THE ENGLISH CENTER

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2010
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009)
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INDEPENDENT AUDITORS’ REPORT

October 8, 2010

Board of Trustees
The English Center
Oakland, California

We have audited the accompanying statements of financial position as of June 30, 2010 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of The English Center management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from The English Center’s June 30, 2009 financial statements and, in our report dated September 24, 2009 we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The English Center as of June 30, 2010, and the changes in its net assets, functional expenses and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.
In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2010 on our consideration of The English Center’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of The English Center taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bedinger & Company
Certified Public Accountants
Concord, California
## THE ENGLISH CENTER
(FORMERLY THE ENGLISH CENTER FOR INTERNATIONAL WOMEN)

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2010**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2009)

<table>
<thead>
<tr>
<th>Total All Funds</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$361,280</td>
<td>$137,198</td>
</tr>
<tr>
<td>Certificate of deposit (Note B)</td>
<td>21,450</td>
<td>21,340</td>
</tr>
<tr>
<td>Investments (Note B)</td>
<td>170,475</td>
<td>157,744</td>
</tr>
<tr>
<td>Accounts receivable, net (Note A)</td>
<td>23,191</td>
<td>48,069</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>74,203</td>
<td>96,114</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>19,781</td>
<td>10,022</td>
</tr>
<tr>
<td>Inventories</td>
<td>6,173</td>
<td>6,170</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>676,553</td>
<td>476,657</td>
</tr>
<tr>
<td>Property, and equipment, net</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of accumulated depreciation (Note C)</td>
<td>67,632</td>
<td>46,120</td>
</tr>
<tr>
<td></td>
<td>15,108</td>
<td>14,345</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$759,293</td>
<td>$537,122</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$96,281</td>
<td>$51,446</td>
</tr>
<tr>
<td>Deferred tuition (Note A)</td>
<td>76,461</td>
<td>100,064</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>94,996</td>
<td>5,588</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>267,738</td>
<td>157,098</td>
</tr>
<tr>
<td>Net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>491,555</td>
<td>380,024</td>
</tr>
<tr>
<td></td>
<td><strong>Total net assets</strong></td>
<td>491,555</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$759,293</td>
<td>$537,122</td>
</tr>
</tbody>
</table>

See Notes to Financial Statements
### THE ENGLISH CENTER
(FORMERLY THE ENGLISH CENTER FOR INTERNATIONAL WOMEN)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2010

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2009)

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition</td>
<td>$ 23,144</td>
<td></td>
<td>$ 23,144</td>
</tr>
<tr>
<td>Room and Board/Homestay</td>
<td>-</td>
<td>-</td>
<td>1,800</td>
</tr>
<tr>
<td>Fees</td>
<td>124,835</td>
<td>124,835</td>
<td>92,059</td>
</tr>
<tr>
<td>Federal Title IV Grants</td>
<td>836,877</td>
<td>836,877</td>
<td>456,410</td>
</tr>
<tr>
<td>WiA Grant</td>
<td>82,027</td>
<td>82,027</td>
<td>52,629</td>
</tr>
<tr>
<td>EDD NAFTA Grant</td>
<td>27,247</td>
<td>27,247</td>
<td>24,465</td>
</tr>
<tr>
<td>WiA One Stop Funding</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Vocational Insurance</td>
<td>17,641</td>
<td>17,641</td>
<td>7,324</td>
</tr>
<tr>
<td>English Literacy and Civics Grant</td>
<td>63,440</td>
<td>63,440</td>
<td>44,321</td>
</tr>
<tr>
<td>Cal Grants</td>
<td>-</td>
<td>-</td>
<td>10,368</td>
</tr>
<tr>
<td>Investment income</td>
<td>12,738</td>
<td>12,738</td>
<td>(6,270)</td>
</tr>
<tr>
<td>Grants and donations</td>
<td>13,230</td>
<td>66,422</td>
<td>114,984</td>
</tr>
<tr>
<td>Interest Income</td>
<td>239</td>
<td>239</td>
<td>608</td>
</tr>
<tr>
<td>Other</td>
<td>11,653</td>
<td>11,653</td>
<td>14,030</td>
</tr>
</tbody>
</table>

