supplies	127,087	601,475	6,184	1,630	736,376
Insurance	-	150,392	89,675	-	240,067
Interest	585,430	1,513	-	-	586,943
Utilities	147,877	371,308	92,615	-	611,800
Printing and publications	6,837	1,503	4,064	370	12,774
Textbooks and educational materials	29,826	780,761	-	-	810,587
Telephone and communications	42,325	-	16,728	1,357	60,410
Rent expense	110,628	3,384,061	1,173,464	-	4,668,153
Special event expense	1,559	-	-	32,589	34,148
Other	8,607	388,312	12,630	-	409,549
Total expenses	<u>\$ 6,787,444</u>	<u>\$ 22,229,507</u>	<u>\$ 2,370,188</u>	<u>\$ 338,939</u>	<u>\$ 31,726,078</u>

See accompanying notes.

GUADALUPE CENTERS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,781,326	\$ 5,989,318
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,163,279	1,179,670
Amortization	24,314	28,956
(Gain) loss on investments	358,743	(148,036)
Loss on disposal of property and equipment	68,500	-
(Increase) decrease in:		
Grants receivable	(1,073,977)	(973,882)
Promises receivable	(174,008)	(112,548)
Accounts receivable	(213,092)	(51,830)
Prepaid expenses	(10,563)	(11,181)
Increase (decrease) in:		
Accounts payable	(66,018)	593,377
Accrued interest	(3,804)	(5,242)
Deferred revenue	(27,333)	(27,334)
Accrued expenses and payroll withholdings	89,377	(3,150)
Net cash provided by operating activities	<u>3,916,744</u>	<u>6,458,118</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(81,517)	(109,276)
Proceeds from sale of investments	41,497	7,500
Proceeds from sale of property	500	-
Purchase of property and equipment	(1,774,645)	(107,480)
Net cash used by investing activities	<u>(1,814,165)</u>	<u>(209,256)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease	-	(129,694)
Proceeds from notes payable	-	815,870
Payments on notes payable	(898,035)	(934,560)
Net cash used by financing activities	<u>(898,035)</u>	<u>(248,384)</u>
NET INCREASE IN CASH	1,204,544	6,000,478
CASH AND CASH EQUIVALENTS, beginning	<u>10,954,663</u>	<u>4,954,185</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 12,159,207</u>	<u>\$ 10,954,663</u>
Supplemental Disclosures:		
Interest paid	<u>\$ 511,345</u>	<u>\$ 559,237</u>
Non-cash financing activity - Payroll Protection Program Loan Forgiveness	<u>\$ 815,870</u>	<u>\$ 2,818,300</u>

See accompanying notes.

GUADALUPE CENTERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Guadalupe Centers, Inc. is a multi-purpose community center, which serves the needs of the elderly, youth and residents of the Latino neighborhoods of Kansas City, Missouri. Programs currently offered include counseling, emergency assistance, youth and elderly services, education, health initiatives, cultural events and various activities.

Basis of Accounting

The accompanying financial statements are prepared using the accrual method of accounting in accordance with U.S. generally accepted accounting principles.

Principles of Consolidation and Comparability

The consolidated financial statements include the accounts of Guadalupe Centers, Inc., Guadalupe Educational Systems, Inc., Guadalupe Alta Vista Charter School, LLC and Guadalupe Villa Campus, LLC (collectively, the "Organization").

The Guadalupe Educational Systems, Inc. was organized to operate the Alta Vista Charter School effective July 1, 2006. Guadalupe Centers, Inc. is the sole member of this corporation.

During September 2013, Guadalupe Centers, Inc. formed a new entity, Guadalupe Alta Vista Charter School, LLC, a 501(c)2 real estate holding company, which is operated exclusively for the benefit of its sole member, Guadalupe Centers, Inc. The entity was formed in conjunction with a New Market Tax Credit transaction discussed in Note L.

During June 2019, Guadalupe Centers, Inc. formed a new entity, Guadalupe Villa Campus, LLC, a 501(c)2 real estate holding company, which is operated exclusively for the benefit of its sole member, Guadalupe Centers, Inc. The entity was formed in conjunction with a New Market Tax Credit transaction discussed in Note L.

Basis of Presentation

The Organization reports net assets, revenues, expenses, and gains and losses in two classes of net assets that are based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations.

Net Asset with Donor Restrictions: Net assets subject to donor-imposed stipulations for use for a particular purpose or in a future period.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

GUADALUPE CENTERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities.

