

# Denise Louie Education Center

Audit of Financial Statements  
Years Ended October 31, 2024 and 2023

Reports and Schedules in Accordance with  
*Government Auditing Standards* and  
Required by the Uniform Guidance  
Year Ended October 31, 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



## **Denise Louie Education Center**

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Audit of Financial Statements  
Years Ended October 31, 2024 and 2023

Reports and Schedules in Accordance with *Government Auditing Standards* and Required by the Uniform Guidance  
Year Ended October 31, 2024

# Denise Louie Education Center

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## **Independent Auditor's Report**

To the Board of Directors  
Denise Louie Education Center  
Seattle, Washington

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Denise Louie Education Center (the Center), which comprise the statements of financial position as of October 31, 2024 and 2023, and the related 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 accompanying financial statements present fairly, in all material respects, the financial position of Denise Louie Education Center as of October 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center 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 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 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 Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Center'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 Center'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2025 on our consideration of the Center'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 Center'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 Center's internal control over financial reporting and compliance.

*BDO USA, P.C.*

June 20, 2025

## Financial Statements

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# Denise Louie Education Center

## Statements of Financial Position

October 31,	2024	2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,118,528	\$ 1,570,212
Certificates of deposit	1,457,208	827,346
Grants and contributions receivable, current portion	691,469	832,491
Tuition receivables	105,422	59,492
Prepaid expenses	149,921	140,175
Prepaid lease	320,084	320,084
Lease contribution receivable	358,974	358,974
<b>Total Current Assets</b>	<b>4,201,606</b>	<b>4,108,774</b>
Cash and Cash Equivalents Restricted for Yesler Terrace	-	250,000
Grants and Contributions Receivable, net of discount and current portion	36,750	72,293
Prepaid Lease, net of current portion	5,209,928	5,280,013
Lease Contribution Receivable, net of current portion	4,816,239	5,175,214
Property and Equipment, Net	1,934,440	1,965,529
<b>Total Assets</b>	<b>\$ 16,198,963</b>	<b>\$ 16,851,823</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 187,457	\$ 204,905
Accrued wages, taxes, and vacation	440,936	468,628
Notes payable, current portion	37,622	36,801
<b>Total Current Liabilities</b>	<b>666,015</b>	<b>710,334</b>
Notes Payable, net of current portion	1,171,409	1,209,030
<b>Total Liabilities</b>	<b>1,837,424</b>	<b>1,919,364</b>
<b>Net Assets</b>		
Without donor restrictions	3,386,046	3,157,467
With donor restrictions	10,975,493	11,774,992
<b>Total Net Assets</b>	<b>14,361,539</b>	<b>14,932,459</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 16,198,963</b>	<b>\$ 16,851,823</b>

*See accompanying notes to financial statements.*

# Denise Louie Education Center

## Statements of Activities

Year ended October 31,

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>						
Head Start funding	\$ 4,899,067	\$ 6,221	\$ 4,905,288	\$ 4,895,888	\$ -	\$ 4,895,888
Other government grants	2,141,945	-	2,141,945	2,104,405	3,300,000	5,404,405
Contributions and grants	322,017	42,457	364,474	454,537	6,378	460,915
In-kind contributions	26,915	-	26,915	41,819	-	41,819
Fundraising events	198,072	-	198,072	257,053	-	257,053
Tuition and fees	772,139	-	772,139	557,533	-	557,533
Other income	4,780	-	4,780	181,671	-	181,671
Investment income	88,209	-	88,209	34,874	-	34,874
Net assets released from restrictions	848,177	(848,177)	-	911,519	(911,519)	-
<b>Total Support and Revenue</b>	<b>9,301,321</b>	<b>(799,499)</b>	<b>8,501,822</b>	<b>9,439,299</b>	<b>2,394,859</b>	<b>11,834,158</b>
<b>Expenses</b>						
Educational program services	7,466,974	-	7,466,974	7,707,418	-	7,707,418
Management and general	1,258,833	-	1,258,833	1,230,972	-	1,230,972
Fundraising	261,331	-	261,331	246,718	-	246,718
<b>Total Expenses</b>	<b>8,987,138</b>	<b>-</b>	<b>8,987,138</b>	<b>9,185,108</b>	<b>-</b>	<b>9,185,108</b>
<b>Change in Net Assets, before depreciation and amortization</b>	<b>314,183</b>	<b>(799,499)</b>	<b>(485,316)</b>	<b>254,191</b>	<b>2,394,859</b>	<b>2,649,050</b>
<b>Depreciation and Amortization</b>	<b>(85,604)</b>	<b>-</b>	<b>(85,604)</b>	<b>(72,104)</b>	<b>-</b>	<b>(72,104)</b>
<b>Change in Net Assets</b>	<b>228,579</b>	<b>(799,499)</b>	<b>(570,920)</b>	<b>182,087</b>	<b>2,394,859</b>	<b>2,576,946</b>
<b>Net Assets, beginning of year</b>	<b>3,157,467</b>	<b>11,774,992</b>	<b>14,932,459</b>	<b>2,975,380</b>	<b>9,380,133</b>	<b>12,355,513</b>
<b>Net Assets, end of year</b>	<b>\$ 3,386,046</b>	<b>\$ 10,975,493</b>	<b>\$ 14,361,539</b>	<b>\$ 3,157,467</b>	<b>\$ 11,774,992</b>	<b>\$ 14,932,459</b>

