

CENTRONÍA, INC. AND SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION, AND
GRANT COMPLIANCE**

As of and for the Years Ended June 30, 2024 and 2023

And Reports of Independent Auditor

CENTRONÍA, INC. AND SUBSIDIARY
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Report of Independent Auditor

To the Board of Directors
CentroNía, Inc. and Subsidiary
Washington, D.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of CentroNía, Inc. and Subsidiary, (collectively, “CentroNía”), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CentroNía as of June 30, 2024 and 2023, and the changes in their net assets and their 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the CentroNía, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CentroNía's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CentroNía'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2025, on our consideration of CentroNía'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 CentroNía'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 CentroNía's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Raleigh, North Carolina
January 6, 2025

CENTRONÍA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets:		
Cash	\$ 575,778	\$ 393,675
Investments	5,903,027	6,257,571
Grants and contracts receivable	1,345,977	1,862,837
Accounts receivable, net	<u>376,486</u>	<u>284,824</u>
Total Current Assets	8,201,268	8,798,907
Property and equipment, net of accumulated depreciation	176,142	137,810
Other Assets:		
Prepaid expenses	262,103	125,603
Deferred rent receivable	83,739	51,608
Security deposit	134,034	131,865
Operating lease right-of-use assets	<u>3,677,041</u>	<u>5,525,019</u>
Total Assets	<u><u>\$ 12,534,327</u></u>	<u><u>\$ 14,770,812</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 342,766	\$ 188,800
Accrued payroll and liabilities	637,289	517,767
Deferred revenue	45,845	45,845
Operating lease liabilities, current portion	<u>2,125,493</u>	<u>1,941,926</u>
Total Current Liabilities	3,151,393	2,694,338
Long-Term Liabilities:		
Operating lease liabilities, net of current portion	<u>1,833,063</u>	<u>3,928,512</u>
Total Liabilities	<u>4,984,456</u>	<u>6,622,850</u>
Net Assets:		
Without donor restrictions	7,361,660	7,982,391
With donor restrictions	<u>188,211</u>	<u>165,571</u>
Total Net Assets	<u>7,549,871</u>	<u>8,147,962</u>
Total Liabilities and Net Assets	<u><u>\$ 12,534,327</u></u>	<u><u>\$ 14,770,812</u></u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CENTRONÍA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Government grants and contract revenue	\$ 15,408,680	\$ -	\$ 15,408,680	\$ 11,995,795	\$ -	\$ 11,995,795
Private grants and contributions	570,023	178,100	748,123	491,148	118,572	609,720
Contributions of nonfinancial services	195,447	-	195,447	125,101	-	125,101
Parents' fees	837,787	-	837,787	1,103,321	-	1,103,321
Rental income	1,160,151	-	1,160,151	1,118,638	-	1,118,638
Investment return, net	452,799	-	452,799	351,713	-	351,713
Catering service fees	1,220,200	-	1,220,200	1,161,991	-	1,161,991
Other income	62,317	-	62,317	514,232	-	514,232
Net assets released from donor restrictions	155,460	(155,460)	-	1,040,925	(1,040,925)	-
Total Support and Revenue	20,062,864	22,640	20,085,504	17,902,864	(922,353)	16,980,511
Expenses:						
Program services	17,985,868	-	17,985,868	15,716,656	-	15,716,656
General and administrative	2,377,614	-	2,377,614	2,091,748	-	2,091,748
Fundraising	320,113	-	320,113	285,314	-	285,314
Total Expenses	20,683,595	-	20,683,595	18,093,718	-	18,093,718
Other Income:						
Gain on forgiveness of accrued interest on the loan payable to Department of Housing and Community Development	-	-	-	1,194,508	-	1,194,508
Total Other Income	-	-	-	1,194,508	-	1,194,508
Change in net assets	(620,731)	22,640	(598,091)	1,003,654	(922,353)	81,301
Net assets, beginning of year	7,982,391	165,571	8,147,962	6,978,737	1,087,924	8,066,661
Net assets, end of year	\$ 7,361,660	\$ 188,211	\$ 7,549,871	\$ 7,982,391	\$ 165,571	\$ 8,147,962

