

*Children's Fund, Inc.*

Financial Statements

June 30, 2024

(With Comparative Data for 2023)

*Children’s Fund, Inc.*  
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**June 30, 2024 (with comparative data for 2023)**

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## *Independent Auditor's Report*

**Board of Trustees  
Children's Fund, Inc.,  
San Bernardino, California**

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

#### ***Opinion***

We have audited the financial statements of Children's Fund, Inc. (the Entity), which comprise the statement of financial position as of June 30, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2025 on our consideration of the Entity’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 Entity’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 Entity’s internal control over financial reporting and compliance.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
January 31, 2025

*Children's Fund, Inc.*

**Statement of Financial Position**  
**June 30, 2024 (with comparative data for 2023)**

	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and equivalents	\$ 559,336	\$ 924,956
Investments	1,328,265	640,961
Contracts receivable	661,128	462,130
Pledges receivable	-	2,500
Program inventory	639,824	502,488
Prepaid expenses	27,276	36,546
Security deposit	8,626	8,626
Total Current Assets	<u>3,224,455</u>	<u>2,578,207</u>
<b>Capital Assets</b>		
Property and equipment, net	9,399	16,035
Right-of-use assets, net	272,447	353,606
Total Capital Assets, net	<u>281,846</u>	<u>369,641</u>
Total Assets	<u>\$ 3,506,301</u>	<u>\$ 2,947,848</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 352,649	\$ 100,897
Accrued payroll costs	78,577	68,662
Contract liabilities	33,364	30,410
Refundable contract advance	-	974
Operating lease payable - current portion	80,912	77,230
Financing lease payable - current portion	1,356	5,275
Total Current Liabilities	<u>546,858</u>	<u>283,448</u>
<b>Noncurrent Liabilities</b>		
Operating lease payable	187,094	268,006
Financing lease payable	-	1,357
Total Noncurrent Liabilities	<u>187,094</u>	<u>269,363</u>
Total Liabilities	<u>733,952</u>	<u>552,811</u>
<b>Net Assets</b>		
Board designated	193,276	292,688
Other unrestricted	1,148,420	1,201,347
Total Net Assets Without Donor Restrictions	<u>1,341,696</u>	<u>1,494,035</u>
Net Assets With Donor Restrictions	<u>1,430,653</u>	<u>901,002</u>
Total Net Assets	<u>2,772,349</u>	<u>2,395,037</u>
Total Liabilities and Net Assets	<u>\$ 3,506,301</u>	<u>\$ 2,947,848</u>

The accompanying notes are an integral part of these financial statements

*Children's Fund, Inc.*

**Statement of Activities**  
**For the Year Ended June 30, 2024 (with comparative totals for 2023)**

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
<b>Revenues and Support</b>				
Fundraising event revenue	\$ 763,690	\$ -	\$ 763,690	\$ 764,277
Direct event costs	(388,906)	-	(388,906)	(307,770)
Net fundraising events	374,784	-	374,784	456,507
First 5 contracts	1,361,702	-	1,361,702	1,001,409
CalOES contracts	514,036	-	514,036	537,543
County contracts	716,057	-	716,057	604,658
In-kind contributions	265,120	-	265,120	331,347
Contributions	1,062,572	948,471	2,011,043	1,553,676
Other revenue	960	-	960	-
Investment income	42,169	-	42,169	34,703
Unrealized investment gain	13,949	-	13,949	5,435
	<u>4,351,349</u>	<u>948,471</u>	<u>5,299,820</u>	<u>4,525,278</u>
Released from restriction	418,820	(418,820)	-	-
Total Revenues and Support	<u>4,770,169</u>	<u>529,651</u>	<u>5,299,820</u>	<u>4,525,278</u>
<b>Expenses</b>				
Program Services:				
Community services	4,672,978	-	4,672,978	4,259,083
Support Services:				
Management and general	189,159	-	189,159	219,325
Fundraising	60,371	-	60,371	61,118
Total Expenses	<u>4,922,508</u>	<u>-</u>	<u>4,922,508</u>	<u>4,539,526</u>
Change in Net Assets	(152,339)	529,651	377,312	(14,248)
Net Assets, Beginning	<u>1,494,035</u>	<u>901,002</u>	<u>2,395,037</u>	<u>2,409,285</u>
Net Assets, Ending	<u>\$ 1,341,696</u>	<u>\$ 1,430,653</u>	<u>\$ 2,772,349</u>	<u>\$ 2,395,037</u>