*See accompanying notes to financial statements.*

# Denise Louie Education Center

## Statement of Functional Expenses

*Year ended October 31, 2024*

	Educational Program Services	Management and General	Fundraising	Total Expenses
Salary and wages	\$ 4,251,138	\$ 660,655	\$ 105,848	\$ 5,017,641
Employee benefits	546,649	61,844	6,549	615,042
Payroll taxes	447,200	64,528	10,496	522,224
<b>Total Employee Expenses</b>	<b>5,244,987</b>	<b>787,027</b>	<b>122,893</b>	<b>6,154,907</b>
In-kind rent	679,058	-	-	679,058
Professional fees	303,452	108,223	58,142	469,817
Occupancy	302,600	44,009	8,614	355,223
Purchased food expense	252,471	2,580	626	255,677
Office supplies	57,737	122,681	2,537	182,955
Repairs and maintenance	51,450	99,904	1,564	152,918
Professional development	106,529	10,319	261	117,109
Utilities	88,433	8,263	268	96,964
Classroom supplies	86,557	175	4,960	91,692
Depreciation and amortization	81,329	4,275	-	85,604
Insurance	68,116	13,303	3,580	84,999
Internet and telephone	72,500	7,290	716	80,506
Dues and memberships	43,961	21,057	7,443	72,461
Travel	38,528	2,568	806	41,902
Miscellaneous	6,402	27,353	6,856	40,611
Fundraising	-	10	34,800	34,810
Equipment rentals	25,267	3,991	468	29,726
In-kind professional services	26,915	-	-	26,915
Parent activities	12,011	80	6,797	18,888
<b>Total Expenses</b>	<b>7,548,303</b>	<b>1,263,108</b>	<b>261,331</b>	<b>9,072,742</b>
Less: depreciation and amortization	(81,329)	(4,275)	-	(85,604)
<b>Total Expenses Included in the Expense Section on the Statement of Activities</b>	<b>\$ 7,466,974</b>	<b>\$ 1,258,833</b>	<b>\$ 261,331</b>	<b>\$ 8,987,138</b>

*See accompanying notes to financial statements.*

# Denise Louie Education Center

## Statement of Functional Expenses

*Year ended October 31, 2023*

	Educational Program Services	Management and General	Fundraising	Total Expenses
Salary and wages	\$ 4,348,471	\$ 460,570	\$ 118,424	\$ 4,927,465
Employee benefits	636,110	58,093	6,278	700,481
Payroll taxes	454,627	44,885	11,704	511,216
<b>Total Employee Expenses</b>	<b>5,439,208</b>	<b>563,548</b>	<b>136,406</b>	<b>6,139,162</b>
In-kind rent	543,108	-	-	543,108
Professional fees	269,067	365,649	17,363	652,079
Occupancy	365,217	41,040	9,360	415,617
Purchased food expense	225,096	1,350	467	226,913
Office supplies	191,416	150,642	5,238	347,296
Repairs and maintenance	67,629	6,189	104	73,922
Professional development	84,196	3,865	76	88,137
Utilities	72,089	1,675	168	73,932
Classroom supplies	125,022	3,648	7,975	136,645
Depreciation and amortization	69,369	2,735	-	72,104
Insurance	38,233	9,783	824	48,840
Internet and telephone	82,631	6,129	772	89,532
Dues and memberships	63,610	18,638	7,252	89,500
Travel	32,381	1,312	285	33,978
Miscellaneous	5,680	52,186	1,387	59,253
Fundraising	-	116	48,970	49,086
Equipment rentals	30,127	4,825	566	35,518
In-kind professional services	41,819	-	-	41,819
Parent activities	30,889	377	9,505	40,771
<b>Total Expenses</b>	<b>7,776,787</b>	<b>1,233,707</b>	<b>246,718</b>	<b>9,257,212</b>
Less: depreciation and amortization	(69,369)	(2,735)	-	(72,104)
<b>Total Expenses Included in the Expense Section on the Statement of Activities</b>	<b>\$ 7,707,418</b>	<b>\$ 1,230,972</b>	<b>\$ 246,718</b>	<b>\$ 9,185,108</b>