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CENTRONÍA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 10,941,748	\$ 978,906	\$ 255,559	\$ 12,176,213
Payroll taxes and benefits	1,512,880	204,807	46,616	1,764,303
Total Personnel Costs	12,454,628	1,183,713	302,175	13,940,516
Consultants and substitutes and stipends	222,367	73,855	4,056	300,278
Supplies and small equipment	282,748	26,440	-	309,188
Office supplies	39,558	27,893	86	67,537
Travel and transportation	26,190	373	68	26,631
Postage and printing	23,747	11,003	-	34,750
Equipment rental and maintenance	140	-	-	140
Professional fees	263,526	4,498	-	268,024
Staff training	114,424	62,572	391	177,387
Insurance	140,923	14,270	3,419	158,612
Food expenses	1,109,309	2,864	-	1,112,173
Telephone and internet services	81,712	8,274	1,983	91,969
Repairs and maintenance	789,528	102	-	789,630
Utilities	301,280	-	-	301,280
Rent	1,328,293	1,141,016	-	2,469,309
Interest	5,545	561	135	6,241
Depreciation	61,670	-	-	61,670
Bank fees	31,235	3,163	758	35,156
Contributions of nonfinancial services expenses	195,447	-	-	195,447
Bad debts	22,229	-	-	22,229
Scholarships	106,850	-	-	106,850
Parents training, meetings, and events	56,264	7	-	56,271
Other	97,158	48,107	7,042	152,307
Indirect allocation	231,097	(231,097)	-	-
Total Expenses	<u>\$ 17,985,868</u>	<u>\$ 2,377,614</u>	<u>\$ 320,113</u>	<u>\$ 20,683,595</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CENTRONÍA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 8,954,208	\$ 717,730	\$ 219,464	\$ 9,891,402
Payroll taxes and benefits	1,233,501	292,802	41,839	1,568,142
Total Personnel Costs	10,187,709	1,010,532	261,303	11,459,544
Consultants and substitutes and stipends	488,435	86,203	4,217	578,855
Supplies and small equipment	288,774	10,459	-	299,233
Office supplies	21,453	5,913	-	27,366
Travel and transportation	23,659	705	-	24,364
Postage and printing	12,051	10,181	480	22,712
Equipment rental and maintenance	-	85	-	85
Professional fees	178,981	8,126	-	187,107
Staff training	129,611	42,634	4,607	176,852
Insurance	125,251	13,138	3,205	141,594
Food expenses	1,007,450	1,210	14	1,008,674
Telephone and internet services	88,627	9,296	2,268	100,191
Repairs and maintenance	638,896	1,015	-	639,911
Utilities	267,062	-	-	267,062
Rent	1,376,835	1,187,296	-	2,564,131
Interest	24,234	2,542	620	27,396
Depreciation	47,337	-	-	47,337
Bank fees	30,602	3,210	783	34,595
Contribution of nonfinancial services expenses	123,351	-	-	123,351
Bad debts	23,720	-	-	23,720
Scholarships	66,180	-	-	66,180
Parents training, meetings, and events	71,085	22	231	71,338
Other	159,925	34,609	7,586	202,120
Indirect allocation	335,428	(335,428)	-	-
Total Expenses	<u>\$ 15,716,656</u>	<u>\$ 2,091,748</u>	<u>\$ 285,314</u>	<u>\$ 18,093,718</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CENTRONÍA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (598,091)	\$ 81,301
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	61,670	47,337
Bad debt expense	22,229	23,720
Realized gain on investments	(221,149)	(209,734)
Gain on forgiveness of accrued interest on loan payable to Department of Housing and Community Development	-	(1,194,508)
Unrealized gain on investments, net	(187,913)	(120,888)
Noncash lease expense	(63,904)	5,425
Change in operating assets and liabilities:		
Grants and contracts receivable	516,860	(227,358)
Accounts receivable	(113,891)	354,403
Prepaid expenses	(136,500)	29,943
Deferred rent receivable	(32,131)	24,940
Security deposit	(2,169)	-
Accounts payable	153,966	(46,457)
Accrued payroll and liabilities	119,522	121,564
Deferred revenue	-	(139)
Net cash flows from operating activities	<u>(481,501)</u>	<u>(1,110,451)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(100,002)	(27,322)
Purchases of investments	(36,394)	(16,427)
Sales of investments	800,000	5,730,171
Net cash flows from investing activities	<u>663,604</u>	<u>5,686,422</u>
Cash flows from financing activities:		
Net repayments on lines of credit	-	(3,424,783)
Repayment of loan payable to Department of Housing and Community Development	-	(1,900,000)
Net cash flows from financing activities	<u>-</u>	<u>(5,324,783)</u>
Net change in cash	182,103	(748,812)
Cash, beginning of year	393,675	1,142,487
Cash, end of year	<u>\$ 575,778</u>	<u>\$ 393,675</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 6,241</u>	<u>\$ 27,396</u>
Supplemental disclosure of noncash flow information:		
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 49,217</u>	<u>\$ 7,303,034</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CENTRONÍA, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 1—Organization and nature of operations