Grants Receivable

Grants receivable are primarily from government agencies and are considered fully collectible.

Accounts Receivable

The Organization provides an allowance for uncollectible accounts based upon a review of existing receivables. At December 31, 2022 and 2021, the Organization considered all receivables fully collectible.

Collection Items

Collection items are recorded based on the appraised fair market value at date of gift and are not depreciated since their value is not expected to decline in value over time.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

Guadalupe Centers, Inc. and Guadalupe Educational Systems, Inc. are not-for-profit organizations that are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law as charitable organizations whereby only unrelated business income, as defined by Section 509(a)(2) of the Code, is subject to federal income tax. The Organizations currently have no unrelated business income. Accordingly, no provision for income taxes has been recorded.

Guadalupe Alta Vista Charter School, LLC and Guadalupe Villa Campus, LLC are separate entities and independent from Guadalupe Centers, Inc. For Federal and State income tax purposes, however, it is intended that these companies shall be disregarded as an entity, and its income, gains, deductions, credits, losses and other tax items shall be treated as those of Guadalupe Centers, Inc.

GUADALUPE CENTERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization's Forms 990, Return of Organization Exempt from Income Taxes, for the years ended December 31, 2021, 2020 and 2019, are subject to examination by the IRS, generally three years after they were filed.

Property and Equipment

Property and equipment are recorded at cost, if acquired, or fair value, if donated. The Organization's policy is to capitalize property and equipment with a cost of \$1,500 or more and a useful life of three years or more. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis, which range as follows:

	<u>Years</u>
Buildings	20 - 50
Building improvements	5 - 20
Leasehold improvements	7 - 20
Furniture and equipment	5 - 7
Vehicles	5 - 7

Accrued Paid Time Off

The amount of paid time off (PTO) allowed per year depends upon an employee's years of service. PTO is available for full-time and part-time employees after thirty days of continuous employment. Up to a maximum of 448 hours of unused PTO may be accumulated and carried over. PTO will not be paid after notice of resignation or in the event of separation unless the employee is retiring or has been employed at the Organization for 20 years or more. In those cases, unused PTO will be paid in the event of separation.

Intercompany Revenue

During 2022 and 2021, Guadalupe Centers, Inc. provided intercompany instructional, operating and catering services to Guadalupe Educational Systems, Inc. in the amount of \$1,678,816 and \$957,918, respectively that would otherwise be outsourced. During 2022 and 2021, the Organization also collected rent from Guadalupe Educational Systems, Inc. in the amounts of \$3,542,527 and \$3,297,262, respectively.

The intercompany instructional and catering services are presented on the Statement of Activities as program services and other fees and the intercompany rent is presented as rent revenue.

Subsequent Events

Management has evaluated subsequent events through July 11, 2023, the date the financial statements were available to be issued.

NOTE B - REVENUE RECOGNITION

The Organization recognizes revenue from exchange transactions and certain grants associated with providing program services, the Organization's principal activities. Reimbursements for grants are accrued as revenue at the time the expenditures are made, or if the reimbursement is received in advance, the revenue is unearned until the expenditures are made. Exchange transactions are recognized once services have been performed. At December 31, 2022 and 2021, there were no performance obligations that had not been satisfied.

GUADALUPE CENTERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE C - CASH

At December 31, 2022, the bank balances of the Organization's deposits totaled \$12,390,317. Of this amount \$905,627 was covered by FDIC insurance, \$11,271,000 was guaranteed with securities under a repurchase agreement and \$213,690 was uninsured.

At December 31, 2021, the bank balances of the Organization's deposits totaled \$11,257,346. Of this amount \$1,019,673 was covered by FDIC insurance, \$9,713,000 was guaranteed with securities under a repurchase agreement and \$524,673 was uninsured.

NOTE D - INVESTMENTS

The Organization carries Level 1 measurements for investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. The Organization initially records Level 2 financial investments at the fair value as of the date the investments are donated to the Organization and thereafter carries such investments primarily at current appraised values. The Organization uses the income approach to record Level 3 investments. Fair values for assets in Level 3 are calculated using assumptions about discounted cash flow and other present value techniques.