*See accompanying notes to financial statements.*

# Denise Louie Education Center

## Statements of Cash Flows

<i>Year ended October 31,</i>	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (570,920)	\$ 2,576,946
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	85,604	72,104
Interest accrued on certificates of deposit	(55,447)	(24,946)
Changes in operating assets and liabilities:		
Grants and contributions receivable	176,565	114,126
Tuition receivables	(45,930)	(17,636)
Prepaid expenses	(9,746)	1,146
Prepaid lease	70,085	(2,865,866)
Lease contribution receivable	358,975	358,974
Accounts payable	(4,051)	70,254
Accrued wages, taxes, and vacation	(27,692)	56,304
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(22,557)</b>	<b>341,406</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(67,912)	(251,979)
Purchases of certificates of deposit	(1,100,000)	-
Sales of certificates of deposits	525,585	-
<b>Net Cash Used in Investing Activities</b>	<b>(642,327)</b>	<b>(251,979)</b>
<b>Cash Flows from Financing Activities</b>		
Payments on notes payable	(36,800)	(36,012)
<b>Net Change in Cash and Cash Equivalents</b>	<b>(701,684)</b>	<b>53,415</b>
<b>Cash, Cash Equivalents and Restricted Cash, beginning of year</b>	<b>1,820,212</b>	<b>1,766,797</b>
<b>Cash, Cash Equivalents, and Restricted Cash, end of year</b>	<b>\$ 1,118,528</b>	<b>\$ 1,820,212</b>
Cash and cash equivalents	\$ 1,118,528	\$ 1,570,212
Cash restricted for Yesler Terrace	-	250,000
<b>Total Cash, Cash Equivalents, and Restricted Cash</b>	<b>\$ 1,118,528</b>	<b>\$ 1,820,212</b>
<b>Supplemental Cash Flow Information</b>		
Non-cash investing and financing activities:		
Purchase of property and equipment included in accounts payable	\$ 6,660	\$ 20,057
<b>Supplemental Disclosure</b>		
Cash paid for interest	\$ 20,462	\$ 21,251

*See accompanying notes to financial statements.*

# Denise Louie Education Center

## Notes to Financial Statements

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### 1. Organization and Significant Accounting Policies

#### *Organization*

Founded in 1978, the Denise Louie Education Center (the Center) is a nonprofit organization that has grown to serve over 500 children (prenatal to five years old) and families with quality multi-cultural preschool service, comprehensive home visiting services, and play and learn groups. The Center has four locations in Seattle.

The Center is a Head Start/Early Head Start grantee operating a federally funded child and family development program. The program provides comprehensive services to ensure that infants and toddlers get off to a strong start and that preschool children are ready for kindergarten. Preschool services include part-day and full-day preschool that address social-emotional development, language and literacy, science and math, approaches to learning, and cognitive and physical development. Preschool families receive periodic home visits and conferences, and children's progress is documented through portfolios and teacher observations. Infants and toddlers receive weekly 90-minute home visits that cover all aspects of the child's development. Families receive two group socializations per month with topics including health, attachment, nutrition, language development, and oral health. Pregnant women also receive weekly home visits and are connected with doulas through a partnership with Open Arms Perinatal Services (a nonprofit). All families receive health prevention, early intervention for children with special needs, and assistance to access community resources. Parents are included in leadership opportunities like the Policy Council and Board of Directors.

The majority of children and families served by the Center speak a language other than English. The Center provides a unique service to these children and their families by helping them develop English while retaining their native language. The Center assists families in successfully transitioning to life in the United States of America through referrals to community-based organizations and a partnership with Seattle Goodwill to offer on-site English as a Second Language classes. The following languages are spoken by the Center's staff: American Sign Language, Amharic, Cantonese, French, Mandarin, Russian, Somali, Spanish, Taishanese, Uzbek, and Vietnamese. The Center also serves several teenage parents through partnerships with Southlake High School in Seattle and the Highline School District. Many of the Center's staff are current or former Head Start/Early Head Start parents.