CentroNía, Inc. (“CentroNía”) was formally incorporated as a nonprofit organization in June 1991. The primary purpose of CentroNía is to promote the physical, social, emotional, cognitive, and cultural growth and development of children in a bilingual environment. CentroNía’s programs include child development and childcare programs, before and after school care, summer camp, academic support, arts enrichment, and family support services. CentroNía receives the majority of its support and revenue from the federal and District of Columbia governments, contributions, and grants from private foundations.

Note 2—Summary of significant accounting policies

Basis of Accounting and Presentation – The consolidated financial statements of CentroNía have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

CentroNía reports information regarding its financial position and activities into two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CentroNía and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CentroNía. These net assets may be used at the discretion of CentroNía and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CentroNía or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. CentroNía did not have any net assets held in perpetuity as of June 30, 2024 and 2023.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of NíaCentral LLC, in which CentroNía has a 100% controlling financial interest. NíaCentral LLC was established on May 5, 2017. During the years ended June 30, 2024 and 2023, there were no transactions or activity; therefore, there was no consolidation to be performed.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash – CentroNía considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except for cash balances held with investments for reinvestment. CentroNía places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. CentroNía from time to time may have amounts on deposit in excess of insured limits. As of June 30, 2024 and 2023, CentroNía had \$271,003 and \$230,788, respectively, which exceeded these amounts.

CENTRONÍA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Investment return (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Realized gains or losses on securities sold during the year and held at the beginning of the year are recognized to the extent sales proceeds exceed the security's fair value at the beginning of the year. Donated securities are recorded at their fair value on the date of donation.

Fair Value Measurements – Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. U.S. GAAP establishes a hierarchy to help maximize the use of observable inputs when measuring fair values. These measurements are then classified by how observable or unobservable the inputs used to reach fair value are. The three levels of the fair value hierarchy are:

Level 1 – Inputs to the valuation methodology are quoted prices available in actively traded markets for identical investments as of the reporting date.

Level 2 – Inputs to the valuation methodology are quoted prices outside of the active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

Level 3 – Inputs to valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of CentroNía's valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy. There were no changes to the methodologies used during the year ended June 30, 2024.

Equities, Mutual Funds, and Fixed Income – These investments are based on quoted prices in active markets and classified within Level 1 of the valuation hierarchy.

Cash – Cash is recorded at cost which approximates market and is classified within Level 1 of the valuation hierarchy.

CENTRONÍA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Grants and Contracts Receivable – Grants and contracts receivable are recorded at net realizable value and approximate fair value. It is CentroNía’s policy to write-off uncollectible amounts when management determines such balances to be uncollectible. For the years ended June 30, 2024, 2023, and 2022, these amounts were \$22,229, \$23,720, \$23,184, respectively.

Accounts Receivable – Accounts receivable approximate fair value. The allowance for credit losses is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer.

The changes in the allowance for credit losses for the year ended June 30, 2024 are as follows:

Allowance for credit losses, July 1, 2023	\$	17,280
Allowance provision		35,131
Write-offs		<u>(38,430)</u>
Allowance for credit losses, June 30, 2024	\$	<u>13,981</u>

Property and Equipment – Equipment is recorded at cost when purchased or its estimated value at the date of donation. Depreciation is computed on a straight-line basis over the useful lives of the related assets, generally five years. CentroNía capitalizes assets purchased at a cost greater than \$5,000.