Level 1 investments consist of the following:

	<u>2022</u>	<u>2021</u>
Mutual funds	\$ 1,662,662	\$ 1,895,611

A summary of earnings on investments for the years ended December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 118,534	\$ 17,481
Realized and unrealized gains (losses)	(312,089)	226,170
Investment expense	(10,640)	(11,182)
Net investment income (loss)	<u>\$ (204,195)</u>	<u>\$ 232,469</u>

NOTE E - PROMISES RECEIVABLE

Promises receivable at December 31, 2022 and 2021 are due as follows:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 809,500	\$ 834,062
One to five years	200,000	-
	1,009,500	834,062
Less: Discount to present value	(1,430)	-
	<u>\$ 1,008,070</u>	<u>\$ 834,062</u>

GUADALUPE CENTERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE F - PROPERTY AND EQUIPMENT

	2022	2021
Land	\$ 551,136	\$ 380,645
Buildings	21,478,373	20,495,397
Building improvements	7,890,000	7,570,398
Leasehold improvements	56,469	56,469
Furniture and equipment	2,305,593	2,120,080
Vehicles	586,043	544,707
Construction in progress	74,930	160,690
	32,942,544	31,328,386
Accumulated depreciation	(10,590,084)	(9,432,803)
	<u>\$ 22,352,460</u>	<u>\$ 21,895,583</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$1,163,279 and \$1,179,670, respectively.

NOTE G - SBA PAYCHECK PROTECTION PROGRAM LOANS

On April 7, 2020, the Organization was approved for an \$815,800 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for ten months after the covered period of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. On January 29, 2021 the loan was fully forgiven.

On April 17, 2020, the Organization was approved for a \$2,002,500 loan under the Paycheck Protection Program. The loan accrues interest at 1%, but payments are not required to begin for ten months after the covered period of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. On June 10, 2021 the loan was fully forgiven.

On February 24, 2021, the Organization was approved for an \$815,870 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for ten months after the covered period of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. On June 10, 2022 the loan was fully forgiven.

NOTE H - NOTES PAYABLE

	2022	2021
Principal amount	\$ 9,447,840	\$ 10,345,859
Less unamortized debt issuance costs	115,029	139,343
Notes payable, net	<u>\$ 9,332,811</u>	<u>\$ 10,206,516</u>

On February 14, 2014, the Organization entered into a \$2,900,000 secured loan agreement with Raza Development Fund, a not-for-profit corporation. The proceeds of the loan were used to purchase a building. In May 2015, an additional \$1,450,000 was advanced on the loan and the terms were revised. The revised loan bears interest at 5.675% and is secured by real estate. On July 16, 2019, this loan with Raza Development was refinanced with IFF. The loan is secured by real estate and bears interest at 6.0%. The loan is payable in monthly installments of principal and interest of \$33,476 until August 1, 2034. The balance of the loan as of December 31, 2022 and 2021 was \$3,364,693 and \$3,558,166, respectively.

GUADALUPE CENTERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE H - NOTES PAYABLE (continued)

On August 25, 2017, the Organization entered into a \$1,389,000 secured promissory note with Community America Credit Union. The proceeds of the loan were used to refinance existing debt that had been used to purchase real estate. The loan is secured by real estate and bears interest at 4.75%. The loan is payable in monthly installments of principal and interest until August 2022. The balance of the loan at December 31, 2022 and 2021 was \$0 and \$204,244, respectively.

On August 25, 2017, the Organization entered into a \$1,479,800 secured promissory note with Community America Credit Union. The proceeds of the loan were used to refinance existing debt that had been used to purchase real estate. The loan is secured by real estate and bears interest at 4.75%. The loan is payable in monthly installments of principal and interest until August 2027. The balance of the loan at December 31, 2022 and 2021 was \$779,336 and \$924,022, respectively.

On July 16, 2019, the Organization entered into a \$550,000 secured promissory note with a limited liability company. As of December 31, 2019 the disbursements of this note totaled \$472,998 with the remaining balance disbursed in 2020. The proceeds of the loan were used to purchase equipment, furniture, fixtures and other personal property. The loan is secured by equipment. The loan bears interest at 6.0% and is payable in monthly installments of interest only until November 1, 2020 with principal and interest payments beginning then until October 1, 2023. The balance of the loan at December 31, 2022 and 2021 was \$162,810 and \$347,760, respectively.

On July 16, 2019, the Organization entered into a note payable with a limited liability company in the amount of \$1,494,465 to develop property for a public charter school facility. The note is secured by real estate. Beginning September 1, 2019, the note requires quarterly interest payments until maturity with interest at 3.8804%. The principal amount and all unpaid interest is due on July 16, 2026. The balance at December 31, 2022 and 2021 was \$1,494,465.