In addition to federal Head Start/Early Head Start funding, the Center also receives financial support from the state of Washington's Working Connections Child Care program; parent co-payments; the federal Free and Reduced Lunch Program; city of Seattle Preschool Program and Early Childhood Education Assistance Program; and foundations, corporations, and individuals. In addition, the Center relies on parent and community volunteers and other in-kind donations.

In November 2019, the Center was awarded \$2,500,000 by the city of Seattle as part of the overall development of the Yesler Terrace Project. The Center worked on the Yesler Terrace Project in conjunction with the Seattle Chinatown International District Preservation and Development Authority (SCIDPDA) and Capitol Hill Housing. The Yesler Terrace Project encompasses additional services, such as affordable housing and other community resources in addition to the Center's programs. The Center's space includes six classrooms serving at least 37 infants and 60 preschoolers. Yesler Terrace opened in June 2023, at which time the Center recognized the \$2,500,000 grant from the city of Seattle, which was contingent upon the Center's space being completed and the lease being in full effect, among other conditions.

# Denise Louie Education Center

## Notes to Financial Statements

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In September 2024, the Center was awarded \$14,932,116 in Head Start/Early Head Start funding to purchase the site at 3700 S Genesee Street, formerly occupied by Children's Home Society (now Akin) (Genesee Street). The site has two existing buildings that need considerable rehabilitation and upgrading before classroom activities can commence. Additionally, the Center plans to construct a third building to provide Early Head Start services and become the Center's main administration offices. The property was purchased in January 2025, and a project manager was hired and pre-construction activities such as design and environmental testing began. The classroom upgrades are expected to be completed first, with the third building expected to be completed by the end of August 2027. There are no current construction commitments related to this project.

### ***Use of Estimates***

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

### ***Reclassifications***

Certain items from the prior-year financial statements have been reclassified to conform to current-year presentation. These reclassifications had no impact on net assets or changes to net assets previously reported.

### ***Financial Statement Presentation***

The Center reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Contributions that are received are recorded depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions consist of unexpended contributions restricted for particular purposes or time periods. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted purpose or as time restrictions are met. Conditional contributions are recognized as contributions when the related conditions are met. Conditional contributions with donor restrictions are recognized as unrestricted contributions when the restrictions are met in the same reporting period as the contributions are recognized.

### ***Concentrations***

At October 31, 2024 and 2023, 62% and 78%, of grants and contributions receivable were due from one and four organizations, respectively. During the years ended October 31, 2024 and 2023, two government agencies made up 68% and 70% of total support and revenue, respectively.

### ***Fair Value Measurements***

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value, as follows:

*Level 1* - This level consists of observable market inputs, such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

# Denise Louie Education Center

## Notes to Financial Statements

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*Level 2* - This level consists of observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly.

*Level 3* - This level consists of unobservable market inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash held in checking and savings accounts and money market accounts. The Center considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. At times, the Center has amounts deposited with financial institutions in excess of federally insured limits.

### ***Certificates of Deposit***

The Center's certificates of deposit are recorded at cost plus accrued interest (ranged between 4.88% and 5.25% at October 31, 2024). The certificates of deposit have initial maturity terms of four to 12 months and will renew automatically. The certificates of deposit matured between January 2025 and February 2025 and a portion were repurchased and renewed through July 2025.

### ***Cash and Cash Equivalents Restricted for Yesler Terrace***

Cash and cash equivalents restricted for Yesler Terrace are classified as long-term assets as they are expected to be invested into property and equipment.

### ***Tuition Receivables***

Tuition receivable is stated as the amount management expects to collect from outstanding balances. Management reviews the collectability of accounts receivable on a periodic basis and determines the appropriate amount of any allowance based on review of outstanding receivables, historical collection information and existing economic conditions adjusted for current conditions, and reasonable and supportable forecasts. The Center charges off receivables against the allowance when management determines that a receivable is not collectible. The Center does not generally require collateral on any of its receivables.

No allowance for credit losses was considered necessary at October 31, 2024 or 2023.

### ***Grants and Contributions***

Unconditional promises to give are recognized as revenue in the period promised as pledges receivable. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Long-term pledges are recognized at fair value when received and are measured at the present value of the estimated cash flows. In arriving at fair value, the promises to give are discounted using an estimated rate, which includes a present value discount rate and an estimated rate for an allowance for doubtful accounts. The discount rate was both 3.4% at both October 31, 2024 and 2023. Amortization of the discount is included in contributions and grants revenue in the statements of activities.