Impairment of Long-Lived Assets – CentroNía evaluates the recoverability of its long-lived fixed assets in accordance with U.S. GAAP which requires companies to perform impairment testing whenever events or changes in circumstances suggest that the carrying value of an asset or group of assets is not recoverable. Impairment testing of long-lived assets was not deemed necessary during the fiscal years ended June 30, 2024 and 2023.

Private Grants and Contributions – Contributions are recorded when received. All grants and contributions are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. When a restriction that is temporary in nature expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributed Nonfinancial Assets and Services – Donations of nonfinancial and services are recorded as support at their estimated fair value at the date of receipt. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. See Note 12 for further information.

Government Grants and Contract Revenue – CentroNía receives funding under grants and contracts from the federal government, the District of Columbia and state of Maryland agencies for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. CentroNía’s government grants and contracts are nonreciprocal transactions which fall under the guidance of Accounting Standards Codification 958. The government grants have limited discretion inherent in the requirements of federal cost principles and are restricted for the purpose of the grant. As such, government grants are considered conditional until the point in time when expenses related to the purpose of the project are incurred.

CENTRONÍA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Program Services Revenue – CentroNía’s streams of program services revenue are as follows:

Parent Fees – CentroNía recognizes revenue from parent fees based on enrollment contracts with students within the fiscal year in which academic services are rendered, on a per-week basis over the course of the academic year.

Catering Service Fees – Catering service fees correspond to the catering services for breakfast, lunch, and snack that CentroNía provides to other educational centers in the Washington, D.C. metro area. CentroNía recognizes revenue from catering service fees based on the agreement in place with the customer. The catering agreement specifies the customer, the period in which the services are to be provided, and the catering rate applicable. The amount of catering service fees revenue is calculated based on the catering rate per the agreement and the number of hours the services are to be performed for based on the agreement. Once the catering services have been provided, CentroNía will then recognize the appropriate revenue based on that calculation.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Operating expenses directly identifiable with a functional area are charged to that area and, where expenses affect more than one area, they are allocated on the basis of time and effort derived from payroll expenditures. The expenses that were allocated include professional fees (such as audit and payroll) utilities (such as telephone and internet), insurance fees, interest fees, and bank fees.

Income Taxes – CentroNía is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”) for all activities related to its exempt purposes. CentroNía is classified by the Internal Revenue Service (“IRS”) as a public charity under Section 509(a) (2) of the IRC.

CentroNía is subject to audit by taxing jurisdictions; however, there are currently no audits for tax periods in progress.

Management has evaluated the effect of the guidance provided by U.S. GAAP on Accounting for Uncertainty in Income Taxes. Management believes CentroNía continues to satisfy the requirements of a tax-exempt organization at June 30, 2024. Management has evaluated all other tax positions that could have a significant effect on the consolidated financial statements and determined CentroNía had no uncertain income tax positions at June 30, 2024 and 2023.

Change in Accounting Principles – ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, guidance replaces the existing incurred loss impairment guidance and establishes a single allowance framework for financial assets carried at amortized cost based on expected credit losses. The estimate of expected credit losses requires the incorporation of historical information, current conditions, and reasonable and supportable forecasts. CentroNía adopted this ASU effective June 1, 2023, which did not have a material effect on the CentroNía consolidated financial statements or disclosures.

CENTRONÍA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 3—Liquidity and availability of resources

The table below represents financial assets available for general expenditures within one year at June 30:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash	\$ 575,778	\$ 393,675
Investments	5,903,027	6,257,571
Grants and contracts receivable	1,345,977	1,862,837
Accounts receivable, net	<u>376,486</u>	<u>284,824</u>
Total financial assets	<u>8,201,268</u>	<u>8,798,907</u>
Less amounts not available to be used for general expenditures within one year		
Restricted by donor with purpose restrictions	<u>188,211</u>	<u>165,571</u>
Financial assets available to meet general expenditures over the next 12 months from the statement of financial position	<u>\$ 8,013,057</u>	<u>\$ 8,633,336</u>

CentroNía regularly monitors liquidity to meet its operating needs and other contractual commitments, while striving to maximize the investment of and return on available funds. CentroNía has various sources of liquidity at its disposal, including cash, investments, receivables, and lines of credit. For purpose of analyzing resources available to meet general expenditures over a 12-month period, CentroNía considers all expenditures related to its ongoing activities of education and student services as well as the conduct of services undertaken to support those activities to be general expenditures.