On July 16, 2019, the Organization entered into a note payable with a limited liability company in the amount of \$505,535 to develop property for a public charter school facility. The note is secured by real estate. Beginning September 1, 2019, the note requires quarterly interest payments until maturity with interest at 3.8804%. The principal amount and all unpaid interest is due on July 16, 2026. The balance at December 31, 2022 and 2021 was \$505,535.

On July 16, 2019, the Organization entered into a note payable with a limited liability company in the amount of \$1,000,000 to develop property for a public charter school facility. There were no advances on this loan made in 2019. The note is secured by real estate. Beginning when the first advance is made, the note requires monthly installments of interest only until February 1, 2021 with 60 principal and interest payments of \$8,439 beginning then. The loan bears interest at 6.0%. The principal amount and all unpaid interest is due on February 1, 2026. The balance at December 31, 2022 and 2021 was \$916,407 and \$961,217, respectively.

On September 11, 2020, the Organization entered into a \$2,500,000 secured promissory note with Community America Credit Union. The proceeds of the loan were used to refinance existing debt that had been used to develop property for a public charter school facility. The loan is secured by real estate and bears interest at 4.5%. The loan is payable in monthly installments of principal and interest of \$19,207 beginning October 11, 2020 with a balloon payment on September 11, 2030. The balance at December 31, 2022 and 2021 was \$2,224,594 and \$2,350,450, respectively.

GUADALUPE CENTERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE H - NOTES PAYABLE (continued)

Future maturities of the debt are as follows:

Year ending December 31,	Principal	Interest	Total
2023	\$ 702,369	\$ 694,021	\$ 1,396,390
2024	568,728	648,540	1,217,268
2025	599,502	605,047	1,204,549
2026	3,339,747	487,159	3,826,906
2027	535,415	393,015	928,430
2028-2042	3,702,079	1,528,093	5,230,172
	<u>\$ 9,447,840</u>	<u>\$ 4,355,875</u>	<u>\$ 13,803,715</u>

NOTE I - LINE OF CREDIT

On July 22, 2014, the Organization entered into a secured line of credit agreement in the amount of \$420,000. The line of credit renewed on October 22, 2015, with an increased limit to \$520,000. The line of credit renewed annually and again on December 30, 2020, bearing interest at prime plus .25% with a floor of 4.00% and maturing on December 30, 2024. The available balance on this line of credit as of December 31, 2022 and 2021 was \$520,000.

NOTE J - LEASE COMMITMENTS

The Organization entered into two lease agreements for copier equipment on November 30, 2021. The leases are payable in monthly installments of \$8,923 for 21 months. Remaining lease payments for the year ending December 31, 2023 are \$71,382.

NOTE K - RETIREMENT PLAN

The Organization's school contributes to The Public School Retirement System of the School District of Kansas City, Missouri, a cost-sharing multiple-employer defined benefit pension plan. Under the plan, the covered employees are required to contribute 9% of their annual covered salary and the School is required to contribute 12%. The contribution requirements of these employees and the School are established by the Board of Trustees of the Plan. The School's contributions for 2022 and 2021 were \$1,143,188 and \$1,057,210, respectively.

NOTE L - NEW MARKET TAX CREDITS

In September 2013, the Organization and its newly formed affiliate, Guadalupe Alta Vista Charter School, LLC, entered into a series of transactions which generated "New Market Tax Credits" under Section 45D of Internal Revenue Code of 1986, as amended. Chase NMTC IFF Charter School Investment Fund, LLC (Investment Fund), an entity wholly owned by Chase Community Equity, LLC by virtue of a capital contribution of \$1,657,500, was awarded New Market Tax Credits of \$1,950,000 in consideration of its \$5,000,000 investment in its 99.99% owned subsidiary, IFF Capital V, LLC. IFF Capital V, LLC made three loans totaling \$4,650,000 to Guadalupe Alta Vista Charter School, LLC. The entire principal amount was forgiven by the lender in 2020.

GUADALUPE CENTERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE L - NEW MARKET TAX CREDITS (continued)

The Organization transferred all its real estate to Guadalupe Alta Vista Charter School, LLC. Guadalupe Alta Vista Charter School, LLC will lease its real estate to the Organization under terms of a triple net lease requiring annual lease payments of \$255,600 from 2014 through 2019, \$311,100 for 2020, \$477,600 from 2021 through 2028, \$501,600 from 2029 through 2036, \$526,800 from 2037 through 2042 and \$363,708 for 2043.