**Net assets released from restrictions**

|                        | 1,226,013    | (1,226,013)            | -               |
| **Total Revenue**      | 1,429,493    |                        | 1,002,459       |

### EXPENSES

|                        | 2010         | 2009                   |                 |
|------------------------|--------------|------------------------|                 |
| Program services       | 1,128,036    | 1,128,036              | 807,657         |
| Support services       | 189,926      | 189,926                | 177,366         |

|                        | 1,317,962    |                        | 985,023         |

**Increase<decrease> in Net Assets**

|                        | 111,531      | -                      | 17,436          |

**Net Assets, beginning of year**

|                        | 380,024      |                        | 362,588         |

**Net Assets, end of year**

|                        | $ 491,555    | $ 491,555              | $ 380,024       |

See Notes to Financial Statement
THE ENGLISH CENTER  
(FORMERLY THE ENGLISH CENTER FOR INTERNATIONAL WOMEN)  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2010  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2009)  

<table>
<thead>
<tr>
<th>Total All Funds</th>
<th>Program</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>992,786</td>
<td>750,879</td>
</tr>
<tr>
<td>2009</td>
<td>616,638</td>
<td>616,638</td>
</tr>
</tbody>
</table>

Personnel Costs
- Salaries and wages: $705,060, $117,075, $822,135, $616,638
- Employee benefits and payroll taxes: 142,246, 28,405, 170,651, 134,241

Total personnel costs: 847,306, 145,480, 992,786, 750,879

Operating Expenses
- Books & material: 18,236, 18,236, 6,008
- Equipment: 65,712, 65,712, 26,082
- Student Activities: 79, 79, 778
- Room & Board/Homestay: -
- Classroom rent: -
- Hospitality: 15,753, 15,753, 4,508
- Other student expense: 29,605, 29,605, 19,423
- Advertising: 6,328, 6,328, 4,281
- Insurance: 4,558, 4,558, 4,654
- Accreditation & licensing: 3,535, 3,535, 8,384
- Title IV: -
- Recruitment: 755, 755, 59
- Office supplies: 8,639, 1,230, 9,869, 7,831
- Professional fees: 14,700, 14,700, 8,460
- Dues & Subscriptions: 2,632, 2,632, 3,959
- Printing & reproduction: 14,400, 2,057, 16,457, 11,089
- Communications: 3,685, 526, 4,211, 5,127
- Occupancy expense: 83,017, 11,860, 94,877, 91,952
- Miscellaneous: 10,570, 10,570, 7,959
- Postage: 1,252, 1,252, 1,519
- Repairs/Maintenance: 460, 460, 610
- Staff development: 1,372, 1,372, 1,001
- Casualty loss: -

Subtotal: 280,730, 20,231, 300,961, 215,484

Depreciation & amortization: - 24,215 24,215 18,660

Total operating expenses: 280,730 44,446 325,176 234,144

Total Expenses: $1,128,036 $189,926 $1,317,962 $985,023

See Notes to Financial Statement

5
# THE ENGLISH CENTER
(FORMERLY THE ENGLISH CENTER FOR INTERNATIONAL WOMEN)