CentroNía has donor-restricted resources which are limited in their use for specific purposes. Accordingly, these assets are shown as a reduction to financial assets available to meet general expenditures within one year. These assets limited to use, are more fully described in Note 7.

Note 4—Investment

Fair value hierarchy levels at June 30, 2024 were as follows:

	<u>Investments at Fair Value</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Equities	\$ 935,552	\$ -	\$ -	\$ 935,552
Mutual funds	3,095,932	-	-	3,095,932
Fixed income	1,714,734	-	-	1,714,734
Cash	<u>156,809</u>	<u>-</u>	<u>-</u>	<u>156,809</u>
Total investments at fair value	<u>\$ 5,903,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,903,027</u>

CENTRONÍA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 4—Investment (continued)

Fair value hierarchy levels at June 30, 2023 were as follows:

	Investments at Fair Value			Total
	Level 1	Level 2	Level 3	
Equities	\$ 1,106,112	\$ -	\$ -	\$ 1,106,112
Mutual funds	3,406,773	-	-	3,406,773
Fixed income	1,574,092	-	-	1,574,092
Cash	170,594	-	-	170,594
Total investments at fair value	<u>\$ 6,257,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,257,571</u>

Investment return, net, consisted of the following for the years ended June 30:

	2024	2023
Interest and dividends	\$ 83,995	\$ 69,062
Unrealized gains	187,912	120,888
Realized gains	221,148	209,734
Management fees	(40,256)	(47,971)
	<u>\$ 452,799</u>	<u>\$ 351,713</u>

Note 5—Property and equipment

Property and equipment consisted of the following at June 30:

	2024	2023
Leasehold improvements	\$ 570,281	\$ 570,279
Computers and equipment	493,354	493,354
Vehicles	261,854	161,854
Total	1,325,489	1,225,487
Less accumulated depreciation	(1,149,347)	(1,087,677)
Property and equipment, net	<u>\$ 176,142</u>	<u>\$ 137,810</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$61,670 and \$47,337, respectively.

Note 6—Line of credit

Line of Credit – CentroNía had one line of credit with PNC Bank. Total availability under the line of credit was \$3,750,000. The PNC line of credit has a maturity date of March 31, 2025 and did not have an outstanding balance as of June 30, 2024 and 2023. As of June 30, 2024, interest rate for PNC was based on the Bloomberg Short Term Bank Yield index plus 250 bps (5.45% and 5.18% at June 30, 2024 and 2023, respectively). The line of credit with PNC is collateralized by the investment account. There are no financial statement covenants required by the line of credit.

CENTRONÍA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 7—Net assets with donor restrictions

Net assets with donor restrictions consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Subject to purpose restrictions:		
Gudelsky Child Development Center MOU	\$ 13,502	\$ 56,230
Comis Foundation	46,963	65,769
Hurley Grant	-	43,572
Montgomery County Child Opportunity Alliance	14,810	-
Greater Washington Community Foundation	112,936	-
Total subject to purpose restrictions	<u>\$ 188,211</u>	<u>\$ 165,571</u>

Net assets with donor restrictions were released for the following programs at June 30:

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose restrictions:		
Gudelsky Child Development Center MOU	\$ 42,728	\$ 338,877
Comis Foundation	18,806	9,231
Hurley Grant	43,572	-
The Nora Roberts Foundation	6,000	-
Montgomery County Children Opportunity Alliance	190	-
Greater Washington Community Foundation	44,164	-
DIVAs Giving Circle	-	4,507
Workforce Development Collaboration	-	674,310
Healthy Business Initiative	-	14,000
Total satisfaction of purpose restrictions	<u>\$ 155,460</u>	<u>\$ 1,040,925</u>

Note 8—Rental income

CentroNía subleases to other entities several portions of the building at the Columbia Road location under various agreements that terminate through 2034.

Rental income for the years ended June 30, 2024 and 2023 totaled \$1,160,151 and \$1,118,638, respectively.

Future minimum lease rental receipts under these sublease arrangements are as follows:

<u>Years Ending June 30,</u>	
2025	\$ 1,091,335
2026	795,034
2027	771,270
2028	659,209
2029	126,498
	<u>\$ 3,443,346</u>

CENTRONÍA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 9—Lease commitments

CentroNía has two noncancelable lease agreements for educational facilities that will expire in September 2024, one noncancelable lease agreement for education facilities that will expire in August 2025, one noncancelable lease agreement for educational facilities that will expire in January 2026, and two noncancelable lease agreements for educational facilities that will expire between March 2026 and June 2027.