# Denise Louie Education Center

## Notes to Financial Statements

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### ***Property and Equipment***

Property and equipment are recorded at cost, if purchased, or at fair value at the date of receipt, if donated. Assets with a value of over \$5,000 and an estimated useful life of at least one year are capitalized. Amortization of leasehold improvements is computed by the straight-line method over the shorter of the lease terms or the asset's useful life. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, as follows:

<u>Asset Category</u>	<u>Years</u>
Building	20
Leasehold Improvements	5-20
Vehicles and office equipment	5

### ***Tuition and Fees***

Tuition and fees are recognized as revenue when the performance obligation has been satisfied (generally as services take place on a month-to-month basis). Amounts collected in advance of the monthly instruction are deferred and recognized on a daily basis, but for convenience are recorded on a monthly basis. Most tuition is subsidized by various federal grants and state/local programs, but certain families that do not receive full subsidies are responsible for their tuition. Tuition subsidies for the years ended October 31, 2024 and 2023, were \$376,842 and \$229,168, respectively. Tuition is determined based on the age and level of the child, and the child's attendance schedule. The comprehensive services provided to parents represent a series of distinct services that are substantially the same and have the same pattern of transfer to the customer over time, which transfers daily. Parents are only obligated for one month of services at a time, and thus there are no contract obligations at October 31, 2024 or 2023 that have not been fulfilled. There are no significant judgments or estimates that significantly affect the determination of the amount, the allocation of the transaction price to performance obligations, or timing of revenue from contracts with customers. The nature of the Center's services does not require significant judgments or estimates to determine when control transfers to the customer. Based on past practices and customer-specific circumstances, the Center may grant concessions that impact the total transaction price. If the transaction price may be subject to adjustment, significant judgment may be required to ensure that it is probable that significant reversal in the amount of cumulative revenue recognized will not occur. As of October 31, 2024 and 2023, there were no material estimates related to the constraint of cumulative revenue recognized. Amounts outstanding from parents, representing contract assets, are included in tuition receivables on the statements of financial position.

### ***Cost Reimbursement Contracts***

Revenues under cost reimbursement and/or advance payment-type contracts (generally government funding) are recognized based on billings submitted for reimbursement and are subject to audit and retroactive adjustments by the funding agencies. At October 31, 2024, there is \$19,160,876 in conditional revenues that the Center has not recognized. These are expected to be earned and collected in full by the end of August 2026.

# Denise Louie Education Center

## Notes to Financial Statements

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### ***Fundraising Events***

Revenues are recognized at the time of the event. Funds collected in advance of events taking place are deferred until the event occurs.

### ***In-Kind Goods and Services***

The Center receives in-kind contributions, such as professional services, rent, and supplies. The estimated fair value of these items is allocated among program and administrative expenses in the period in which they are used. Donated services are recognized as contributions if these services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Donated space is valued at the fair value of similar properties available, determined by third-party appraisals. The Center recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Donated professional services are recognized at estimated fair values provided by the professional performing such services. The Center does not sell any in-kind donations. The value of in-kind contributions included in the financial statements was \$26,915 and \$41,819 for the years ended October 31, 2024 and 2023, respectively.

Contributions of property and equipment are recorded as support at the estimated fair value at the date of donation. Such contributions are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding the asset use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions associated with property and equipment when the donated or acquired assets are placed in service.

### ***Allocations of Functional Expenses***

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program or supporting services when identified. Occupancy-related costs are allocated according to the approximate space used by each function. General operating costs across nearly all natural categories are allocated based on estimates of time and effort and enrollment numbers.

### ***Income Taxes***

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

### ***Leases***

The Center determines if an arrangement is a lease at inception. Assets and obligations related to operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statements of financial position.

ROU assets represent the Center's right to use an underlying asset for the lease term and lease liabilities represent the Center's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based

# Denise Louie Education Center

## Notes to Financial Statements

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on the present value of the lease payments over the lease term. As the Center's leases do not provide an implicit rate, the discount rate based on the information available at the commencement date is used in determining the present value of the lease payments. Certain lease terms may include options to extend or terminate the lease, and these are included when it is reasonably certain that the Center will exercise those options.

The Center's agreements with lease and non-lease components are all accounted for as a single lease component. For leases with an initial term of 12 months or less, the Center elected the exemption from recording ROU assets and lease liabilities for all leases that qualify, and records rent expense on a straight-line basis over the lease term.