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2009)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Total All Funds</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase &lt;decrease&gt; in Net Assets</td>
<td></td>
<td>$111,531</td>
<td>$17,436</td>
</tr>
<tr>
<td>Adjustment to reconcile excess (deficiency) of revenue over expenses to cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td></td>
<td>24,215</td>
<td>18,660</td>
</tr>
<tr>
<td>CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in accounts receivable</td>
<td></td>
<td>46,789</td>
<td>(67,084)</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses and deposits</td>
<td></td>
<td>(9,759)</td>
<td>9,380</td>
</tr>
<tr>
<td>(Increase) decrease in inventories</td>
<td></td>
<td>(3)</td>
<td>(733)</td>
</tr>
<tr>
<td>(Increase) decrease in other assets</td>
<td></td>
<td>(763)</td>
<td>814</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable and accrued expenses</td>
<td></td>
<td>44,835</td>
<td>(44,087)</td>
</tr>
<tr>
<td>Increase (decrease) in deferred tuition</td>
<td></td>
<td>(23,603)</td>
<td>43,098</td>
</tr>
<tr>
<td>Increase (decrease) in deferred revenue</td>
<td></td>
<td>89,408</td>
<td>(13,534)</td>
</tr>
<tr>
<td>NET CASH PROVIDED &lt;USED&gt; BY OPERATING ACTIVITIES</td>
<td></td>
<td>282,650</td>
<td>(36,250)</td>
</tr>
<tr>
<td>CASH FLOWS FROM INVESTING ACTIVITIES:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in investments</td>
<td></td>
<td>(12,841)</td>
<td>34,862</td>
</tr>
<tr>
<td>Equipment purchases</td>
<td></td>
<td>(45,727)</td>
<td>(19,047)</td>
</tr>
<tr>
<td>NET CASH PROVIDED BY &lt;USED&gt; INVESTING ACTIVITIES</td>
<td></td>
<td>(58,568)</td>
<td>15,815</td>
</tr>
</tbody>
</table>

NET INCREASE (DECREASE) IN CASH
CASH, beginning of period
CASH, end of period

See Notes to Financial Statements
NOTE A - SUMMARY OF BUSINESS AND ACCOUNTING POLICIES

The English Center (the Center), formerly known as The English Center for International Women, was incorporated in California in 1977 as a non-profit public benefit corporation. During the fiscal year ended June 30, 2008 The Center changed its name from The English Center for International Women to The English Center. The Center provides instruction in English as a Second Language to individuals from various countries in two main programs: the regular Intensive Program and the Career Advancement Program. The Center also offers instruction to individual groups in Special Programs throughout the year.

The financial statements include those funds over which the Center maintains direct operational control.

Following is a description of the funds included in the financial statements:

Unrestricted Fund

This fund contains the unrestricted resources available for the support of the Center's overall operations. Within each operating budget, a portion of these funds are designated for specific uses as approved by the Board of Trustees. These funds are considered designated funds within the context of each operating budget. These funds, if unused for their designated purpose, may be redesignated by the Board of Trustees.

The total number of students who received English Center scholarships was 211. The average amount awarded in English Center scholarships to these students was $3,400. The Center uses these funds to award scholarships on a discretionary basis.

Temporarily Restricted Fund

Operating Funds restricted by the donor, grantor or other outside party for particular operating purposes are deemed to be earned and reported revenues of operating funds when the Center has incurred expenditures in compliance with specific restrictions.

Fund Accounting

The accounts of the Center are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by fund groups.
Accrual Basis

The financial statements of the Center have been prepared on the accrual basis of accounting. Revenues are recognized when they are earned, rather than when they are received, and expenses are recognized when they are incurred, rather than when they are paid.

Revenue Recognition

The Center recognizes revenue when earned, that is, when the deadline for a student’s application for refund of tuition for a certain instructional term is passed (approximately 60% through the term), that revenue is then recognized. Until that specific time, all receipts from students are classified as deferred (unearned) tuition, a current liability.

The provisions of ASC 958 (formerly SFAS No. 116 “Accounting for Contributions Received and Contributions Made”) require the Center to recognize contributions and grants as either temporarily or permanently restricted support, if they are received with donor stipulations that limit the use of the contribution or grant. When a temporary restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

All other contributions are recognized upon receipt. Support arising from services and donated assets contributed by certain businesses and individuals has been recognized in the accompanying financial statements at the fair value of the services performed or assets contributed. Tuition and student fee revenue is recognized as earned. Amounts received (advances) but not yet earned are reported as deferred tuition or revenue.