CentroNía determines if an arrangement is a lease at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether CentroNía obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. CentroNía's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

CentroNía has elected to apply a practical expedient for short-term leases whereby CentroNía does not recognize a lease liability and Right-of-Use ("ROU") asset for leases with a term of 12 months or less. CentroNía also elected the hindsight practical expedient in determining the lease term and in assessing impairment of the entity's ROU assets. In addition, CentroNía elected to apply the discount rate practical expedient whereby CentroNía discounts lease payments at the lease commencement date using the rate implicit in the lease if it is readily determinable. CentroNía has also elected the package of transition practical expedients permitted under the transition guidance, which allows CentroNía to carryforward its leases without reassessing whether any contracts are leases or contain leases, reassessing lease classification, or considering whether any previously capitalized initial direct costs would be appropriate under the new standard. CentroNía further elected the transition relief practice expedient in which the lease transition requirements are applied at adoption date rather than the earliest period presented.

The following table summarizes the components of lease expense as of June 30, 2024:

	<u>2024</u>	<u>2023</u>
Lease expense:		
Operating Lease Expense	\$ 2,141,755	\$ 2,564,131

The following table summarizes supplemental other information related to leases:

	<u>2024</u>	<u>2023</u>
Other Information:		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ -	\$ 2,106,126
ROU assets obtained in exchange for new operating lease liabilities	\$ -	\$ 7,643,301
Weighted-average remaining lease term for operating leases	1.87 years	2.85 years
Weighted-average discount rate for operating leases	5.00%	5.00%

The future minimum lease payments under the operating lease agreements are as follows:

<u>Years Ending June 30,</u>	
2025	\$ 2,265,962
2026	1,702,093
2027	<u>171,092</u>
Total undiscounted cash flows	4,139,147
Less present value discount	<u>(180,591)</u>
Total lease liabilities	<u>\$ 3,958,556</u>

CENTRONÍA, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 10—Pension plan

CentroNía has a defined-contribution plan under section 401(k) of the IRS (the “Plan”), under which all employees, including part-time employees working at least 20 hours per week are eligible to participate. Beginning in January 2022, CentroNía matches 100% of employee contributions, with the total employer contributions limited to 4% of the employee’s compensation. For the years ended June 30, 2024 and 2023, CentroNía contributed \$116,559 and \$131,217, respectively, to the Plan.

Note 11—Commitments

Government Grants and Contract Revenue – Certain federal and state-funded government grants are routinely audited by various governmental agencies. Such audits could result in claims against the resources of CentroNía. The reports on those examinations, which are conducted for CentroNía by auditors engaged pursuant to specific regulatory requirements, are required to be submitted to both CentroNía and the respective governmental agency.

These governmental agencies have the authority to determine liabilities, as well as to limit, suspend, or terminate CentroNía’s participation in these programs. Management does not believe CentroNía will incur significant liabilities as a result of any such audits.

Note 12—Contributed nonfinancial assets

For the years ended June 30, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	<u>2024</u>	<u>2023</u>
Legal and other professional services	\$ 36,240	\$ 1,750
Noncash items	159,207	123,351
	<u>\$ 195,447</u>	<u>\$ 125,101</u>

CentroNía recognized nonfinancial assets within revenue, comprised of legal and other professional services, donated rent, and other donated noncash items, such as baby formula and diapers. Contributed nonfinancial assets did not have donor-imposed restrictions. Such donations are reported as a simultaneous increase and decrease in net assets without donor restrictions unless the donor has restricted a donate asset to a specific purpose.

Donated services comprised of legal and other professional services. Fair values were estimated based on the average cost for similar services.

Baby formula and diapers were provided for use in the classrooms. Fair values were calculated based on the average cost of similar items.

Note 13—Related party transactions

Board members and related affiliates contributed approximately \$6,000 and \$-0- to CentroNía during the years ended June 30, 2024 and 2023, respectively.