Certain leases may include variable payments, which may vary based upon changes in facts or circumstances after the start of the lease. The Center excludes variable payments from lease ROU assets and lease liabilities to the extent not considered fixed, and instead expenses as incurred. Variable lease costs for the year ended October 31, 2024 are immaterial.

### ***Recent Accounting Pronouncement Adopted***

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, which changes the impairment model for most financial assets and certain other instruments. For trade and other receivables; contract assets recognized as a result of applying Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*; loans; and certain other instruments, entities will be required to use a new forward-looking "expected loss" model that generally will result in an earlier recognition of credit losses than under today's incurred loss model. The revised effective date is for annual periods beginning after December 15, 2022, and should be adopted using a modified retrospective approach, which applies a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective. A prospective approach is required for debt securities for which an other-than-temporary impairment had been recognized before the effective date and loans and debt securities acquired with deteriorated credit quality. The Center adopted the new standard effective at the beginning of the period, November 1, 2023, on a modified retrospective approach with no impact on the statements of financial position, activities, or cash flows.

### ***Subsequent Events***

The Center has evaluated subsequent events through the date these financial statements were available to be issued, which was June 20, 2025. Subsequent to year end, certificates of deposits valued at \$525,348 on October 31, 2024 were repurchased and automatically renewed upon their maturity in 2025. Certificates of deposits valued at \$931,860 on October 31, 2024, were liquidated upon their maturity date in 2025 (see Certificates of Deposit above). The Center also purchased the Genesee Street property in January 2025, as discussed above.

Since taking office, President Donald J. Trump has issued numerous executive orders affecting various federal agencies, as well as grants and contracts with non-federal organizations. In response to the uncertainty surrounding federal funding, the Center has proactively engaged in strategic planning and maintained direct communication with the federal agencies and pass-through grantors it works with. As of the date of the financial statements, no notifications have been received from these agencies or grantors indicating that the grants or contracts will be cancelled. However, due

# Denise Louie Education Center

## Notes to Financial Statements

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to the ongoing changes in federal funding, the Center is unable to estimate the impact on its financial statements for the year ended October 31, 2024.

### 2. Liquidity and Availability

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments for Head Start/Early Head Start programs and other county, state, and city preschool and home-visiting programs. The Center draws funds from the federal payment management system on a bi-weekly basis to cover Head Start/Early Head Start program reimbursable costs. The draw of federal funds covers program expenses on an on-going basis.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Center considers all expenditures related to its ongoing activities of providing services (preschool and home-visiting programs), as well as the conduct of services undertaken to support those activities to be general expenditures.

The following table shows the total financial assets held by the Center and the amounts of those financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

<i>October 31,</i>	<b>2024</b>	<b>2023</b>
Cash, cash equivalents, and restricted cash	\$ 1,118,528	\$ 1,820,212
Certificates of deposit	1,457,208	827,346
Grants and contributions receivable	728,219	904,784
Tuition receivables	105,422	59,492
	<b>3,409,377</b>	<b>3,611,834</b>
Less: contributions restricted for Yesler Terrace	(149,294)	(405,414)
Less: grants and contributions receivable over one year	(36,750)	(72,293)
<b>Financial Assets Available to Meet General Expenditures Within One Year</b>	<b>\$ 3,223,333</b>	<b>\$ 3,134,127</b>

### 3. Grants and Contributions Receivable

Grants and contributions receivable are recorded in the statements of financial position as follows:

<i>October 31,</i>	<b>2024</b>	<b>2023</b>
Receivable in less than one year	\$ 691,469	\$ 832,491
Receivable in one to five years	38,000	76,000
	<b>729,469</b>	<b>908,491</b>
Less: discount	(1,250)	(3,707)
<b>Net Grants and Contributions Receivable</b>	<b>\$ 728,219</b>	<b>\$ 904,784</b>
Grants and contributions receivable, current portion	\$ 691,469	\$ 832,491
Grants and contributions receivable, net of current portion	36,750	72,293
<b>Net Grants and Contributions Receivable</b>	<b>\$ 728,219</b>	<b>\$ 904,784</b>

# Denise Louie Education Center

## Notes to Financial Statements

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### 4. Property and Equipment

Property and equipment consist of the following:

<i>October 31,</i>	<b>2024</b>	<b>2023</b>
Building	\$ 1,956,534	\$ 1,956,534
Leasehold improvements	721,298	702,790
Office equipment	157,737	157,737
Vehicles	16,000	108,997
	<b>2,851,569</b>	<b>2,926,058</b>
Less: accumulated depreciation and amortization	<b>(2,053,128)</b>	<b>(2,060,522)</b>
	<b>798,441</b>	<b>865,536</b>
Land	1,103,153	1,099,993
Construction in process	32,846	-
	<b>\$ 1,934,440</b>	<b>\$ 1,965,529</b>

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In January 2025, the Center purchased Genesee Street for \$351,050. As of the date of these financial statements, construction has not begun and there are no commitments related to construction. Construction in process at October 31, 2024 relate primarily to consulting costs for the Genesee Street property.