In June 2019, the Organization and its newly formed affiliate, Guadalupe Villa Campus, LLC, entered into a series of transactions which generated “New Market Tax Credits” under Section 45D of Internal Revenue Code of 1986, as amended. On July 16, 2019, IFF Capital 26, LLC, made two loans totaling \$2,000,000 described in Note H to Guadalupe Villa Campus, LLC.

In June 2019, the Organization transferred its real estate located at 5123 Truman Road in Kansas City and the related debt to Guadalupe Villa Campus, LLC. Guadalupe Villa Campus, LLC will lease its real estate to the Organization under terms of a triple net lease requiring monthly lease payments of \$51,177 from July 16, 2019 through July 15, 2034.

NOTE M - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022 and 2021 consist of:

	2022	Restated 2021
Capital improvements	\$ 879,059	\$ 1,064,931
Catering	125,000	83,732
Cinco de Mayo	10,000	-
COVID-19	4,187	8,666
Education	665,356	866,983
Family support services	283,198	39,810
LISC FOC Grant	20,000	40,000
Senior support services	-	15,000
Substance abuse services	95,531	50,735
Workforce development	250,000	-
	<u>\$ 2,332,331</u>	<u>\$ 2,169,857</u>

NOTE N - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization received significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles; operating within a prudent range or financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

GUADALUPE CENTERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE N - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

The following table reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions.

	2022	Restated 2021
Cash	\$ 12,167,773	\$ 10,954,663
Grants receivable, net	3,499,037	2,425,060
Promises receivable, net	1,008,070	834,062
Accounts receivable, net	284,177	71,085
Total financial assets	16,959,057	14,284,870
Donor restricted assets	(2,332,331)	(2,169,857)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 14,626,726</u>	<u>\$ 12,115,013</u>

NOTE O - LITIGATION

As of December 31, 2022 and 2021, Guadalupe Educational Systems, Inc. is a defendant in ongoing litigation matters, the outcomes of which cannot be predicted at this time, however, Guadalupe Educational Systems, Inc.'s insurance carrier is vigorously defending against these claims.

NOTE P - RESTATEMENT OF NET ASSETS

Net assets with donor restrictions and without donor restrictions at December 31, 2020 have been restated to reclass \$127,883 of donor restricted grants. As a result of this change, net assets with donor restrictions increased by \$127,883 and net assets without donor restrictions decreased by \$127,883.

Net assets with donor restrictions and without donor restrictions at December 31, 2021 have been restated to reclass \$280,370 of donor restricted grants. As a result of this change, net assets with donor restrictions increased by \$280,370 and net assets without donor restrictions decreased by \$280,370.

SUPPLEMENTARY INFORMATION

GUADALUPE CENTERS, INC.
CONSOLIDATING SCHEDULE - STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS					
	Guadalupe Centers, Inc.	Guadalupe Alta Vista Charter School, LLC	Guadalupe Villa Campus, LLC	Eliminations	Total
Cash and cash equivalents	\$ 12,159,207	\$ -	\$ -	\$ -	\$ 12,159,207
Grants receivable, net	3,499,037	-	-	-	3,499,037
Promises receivable, net	1,008,070	-	-	-	1,008,070
Accounts receivable, net	284,177	-	-	-	284,177
Intercompany receivable	147,425	359,691	307,606	(814,722)	-
Prepaid expenses	82,908	-	-	-	82,908
Investments	1,662,662	-	-	-	1,662,662
Property and equipment, net	12,353,934	4,049,424	5,949,102	-	22,352,460
Collection items, donated artwork	182,500	-	-	-	182,500
TOTAL ASSETS	\$ 31,379,920	\$ 4,409,115	\$ 6,256,708	\$ (814,722)	\$ 41,231,021
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts payable	\$ 774,477	\$ -	\$ -	\$ -	\$ 774,477
Accrued expenses and payroll withholdings	229,310	-	-	-	229,310
Accrued interest	9,253	-	21,405	-	30,658
Intercompany payable	814,722	-	-	(814,722)	-
Notes payable, net	935,622	2,199,031	6,198,158	-	9,332,811
TOTAL LIABILITIES	2,763,384	2,199,031	6,219,563	(814,722)	10,367,256
NET ASSETS:					
Without donor restrictions	26,284,205	2,210,084	37,145	-	28,531,434
With donor restrictions	2,332,331	-	-	-	2,332,331
TOTAL NET ASSETS	28,616,536	2,210,084	37,145	-	30,863,765
TOTAL LIABILITIES AND NET ASSETS	\$ 31,379,920	\$ 4,409,115	\$ 6,256,708	\$ (814,722)	\$ 41,231,021