Financial Statement Presentation

In conforming with ASC 958 (formerly SFAS No. 117, “Financial Statements of Not-For-Profit Organization,”) the Center is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. The Center has no temporarily restricted net assets at this time.
NOTE A - SUMMARY OF BUSINESS AND ACCOUNTING POLICIES (Continued)

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Tax Exempt Status

The Center has been granted tax-exempt status by the Internal Revenue Service and the California Franchise Tax Board under sections 501(c)(3) and 23701(d), respectively.

Cash and Cash Equivalents

Cash and cash equivalents include monies in banks and petty cash accounts with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts Receivable

Accounts receivable are reported at the student’s outstanding balance less any allowance for doubtful accounts. Interest is not accrued on overdue accounts receivable. The Center evaluates receivables on a regular basis for potential reserve. During the years ended June 30, 2010 and 2009, the allowance for doubtful accounts was $2,000 for both years.

Inventory

Inventory is accounted for on the first-in first-out basis.

Fair Value

Substantially all of the assets, excluding fixed assets which are stated at historical cost, and all of the liabilities of the Center approximate fair value.
NOTE A - SUMMARY OF BUSINESS AND ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment

Property and equipment are recorded at cost. Depreciation is generally provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method.

Maintenance and repairs which do not materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in operations as incurred.

Advertising

The Center expenses all advertising as incurred. For the years ended June 30, 2010 and 2009, the Center charged advertising expenses to operations in the amounts of $6,328 and $3,579, respectively.

Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2009, from which the summarized information was derived.
NOTE B - INVESTMENTS

The Center held $170,475 and $157,744 at June 30, 2010 and 2009, respectively, in stock and bond mutual fund investments. These investments are stated at fair market value as of June 30, 2010 and 2009. The following schedules summarize the nature of the investments and the investment return and its classification on the Statement of Activities for the years ended June 30, 2010 and 2009, respectively.

<table>
<thead>
<tr>
<th>Unrestricted Investments:</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Market Value</td>
<td>$170,475</td>
<td>$157,744</td>
</tr>
<tr>
<td>Carrying Value</td>
<td>$170,475</td>
<td>$157,744</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend Income</td>
<td>$ 4,082</td>
<td>$ 5,896</td>
</tr>
<tr>
<td>Net Unrealized Gain (Loss)</td>
<td>8,656</td>
<td>(11,166)</td>
</tr>
<tr>
<td>Total</td>
<td>$12,738</td>
<td>($5,270)</td>
</tr>
</tbody>
</table>

At June 30, 2010, the Center had a certificate of deposit with a four month term with an annual rate of .35%. The certificate of deposit was stated at fair value of $21,450 in accompanying financial statements at June 30, 2010.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2010 and 2009 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture</td>
<td>$52,788</td>
<td>$51,506</td>
</tr>
<tr>
<td>Equipment</td>
<td>188,479</td>
<td>144,791</td>
</tr>
<tr>
<td>Software</td>
<td>43,528</td>
<td>42,771</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>19,482</td>
<td>19,482</td>
</tr>
<tr>
<td></td>
<td>304,277</td>
<td>258,550</td>
</tr>
</tbody>
</table>

Less: Accumulated Depreciation and Amortization

|                  | 236,645   | 212,430   |

|                  | $67,632   | $46,120   |
NOTE C - PROPERTY AND EQUIPMENT (Continued)

Depreciation expense for the years ended June 30, 2010 and 2009 was $17,721 and $13,238, respectively. Amortization expense was $6,494 and $5,422 for the years ended June 30, 2010 and 2009, respectively.

NOTE D – PENSION PLAN

Retirement benefits are provided for Center employees through a 403(B) plan administered by an independent organization. There are no past service costs, and pension costs are paid as incurred. Pension expense for the years ended June 30, 2010 and 2009 amounted to $30,537 and $28,880, respectively.