### 5. Net Assets

Net assets without donor restrictions consist of the following:

<i>October 31,</i>	<b>2024</b>	<b>2023</b>
Unrestricted	\$ 1,497,827	\$ 1,191,938
Investment in fixed assets	1,934,440	1,965,529
	<b>\$ 3,432,267</b>	<b>\$ 3,157,467</b>

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Net assets with donor restrictions consist of the following:

<i>October 31,</i>	<b>2024</b>	<b>2023</b>
Lease prepayments	\$ 5,530,012	\$ 5,600,097
Lease receivable	5,175,213	5,534,188
Yesler Terrace	149,294	405,414
Time-restricted contributions	74,753	235,293
Other	40,000	-
Genesee Street	6,221	-
	<b>\$ 10,975,493</b>	<b>\$ 11,774,992</b>

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# Denise Louie Education Center

## Notes to Financial Statements

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### 6. Leasing Arrangements

The Center leases operating and program service space at two locations.

In 1996, the Center signed a lease, commencing in 1998, and subsequently extended the lease through April 2018 for \$4,993 per month. The lease continued on a month-to-month basis until terminated in August 2023. The services provided at the location were transferred to Yesler Terrace.

In 1998, the Center entered into a lease agreement that was most recently extended in 2013 through October 31, 2023 with monthly rent of \$2,578 during the year ended October 31, 2023. The lease was terminated in June 2023.

In 2010, the Center entered into a lease agreement that was extended in 2021 through June 30, 2022 with five one-year options to extend (through June 30, 2027). The Center has not included the unexercised options to extend or terminate the lease in the calculation of ROU assets or lease liabilities as it was not reasonably certain that the Center would exercise these options. The lease was terminated in January 2025.

In September 2017, the Center entered into a lease with Mercy Housing Northwest for its location at Building 9, located in Sand Point, Seattle. The lease commenced in September 2019. The lease required a \$2,000,000 prepaid rent deposit, granted and paid to the Center by the city of Seattle, which will be amortized over the life of the lease (19 years and six months from the date of commencement). The Center also has the option to extend the lease for three five-year periods. As the payment is significantly below the fair value of the lease, a time-restricted in-kind lease contribution and a lease contribution receivable were recognized during the year ended October 31, 2019, for 19 years and six months (contracted term of the lease) at \$358,974 per year (current portion) or \$7,000,000. The unamortized balance of the lease contribution receivable was \$5,175,213 and \$5,534,188 at October 31, 2024 and 2023, respectively. The lease contribution receivable was reduced by \$358,975 and \$358,974 during the years ended October 31, 2024 and 2023, respectively, and was recognized in in-kind rent expense in the statements of functional expenses. The prepaid rent was reduced by \$102,564 during each of the years ended October 31, 2024 and 2023 and was also recognized in in-kind rent expense in the statements of functional expenses.

In May 2021, the Center entered into a lease with SCIDPDA for Yesler Terrace. The lease commenced when the project was substantially completed in June 2023. The lease required a \$4,350,407 prepaid rent deposit, which will be amortized over the life of the lease, which is 20 years from the date of commencement. Rent deposits of \$250,000 and \$1,050,407 were paid during the years ended October 31, 2024 and 2023, respectively, and have been included in the prepaid lease balance on the statements of financial position. The prepaid rent was reduced by \$217,520, and \$81,570 during the years ended October 31, 2024 and 2023, respectively, and was recognized in in-kind rent expense in the statements of functional expenses.

In November 2024, the Center entered into a lease for its location known as Pacific Georgetown. The lease is the temporary location of Early Head Start services and the Center's administrative offices while the new site is being built at Genesee Street. The lease commenced in January 2025 with a three-year term. Monthly payments are \$12,038 and increase annually effective every January 1.

# Denise Louie Education Center

## Notes to Financial Statements

The Center also leases equipment that expires in September 2028 and that qualifies as a financing lease. Management has not recorded an ROU asset or lease liability as the lease is immaterial to the financial statements.