GUADALUPE CENTERS, INC.
CONSOLIDATING SCHEDULE - STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS					
	Guadalupe Centers, Inc.	Guadalupe Alta Vista Charter School, LLC	Guadalupe Villa Campus, LLC	Eliminations	RESTATED Total
Cash and cash equivalents	\$ 10,954,663	\$ -	\$ -	\$ -	\$ 10,954,663
Grants receivable, net	2,425,060	-	-	-	2,425,060
Promises receivable, net	834,062	-	-	-	834,062
Accounts receivable , net	71,085	-	-	-	71,085
Intercompany receivable	143,416	30,827	274,074	(448,317)	-
Prepaid expenses	72,345	-	-	-	72,345
Investments	1,895,611	-	-	-	1,895,611
Property and equipment, net	11,461,311	4,147,840	6,286,701	-	21,895,852
Collection items, donated artwork	182,500	-	-	-	182,500
TOTAL ASSETS	\$ 28,040,053	\$ 4,178,667	\$ 6,560,775	\$ (448,317)	\$ 38,331,178
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts payable	\$ 840,495	\$ -	\$ -	\$ -	\$ 840,495
Accrued expenses and payroll withholdings	139,933	-	-	-	139,933
Accrued interest	11,865	-	22,597	-	34,462
Intercompany payable	448,317	-	-	(448,317)	-
Deferred revenue	27,333	-	-	-	27,333
SBA paycheck protection program loans	815,870	-	-	-	815,870
Notes payable, net	1,462,572	2,321,556	6,422,388	-	10,206,516
TOTAL LIABILITIES	3,746,385	2,321,556	6,444,985	(448,317)	12,064,609
NET ASSETS:					
Without donor restrictions	22,123,811	1,857,111	115,790	-	24,096,712
With donor restrictions	2,169,857	-	-	-	2,169,857
TOTAL NET ASSETS	24,293,668	1,857,111	115,790	-	26,266,569
TOTAL LIABILITIES AND NET ASSETS	\$ 28,040,053	\$ 4,178,667	\$ 6,560,775	\$ (448,317)	\$ 38,331,178

GUADALUPE CENTERS, INC.
CONSOLIDATING SCHEDULE - STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Guadalupe Centers, Inc.			Guadalupe Alta Vista Charter School, LLC	Guadalupe Villa Campus, LLC		Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:									
Federal government grants/contracts	\$ 6,012,858	\$ -	\$ 6,012,858	\$ -	\$ -	\$ -	\$ 6,012,858	\$ -	\$ 6,012,858
Other government grants/contracts	23,355,883	-	23,355,883	-	-	-	23,355,883	-	23,355,883
Contributions and non-government grants	197,646	1,631,500	1,829,146	-	-	-	197,646	1,631,500	1,829,146
United Way	259,350	-	259,350	-	-	-	259,350	-	259,350
Program services and other fees	3,318,685	-	3,318,685	559,346	614,118	(1,173,464)	3,318,685	-	3,318,685
Special events	312,030	-	312,030	-	-	-	312,030	-	312,030
Rent revenue	3,542,527	-	3,542,527	-	-	-	3,542,527	-	3,542,527
Net investment income (loss)	(204,195)	-	(204,195)	-	-	-	(204,195)	-	(204,195)
Other revenue	1,984,324	-	1,984,324	-	-	-	1,984,324	-	1,984,324
Total support and revenue	38,779,108	1,631,500	40,410,608	559,346	614,118	(1,173,464)	38,779,108	1,631,500	40,410,608
Net assets released from restrictions	1,469,026	(1,469,026)	-	-	-	-	1,469,026	(1,469,026)	-
Total support, revenue and reclassifications	40,248,134	162,474	40,410,608	559,346	614,118	(1,173,464)	40,248,134	162,474	40,410,608
EXPENSES:									
Program services:									
Community Center	7,036,467	-	7,036,467	101,751	351,647	-	7,489,865	-	7,489,865
Alta Vista Charter School	26,203,037	-	26,203,037	-	-	-	26,203,037	-	26,203,037
Management and general	2,941,132	-	2,941,132	104,622	341,116	(1,173,464)	2,213,406	-	2,213,406
Fund raising	722,974	-	722,974	-	-	-	722,974	-	722,974
Total expenses	36,903,610	-	36,903,610	206,373	692,763	(1,173,464)	36,629,282	-	36,629,282
Change in net assets before loan forgiveness	3,344,524	162,474	3,506,998	352,973	(78,645)	-	3,618,852	162,474	3,781,326
Forgiveness of Payroll Protection Program loan	815,870	-	815,870	-	-	-	815,870	-	815,870
Change in net assets	4,160,394	162,474	4,322,868	352,973	(78,645)	-	4,434,722	162,474	4,597,196
Net assets, January 1	22,123,811	2,169,857	24,293,668	1,857,111	115,790	-	24,096,712	2,169,857	26,266,569
Net assets, December 31	\$ 26,284,205	\$ 2,332,331	\$ 28,616,536	\$ 2,210,084	\$ 37,145	\$ -	\$ 28,531,434	\$ 2,332,331	\$ 30,863,765