NOTE E – WORKFORCE INVESTMENT ACT

The Center has received grants under Title I from the Department of Labor as a sub-contractor. For the year and year ended June 30, 2010 and 2009 total awards amounted to $82,027 and $52,629, respectively. These contracts are administered by the Oakland Private Industry Council.

NOTE F – COMMITMENT AND CONTINGENCY

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Center deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants. The Center's management is of the opinion that the organization has compiled with the terms of all grants.

During June 2008, the Center entered into a new lease for office space. The lease runs from July 1, 2008 through September 30, 2010 which was extended until June 30, 2011. The monthly rent expense is $7,880. The monthly rent expense adjusts annually on the anniversary date by an amount not to exceed the Consumer Price Index for all urban consumers in San Francisco/Oakland/San Jose C.P.I. as published by the U.S. Department of Labor, but no less than 3% or more than 6% annually.

Future minimum lease payments for the year ended June 30 are as follows:

<table>
<thead>
<tr>
<th>Year ended June 30, 2011</th>
<th>$105,349</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$105,349</td>
</tr>
</tbody>
</table>
NOTE F – COMMITMENT AND CONTINGENCY (continued)

Total office rental expense for the years ended June 30, 2010 and 2009 was $94,554 and $91,800, respectively.

NOTE G – CONCENTRATION OF CREDIT RISK

The Center has deposits of $54,517 and $285,904 in banks and other financial institutions in excess of federally insured limits at June 30, 2010 and 2009, respectively. Such amounts have not been reduced by items recorded in the accounts not yet clearing the bank.

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

The Center has $0 in temporarily restricted net assets at June 30, 2010 and 2009, respectively.

NOTE I – CREDIT LINE

During the year, the Center opened a line of credit with the Bank of America to finance short-term working capital needs. The maximum amount available on the line is $25,000 and bears the interest at 4.875% plus prime and renews annually. In the case of default, the bank has the right to offset any amounts owed to it by appropriating funds on deposit with the bank equal to the balance owed at the time of any default. The line had no balance at June 30, 2010 and 2009.
ADDITIONAL INFORMATION
THE ENGLISH CENTER
(FORMERLY THE ENGLISH CENTER FOR INTERNATIONAL WOMEN)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2009)

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of The English Center.

2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Organization's Compliance and Internal Control over Financial Reporting.

3. No instances of noncompliance material to the financial statements of The English Center were disclosed during the audit.

4. No reportable condition relating to the audit of the major federal award programs is reported in the Compliance with Specific Requirements Applicable to Major Programs.

5. The auditor's report on compliance for the major federal awards programs for The English Center expresses an unqualified opinion.

6. Audit findings relative to the major federal award programs The English Center are reported in Part C. of this schedule.

7. The program tested as a major program included:

   Major Program                           84.063

8. The threshold for distinguishing Types A and B programs was $300,000.

9. The English Center was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT
   Prior Year - None
   Current Year – None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT
   Prior Year – None
   Current Year – None
## Federal Grantor

### Pass-Through Grantor Program Title

<table>
<thead>
<tr>
<th>Federal CFDA Number</th>
<th>Period</th>
<th>Award Amount</th>
<th>Year Ended June 30, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Revenue</td>
<td>Expenses</td>
</tr>
</tbody>
</table>

### Department of Education

**Office of Student Financial Assistance**

- **Title IV - Federal Pell Grant Program**
  - 84.063 7/1/09-6/30/10  $815,212  $815,212  $815,212
- **Title IV - Federal Work Study Program**
  - 84.063 7/1/09-6/30/10  11,495  11,495  11,495
- **Title IV - Federal Supplemental Educational Opportunity Grant**
  - 84.063 7/1/09-6/30/10  10,170  10,170  10,170

### Pass-thru from State of California

**Department of Education**

- **English Literacy and Civics Education** 84.00A 7/1/09-6/30/10  30,161  30,161  30,161
- **Title II - Workforce Investment Act** 84.00A 7/1/09-6/30/10  33,279  33,279  33,279