The accompanying notes are an integral part of these financial statements

*Children's Fund, Inc.*

**Statement of Functional Expenses  
For the Year Ended June 30, 2024 (with comparative totals for 2023)**

	Program Services	Support Services		2024	2023
	Community Services	Management and General	Fund- raising	Total Expenses	Total Expenses
Salaries and wages	\$ 684,314	\$ 60,163	\$ 39,183	\$ 783,660	\$ 630,904
Payroll taxes	53,687	4,720	3,074	61,481	50,640
Employee benefits	28,132	2,587	1,617	32,336	32,382
Pension costs	10,494	966	602	12,062	8,555
Total Salaries and Benefits	<u>776,627</u>	<u>68,436</u>	<u>44,476</u>	<u>889,539</u>	<u>722,481</u>
Community Services:					
Assessment center	1,538,818	-	-	1,538,818	1,551,014
Emergency needs	1,030,170	-	-	1,030,170	792,217
Celebration of giving	598,687	-	-	598,687	550,336
County program services	182,128	-	-	182,128	165,425
Scholarships	100,045	-	-	100,045	56,628
	<u>3,449,848</u>	<u>-</u>	<u>-</u>	<u>3,449,848</u>	<u>3,115,620</u>
Outside services	180,841	1,486	-	182,327	243,954
Professional fees	44,443	39,487	-	83,930	142,740
Office rent	22,349	37,344	3,142	62,835	58,098
Telephone	48,467	478	2,576	51,521	36,894
Insurance	14,462	18,888	1,756	35,106	30,773
Printing and postage	2,088	3,818	311	6,217	8,413
Administration	10,167	8,990	302	19,459	21,834
Repairs and maintenance	31,123	6,705	-	37,828	38,922
Depreciation and amortization	85,470	2,325	-	87,795	85,716
Fundraising	-	-	7,381	7,381	17,118
Office supplies	6,902	1,202	427	8,531	16,541
Interest expense	191	-	-	191	422
	<u>446,503</u>	<u>120,723</u>	<u>15,895</u>	<u>583,121</u>	<u>701,425</u>
Total 2024 Expenses	<u>\$ 4,672,978</u>	<u>\$ 189,159</u>	<u>\$ 60,371</u>	<u>\$ 4,922,508</u>	
Total 2023 Expenses	<u>\$ 4,259,083</u>	<u>\$ 219,325</u>	<u>\$ 61,118</u>		<u>\$ 4,539,526</u>

The accompanying notes are an integral part of these financial statements

## *Children's Fund, Inc.*

### **Statement of Cash Flows** **For the Year Ended June 30, 2024 (with comparative data for 2023)**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 377,312	\$ (14,248)
Adjustments to revenues and expenses:		
Investment income	(42,169)	(29,611)
Unrealized investment (gain)	(13,949)	(5,435)
Depreciation and amortization	87,795	85,716
(Increase) decrease in assets		
Contracts receivable	(198,998)	78,062
Pledges receivable	2,500	102,500
Employee retention credit receivable	-	246,957
Program inventory	(137,336)	104,075
Prepaid expenses	9,270	1,305
Increase (decrease) in liabilities:		
Accounts payable	251,752	95,716
Accrued payroll costs	9,915	21,057
Contract liabilities	2,954	(318)
Refundable contract advance	(974)	(22,245)
Operating lease payable	(77,230)	(71,571)
	<u>270,842</u>	<u>591,960</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	118,814	-
Purchase of investments	(750,000)	(200,583)
	<u>(631,186)</u>	<u>(200,583)</u>
<b>Cash Flows From Financing Activities</b>		
Principal payments on financing lease payable	(5,276)	(5,044)
	<u>(5,276)</u>	<u>(5,044)</u>
Change in Cash and Equivalents	(365,620)	386,333
Cash and Equivalents, Beginning	<u>924,956</u>	<u>538,623</u>
Cash and Equivalents, Ending	<u>\$ 559,336</u>	<u>\$ 924,956</u>

The accompanying notes are an integral part of these financial statements

**Notes to Financial Statements  
For the Year Ended June 30, 2024**

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**Note 1 – Organization and Summary of Significant Accounting Policies**