GUADALUPE CENTERS, INC.
CONSOLIDATING SCHEDULE - STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Guadalupe Centers, Inc.			Guadalupe Alta Vista Charter School, LLC	Guadalupe Villa Campus, LLC		RESTATE Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:									
Federal government grants/contracts	\$ 6,536,073	\$ -	\$ 6,536,073	\$ -	\$ -	\$ -	\$ 6,536,073	\$ -	\$ 6,536,073
Other government grants/contracts	22,088,351	-	22,088,351	-	-	-	22,088,351	-	22,088,351
Contributions and non-government grants	312,624	1,508,956	1,821,580	-	-	-	312,624	1,508,956	1,821,580
United Way	136,101	-	136,101	-	-	-	136,101	-	136,101
Program services and other fees	2,407,119	-	2,407,119	559,346	614,118	(1,173,464)	2,407,119	-	2,407,119
Special events	107,343	-	107,343	-	-	-	107,343	-	107,343
Rent revenue	3,297,262	-	3,297,262	-	-	-	3,297,262	-	3,297,262
Net investment income	232,469	-	232,469	-	-	-	232,469	-	232,469
Other revenue	1,089,098	-	1,089,098	-	-	-	1,089,098	-	1,089,098
Total support and revenue	36,206,440	1,508,956	37,715,396	559,346	614,118	(1,173,464)	36,206,440	1,508,956	37,715,396
Net assets released from restrictions	1,103,642	(1,103,642)	-	-	-	-	1,103,642	(1,103,642)	-
Total support, revenue and reclassifications	37,310,082	405,314	37,715,396	559,346	614,118	(1,173,464)	37,310,082	405,314	37,715,396
EXPENSES:									
Program services:									
Community Center	6,332,682	-	6,332,682	101,751	353,011	-	6,787,444	-	6,787,444
Alta Vista Charter School	22,229,507	-	22,229,507	-	-	-	22,229,507	-	22,229,507
Management and general	3,078,418	-	3,078,418	110,225	355,009	(1,173,464)	2,370,188	-	2,370,188
Fund raising	338,939	-	338,939	-	-	-	338,939	-	338,939
Total expenses	31,979,546	-	31,979,546	211,976	708,020	(1,173,464)	31,726,078	-	31,726,078
Change in net assets before loan forgiveness	5,330,536	405,314	5,735,850	347,370	(93,902)	-	5,584,004	405,314	5,989,318
Forgiveness of Payroll Protection Program loan	2,818,300	-	2,818,300	-	-	-	2,818,300	-	2,818,300
Change in net assets	8,148,836	405,314	8,554,150	347,370	(93,902)	-	8,402,304	405,314	8,807,618
Net assets, January 1	13,974,975	1,764,543	15,739,518	1,509,741	209,692	-	15,694,408	1,764,543	17,458,951
Net assets, December 31	\$ 22,123,811	\$ 2,169,857	\$ 24,293,668	\$ 1,857,111	\$ 115,790	\$ -	\$ 24,096,712	\$ 2,169,857	\$ 26,266,569