Note 14—Subsequent events

CentroNía has evaluated subsequent events through January 6, 2025, the date on which these consolidated financial statements were available to be issued. Subsequent to year end, CentroNía entered into a new loan agreement for \$500,000 to fund construction related to new centers that is due monthly installments through 2029.

SUPPLEMENTARY INFORMATION

CENTRONÍA, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Health and Human Services				
<i>Direct Awards</i>				
*Head Start	93.600		\$ 2,524,326	\$ -
Total U.S. Department of Health and Human Services			<u>2,524,326</u>	<u>-</u>
U.S. Department of Agriculture				
<i>Passed-through from the District of Columbia Office of the State Superintendent of Education</i>				
Child and Adult Care Food Program	10.558	CA20212054	455,571	-
<i>Passed-through from Maryland State Department of Education</i>				
Child and Adult Care Food Program	10.558	347403 CentroNia	206,788	-
Total U.S. Department of Agriculture			<u>662,359</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 3,186,685</u>	<u>\$ -</u>

See accompanying notes to the schedule of expenditures of federal awards.

CENTRONÍA, INC. AND SUBSIDIARY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of CentroNía, Inc. and Subsidiary (collectively, “CentroNía”) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of CentroNía, it is not intended to and does not present the consolidated financial position, activities and changes in net assets, or cash flows of CentroNía.

Note 2—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. Uniform Guidance requires the Schedule to reflect total expenditures for each federal financial assistance program as identified by the federal assistance listing number.

CentroNía elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3—Federal programs

The following is a description of the federal programs for the year ended June 30, 2024:

Head Start (federal assistance listing number 93.600)

The objectives of the Head Start and Early Head Start (collectively, “Head Start”) programs are to promote school readiness by enhancing children’s cognitive social and emotional development. Head Start and Early Head Start together serve pregnant women and children (birth to 5) and their families, who are under the poverty line or are eligible for public assistance, including federally recognized Indian tribes, Alaska Natives, migrant and seasonal farm workers, homeless children or children in foster care, and children with disabilities. Comprehensive services are provided to enrolled children, pregnant women, and their families, which include health, nutrition, social, and other services determined to be necessary by family needs assessments, in addition to education and cognitive development services. Services are designed to be responsive to each child and family’s ethnic, cultural, and linguistic heritage.

Child and Adult Care Food Program (federal assistance listing number 10.558)

Child and Adult Care Food Program assists states, through grants-in-aid and donated foods, to initiate and maintain non-profit food service programs for eligible children and adults in nonresidential day care settings.

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
CentroNía, Inc. and Subsidiary
Washington, D.C.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to consolidated financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of CentroNía, Inc. and Subsidiary (collectively, “CentroNía”), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 6, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statement, we considered CentroNía’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of CentroNía’s internal control. Accordingly, we do not express an opinion on the effectiveness of CentroNía’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 CentroNía’s consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Cherry Bekaert LLP

Raleigh, North Carolina
January 6, 2025

Report of Independent Auditor on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
CentroNía, Inc. and Subsidiary
Washington, D.C.

Report on Compliance for the Major Program

Opinion on the Major Federal Program

We have audited CentroNía, Inc. and Subsidiary's (collectively, "CentroNía") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on CentroNía's major federal program for the year ended June 30, 2024. CentroNía's major federal program are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, CentroNía complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of CentroNía and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of CentroNía'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 CentroNía's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CentroNía'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 generally accepted auditing standards, *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 CentroNía's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 CentroNía'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 CentroNía'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 CentroNía's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Cherry Bekaert LLP

Raleigh, North Carolina
January 6, 2025

CENTRONÍA, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditor’s Results

Financial Statement Section

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 yes x no

Significant deficiency(ies) identified?

 yes x none reported

Noncompliance material to financial consolidated statements noted?

 yes x no

Federal Awards Section

Internal control over major federal programs:

Material weakness(es) identified?

 yes x no

Significant deficiency(ies)?

 yes x 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 Section 2 CFR 200.516(a)?

 yes x no

Identification of major federal programs:

Assistance Listing Numbers
93.600

Name of Program or Cluster
Head Start Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes no

CENTRONÍA, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2024

Section II – Financial Statement Finding

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

CENTRONÍA, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2024

Section IV – Status of Prior Year Findings and Questioned Costs

Finding 2023-001 – Corrected.