Organization

Children's Fund, Inc. (the Entity) is a nonprofit corporation organized in California in 1986. The Entity is a public-private partnership created for the purpose of providing services and products to vulnerable and high-risk children in San Bernardino County. The Entity's mission is giving vulnerable children Support, Opportunity, and Hope by breaking destructive cycles through community partnerships. The Entity's principal sources of revenue are from private contributions, fundraising events, and governmental agencies that provide assistance to high-risk children. The Entity works collaboratively with over 50 agencies, community-based organizations, and school districts to provide services to children and youth in need. Services provided by the Entity fall under three program pillars, Support, Opportunity, and Hope.

*Support:* Support programs provide the services children need to meet their basic needs and create stability through; the Emergency Needs program, Educational Support program, and the attentive care provided by the physicians at the Children's Assessment Center. Support programs provide children with tangible items such as food, new clothing, shoes, personal hygiene-care products, beds/bedding, rental and utility assistance, orthodontic care, baby-care items, backpacks, school supplies, and other essentials to meet the vital and immediate needs of children.

*Opportunity:* Opportunity programs provide youth and young adults with recreational and post-secondary educational scholarships each year. The Entity has endowed scholarships at CSU San Bernardino, Cal Poly Pomona, San Bernardino Valley College, Chaffey College, Crafton Hills College, and Victor Valley College. The Entity also manages two additional educational scholarship endowments that provide scholarships annually: the Ramos Family Endowed Scholarship Fund and the A. Gary Anderson Family Endowed Scholarship Fund. The Entity provides Recreational Scholarships to vulnerable children and youth for sports and extracurricular activities, computer camp, summer camp, and other life enrichment opportunities.

*Hope:* Hope programs include the Celebration of Giving program that distributes thousands of toys during the holiday season, the Birthday gifts program that provides birthday gifts to children and youth in foster care, and other similar celebratory programs such as graduation, entering post-secondary education, and adoption, providing gifts for the several different milestones in the lives of vulnerable children and youth.

The financial statements include the assets, liabilities, revenues, and expenses of two auxiliary organizations that conduct fund-raising activities on behalf of the Entity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect financial statement amounts at the reporting date and during the reporting period. Actual results could differ from those estimates.

**Notes to Financial Statements  
For the Year Ended June 30, 2024**

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**Note 1 – Organization and Summary of Significant Accounting Policies (continued)**

Revenue Recognition and Presentation

The Entity presents its financial statements and recognizes revenues in accordance with accounting principles generally accepted in the United States of America (GAAP), which provides guidance for reporting information about financial position and activities for nonprofit organizations.

GAAP requires that revenue from contracts with funding agencies be recognized using a principles-based five-step framework that is intended to create consistency and comparability across entities and industries. The following is a summary of revenue recognition methodologies used by the Entity in conformity with these provisions of U.S. GAAP.

*Contracts with Funding Agencies:* Revenue from contracts with federal, state, and local funding agencies is recognized when qualifying costs are incurred for cost-reimbursement contracts or when units of service are provided for performance contracts.

The transaction price is stated in each contract and is satisfied over time, generally by monthly billings over the one-year contract period. The significant judgments involve 1) determining that a cost allowable under the contract has been incurred, and 2) determining that the cost relates to a period covered by the contract. Both of these performance obligations must be satisfied before the funding agency can be billed for reimbursement, and revenue is recognized when the funding agency is billed.

Contract revenues are subject to audit and review by funding agencies, and in some cases, cost reimbursements may be disallowed. Revenues from contracts with funding agencies are disaggregated in the statement of activities and are reported separately from other categories of revenue.

*Service Fees:* The Entity recognizes service fee revenue in the period when the services are provided and when the amount and certainty of the fee can be determined.

*Contributions:* GAAP requires that information about financial position and activities be reported in two net asset classes: with donor restrictions and without donor restrictions. Net assets with donor restrictions may be either temporarily or permanently restricted. Contributions without donor restrictions are recognized when received. Contributions restricted by the donor are presented as increases in net assets with donor restrictions, depending on the nature of the donor-imposed restriction.

Cash Equivalents

For purposes of the statement of cash flows, the Entity considers all temporary cash investments with original maturities of three months or less to be cash equivalents.