GUADALUPE CENTERS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING	PASS-THROUGH GRANTOR NUMBER	EXPENDITURES
U.S. Department of Agriculture			
Child Nutrition Cluster:			
Passed-through Missouri Department of Elementary and Secondary Education:			
School Breakfast Program	10.553		\$ 138,178
COVID-19 - School Breakfast Program	10.553		124,631
National School Lunch Program	10.555		474,386
COVID-19 - National School Lunch Program	10.555		361,649
Non-Cash: Food Distribution Program	10.555		73,346
			1,172,190
Passed-through Missouri Department of Health and Senior Services:			
Summer Food Service Program	10.559	ERS0460052S	73,593
Total Child Nutrition Cluster			1,245,783
Passed-through Missouri Department of Health and Senior Services:			
Child and Adult Care Food Program	10.558	ERS46110052	74,154
Passed-through Missouri Department of Social Services:			
Emergency Food Assistance Program			
Non-Cash: Food Commodities	10.569		27,027
Total U.S. Department of Agriculture			1,346,964
U.S. Department of Housing and Urban Development			
Passed-through City of Kansas City, Missouri:			
CDBG Entitlement Grants Cluster:			
Community Development Block Grant Program	14.218		117,304
COVID-19 - Community Development Block Grant Program	14.218		24,817
Total Community Development Block Grant Program			142,121
U.S. Department of the Treasury			
Passed-through City of Kansas City, Missouri:			
COVID-19 - Emergency Rental Assistance Program	21.023		190,813
Passed-through Jackson County, Missouri:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		13,874
Total U.S. Department of the Treasury			204,687
Federal Communications Commission			
Direct:			
COVID-19 - Emergency Connectivity Fund	32.009		207,760
U.S. Department of Education			
Passed-through Missouri Department of Elementary and Secondary Education:			
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027		268,011
Special Education - Preschool Grants	84.173		3,210
Total Special Education Cluster (IDEA)			271,221
Title I - Grants to Local Educational Agencies	84.010		752,359
English Language Acquisition Grants	84.365		195,666
Supporting Effective Instruction State Grants	84.367		91,851
Student Support and Academic Enrichment Program	84.424		53,084
Education Stabilization Fund:			
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D		26,467
COVID-19 - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U		1,726,074
Total Education Stabilization Fund			1,752,541
Total U.S. Department of Education			3,116,722

GUADALUPE CENTERS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING	PASS-THROUGH GRANTOR NUMBER	EXPENDITURES
U.S. Department of Health and Human Services			
Passed-through Mid-America Regional Council:			
Aging Cluster:			
Special Programs for the Aging-Title III, Part B	93.044		8,411
Special Programs for the Aging-Title III, Part C	93.045		164,336
Total Aging Cluster			<u>172,747</u>
Head Start Cluster:			
Head Start	93.600		671,214
COVID-19 - Head Start	93.600		57,837
Total Head Start Cluster			<u>729,051</u>
Social Services Block Grant	93.667		4,367
Passed-through City of Kansas City, Missouri:			
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT)			
Health Department Response to Public Health or Healthcare Crisis	93.391		61,239
Total U.S. Department of Health and Human Services			<u>967,404</u>
U.S. Department of Homeland Security			
Direct:			
Emergency Food and Shelter Program	97.024		7,200
COVID-19 - Emergency Food and Shelter Program	97.024		20,000
Total Emergency Food and Shelter Program			<u>27,200</u>
Total Expenditures of Federal Awards			<u>\$ 6,012,858</u>

Note 1. Summary of Significant Accounting Policies

Expenditures reported on 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. Guadalupe Centers, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Guadalupe Centers, Inc. under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Guadalupe Centers, Inc., it is not intended to and does not present the financial position, change in net assets or cash flows of Guadalupe Centers, Inc.

INTERNAL CONTROL AND COMPLIANCE



**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***

To the Board of Directors
Guadalupe Centers, Inc.

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 Centers, Inc. (a nonprofit organization) which comprise the statement of financial position as of and for the year ended December 31, 2022, and the related statements of activities, and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated July 11, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Westbrook & Co., P.C.

Richmond, Missouri
July 11, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Guadalupe Centers, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Guadalupe Centers, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Guadalupe Centers, Inc. complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 each major federal program. Our audit does not provide a legal determination of the Organization'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 the Organization's federal programs.

Auditors' 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 the Organization'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 the Organization's compliance with the requirements of each 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 the Organization'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 the Organization'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 the Organization'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 Auditors' 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.

Westbrook & Co., P.C.

Richmond, Missouri

July 11, 2023

GUADALUPE CENTERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether
the financial statements audited were prepared
in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- | | | |
|---|---------------------------------|--|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |

Noncompliance material to financial
statements noted?

 Yes X No

Federal Awards

Internal control over major federal programs:

- | | | |
|---|---------------------------------|--|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |

Type of auditor's report issued on compliance
for major federal programs:

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR 200.516(a)?

 Yes X No

Identification of major federal programs:

Child Nutrition Cluster	AL No. 10.553, 10.555 and 10.559
Emergency Rental Assistance Program	AL No. 21.023
Education Stabilization Fund	AL No. 84.425

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

\$ 750,000

Auditee qualified as low-risk auditee?

 Yes X No

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None