### Pass-thru from Oakland Private Industry Council

**Department of Labor**

- **Title I - Workforce Investment Act**
  - One-Stop Funding and Supportive Services 17.258 7/1/09-6/30/10  150,000  150,000  150,000
  - ITA/OJT 17.258 7/1/09-6/30/10  50,000  50,000  50,000
  - One-Stop Affiliate 17.258 7/1/09-6/30/10  211,223  -  -

**Total**

- $1,311,540
- $1,100,317
- $1,100,317

* Major program
ADDITIONAL REPORTS
THE ENGLISH CENTER

INDEPENDENT ACCOUNTANTS' AUDIT REPORT

October 8, 2010

Board of Trustees
The English Center
Oakland, California

We have examined management's assertion, included in its representation letter dated October 8, 2010, that The English Center complied with the regulatory requirements contained in 34 CFR 600.5(a)(8) and 600.5(d) and 34 CFR 668, relative to participation in the Federal Student Financial Assistance Program during the year ended June 30, 2010. As discussed in the representation letter, management is responsible for The English Center's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about The English Center's compliance based on our examination.

Our examination was made in accordance with Governmental Auditing Standards, issued by the Comptroller General of the United States; standards established by the American Institute of Certified Public Accountants; and the Audit (Attestation) Guide, Audits/Attestation Engagements of Federal Student Financial Assistance Programs, issued by the U.S. Department of Education, Office of the Inspector General, June 1995, as updated and accordingly, including examining, on a test basis, evidence about The English Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on The English Center's compliance with specified requirements.

In our opinion, management's assertion that The English Center complied with the aforementioned requirements of the 90 percent rule for the year ended June 30, 2010 is fairly stated, in all material respects.

This report is intended solely for the information of The English Center's Board of Directors, management and the Department of Education. However, this report is a matter of public record and its distribution is not limited.

Bedinger & Company
Certified Public Accountants
Concord, California
THE ENGLISH CENTER

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

October 8, 2010

Board of Trustees
The English Center
Oakland, California

We have audited the financial statements of The English Center as of and for the year
ended June 30, 2010 and have issued our report thereon dated October 8, 2010. We
conducted our audit in accordance with auditing standards generally accepted in the
United States of America and the standards applicable to financial audits contained in
Government Auditing Standards, issued by the Comptroller General of the United
States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered The English Center's internal
control over financial reporting as a basis for designing our auditing procedures 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 English Center's internal control over
financial reporting. Accordingly, we do not express an opinion on the effectiveness of
The English Center's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a
control deficiency, or combination of control deficiencies, that adversely affects The
English Center's ability to initiate, authorize, record, process, or report financial data
reliably in accordance with generally accepted accounting principles such that there is
more than a remote likelihood that a misstatement of The English Center's financial
statements that is more than inconsequential will not be prevented or detected by The
English Center's internal control.
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The English Center’s financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of management, Board of Directors, others within the entity and their federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bedinger & Company
Certified Public Accountants
THE ENGLISH CENTER

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

October 8, 2010

Board of Trustees
The English Center
Oakland, California

Compliance

We have audited the compliance of The English Center, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. The English Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal programs is the responsibility of The English Center's management. Our responsibility is to express an opinion on The English Center's compliance with those requirements based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The English Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination on The English Center's compliance with those requirements.
Board of Trustees  
The English Center  
Continued Two

In our opinion, The English Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of The English Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The English Center’s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The English Center’s internal control over compliance.

A control deficiency in an entity’s internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability administer a federal program such that there is more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity’s internal control.
Board of Trustees  
The English Center  
Continued Three  

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness, as defined above.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bedinger & Company  
Certified Public Accountants
THE ENGLISH CENTER

INDEPENDENT AUDITORS’ REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

October 8, 2010

Board of Trustees
The English Center
Oakland, California

We have audited the financial statements of The English Center as of and for the year ended June 30, 2010 and have issued our report thereon dated October 8, 2010.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bedinger & Company
Certified Public Accountants