Total operating and financing lease costs (included in operating cash flows) were \$149,028 and \$218,000 during the years ended October 31, 2024 and 2023, respectively.

### 7. Notes Payable

Notes payable consist of the following:

<i>October 31,</i>	<b>2024</b>	<b>2023</b>
Note payable to the Washington Community Reinvestment Association in monthly payments of \$2,841, including interest at 4.50%; matures September 2041; secured by a deed of trust on property owned by the Center (carrying value of \$1,267,499). \$	403,177	\$ 418,739
Note payable to the Washington Community Reinvestment Association in monthly payments of \$1,931, including interest at 0.50%; matures September 2041; secured by a deed of trust on property owned by the Center (carrying value of \$1,267,499).	375,854	397,092
Non-interest-bearing note payable to the city of Seattle, secured by deed of trust on property owned by the Center (carrying value of \$1,267,499). No payments are required until the note is due, which is on July 31, 2031, at which time the note may be forgiven. The loan remains interest-free, providing there is no change in use of the building. If there is a change in use, the loan will bear contingent interest at the fair market value at the time of the change in use minus the outstanding principal balance.	430,000	430,000
<b>Total Notes Payable</b>	<b>1,209,031</b>	<b>1,245,831</b>
Less: current portion	(37,622)	(36,801)
<b>Notes Payable, net of current portion</b>	<b>\$ 1,171,409</b>	<b>\$ 1,209,030</b>

Interest expense was \$20,462 and \$21,251 for the years ended October 31, 2024 and 2023, respectively.

Principal maturities on those notes are as follows:

<i>Year ending October 31,</i>	
2025	\$ 37,622
2026	38,477
2027	39,367
2028	40,293
2029	41,257
Thereafter	1,012,015
	<b>\$ 1,209,031</b>

**Supplementary Reports and Schedules  
in Accordance with *Government Auditing Standards*  
and Required by the Uniform Guidance**

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

To the Board of Directors  
Denise Louie Education Center  
Seattle, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Denise Louie Education Center (the Center), which comprise the Center's statement of financial position as of October 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 20, 2025.

### **Report on Internal Control Over Financial Reporting**

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BDO USA, P.C.*

June 20, 2025



## **Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Denise Louie Education Center  
Seattle, Washington

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Denise Louie Education Center’s (the Center) 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 each of the Center’s major federal programs for the year ended October 31, 2024. The Center’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, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2024.

#### ***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; 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 the Center 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 Center’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 Center’s federal programs.



### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center'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 Center'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 Center'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 Center'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 Center'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.

*BDO USA, P.C.*

June 20, 2025

**Denise Louie Education Center**  
**Schedule of Expenditures of Federal Awards**

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*Year ended October 31, 2024*

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Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Award/Pass- Through Entity Identifying Number	Total Federal Expenditures
<b>Department of Agriculture</b>			
Pass-through from state of Washington:			
Office of the Superintendent of Public Instruction:			
Child and Adult Care Food Program	10.558	17-07-0181	\$ 157,259
<b>Total Department of Agriculture</b>			<b>157,259</b>
<b>Department of Health and Human Services</b>			
Head Start Cluster:			
Head Start	93.600	10CH011251	4,902,549
Head Start	93.600	10WH000054	9,399
<b>Total Head Start Cluster</b>			<b>4,911,948</b>
<b>Total Department of Health and Human Services</b>			<b>4,911,948</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 5,069,207</b>

*The accompanying notes are an integral part of this schedule.*

# Denise Louie Education Center

## Notes to Schedule of Expenditures of Federal Awards Year Ended October 31, 2024

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### 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Denise Louie Education Center (the Center) under programs of the federal government for the year ended October 31, 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 the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

### 2. Summary of Significant Accounting Principles

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 allowed or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

### 3. Indirect Cost Rate

The Center has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

### 4. Subrecipients

There were no program funds passed through the Center to subrecipients during the year ended October 31, 2024.

# Denise Louie Education Center

## Schedule of Findings and Questioned Costs Year Ended October 31, 2024

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### Section I - Summary of Auditor's 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? \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        X   no

#### *Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ 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 2 CFR 200.516(a)?

\_\_\_\_\_ yes        X   no

Identification of major federal programs:

Federal Assistance Listing Number(s)

Name of Federal Program or Cluster

93.600

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

### Section II - Financial Statement Findings

No findings were identified that are required to be reported.

### Section III - Federal Award Findings and Questioned Costs

There were no findings identified that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.