# *Children's Fund, Inc.*

## **Notes to Financial Statements For the Year Ended June 30, 2024**

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### **Note 1 – Organization and Summary of Significant Accounting Policies (continued)**

#### Valuation of Contracts and Pledges Receivable

Contracts and pledges receivable described in Note 4 are considered by management to be fully collectible.

#### Fair Value Measurements

GAAP provides guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets.

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets.

Level 3 inputs – estimates using the best information available when there is little or no market.

The Entity is required to measure in-kind contributions and investments at fair value. The technique used to measure fair values is described in Note 2 for investments and Note 6 for in-kind contributions.

#### Donated Services

Many individuals have donated significant time and services to advance the Entity's programs and objectives. These services have not been recorded in the financial statements because no objective basis is available to measure the value of such services.

#### Program Inventory

Program inventory consists of gift cards and goods purchased from local retailers for Child Services programs, as well as goods donated for sale. Inventory is reported at cost or estimated fair value for donated goods.

#### Property and Equipment and Depreciation

Property and equipment are reported at cost or estimated fair value for donated items and are depreciated via the straight-line method over estimated useful lives of five to seven years. The Entity's policy is to capitalize additions over \$5,000.

#### Income Taxes

The Entity is exempt from Federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been recorded in the financial statements. The Entity files informational returns in the U.S. federal jurisdiction and the state of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

## Children's Fund, Inc.

### Notes to Financial Statements For the Year Ended June 30, 2024

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#### Note 1 – Organization and Summary of Significant Accounting Policies (continued)

##### Functional Expenses

The costs of providing the Entity's programs and services have been summarized on a functional basis in the statement of functional expenses. Based on management estimates and a cost allocation plan, costs are allocated between the program and supporting services as they relate to those functions. The allocation of costs depends on the nature of the cost, the reason the cost is incurred, and the benefit received by each function.

#### Note 2 – Cash and Investments

Investments are held in accounts with Vanguard. The fair value of investments is measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

	<u>Donated Value/Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
<u>June 30, 2024</u>			
Mutual funds	\$ 333,819	\$ 358,296	\$ 24,477
Money market funds	969,969	969,969	-
Total	<u>\$1,303,788</u>	<u>\$ 1,328,265</u>	<u>24,477</u>
Less: unrealized gain/loss recognized in prior years			(10,528)
Unrealized Gain – During the Year			<u>\$ 13,949</u>
<u>June 30, 2023</u>			
Mutual funds	\$ 456,069	\$ 440,183	\$ (15,886)
Money market funds	200,778	200,778	-
Total	<u>\$ 656,847</u>	<u>\$ 640,961</u>	<u>(15,886)</u>
Less: unrealized gain/loss recognized in prior years			(21,321)
Unrealized Gain – During the Year			<u>\$ 5,435</u>

## *Children's Fund, Inc.*

### **Notes to Financial Statements For the Year Ended June 30, 2024**

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#### **Note 3 – Liquidity and Availability of Resources**

The Entity receives some support from contributions that include donor-imposed restrictions which limit the use of those contributions. All of the remaining revenues and the related financial assets are available to pay for expenses in future periods.

At June 30, 2024, the Entity had the following financial assets:

Cash and equivalents	\$ 559,336
Investments	1,328,265
Contracts receivable	<u>661,128</u>
Total Financial Assets	2,548,729
Net assets with donor restrictions	<u>(1,430,653)</u>
Financial Resources Available for Expenses	<u><u>\$ 1,118,076</u></u>

In the year ended June 30, 2024, expenses totaled \$4,922,508.

#### **Note 4 – Contracts and Pledges Receivable**

Contracts receivable consist of the following amounts:

	<u>2024</u>	<u>2023</u>
First 5 contracts	\$ 481,653	\$ 257,236
Children's Network contract	37,889	66,733
Children and Family Services contract	46,853	56,435
CalOES contract	92,828	46,872
Substance Abuse and Mental Health Services Administration contract	-	29,975
SB County Public Defender	1,905	4,879
Total Accounts Receivable	<u>\$ 661,128</u>	<u>\$ 462,130</u>

Pledges receivable are due within one year, and consist of:

	<u>2024</u>	<u>2023</u>
Other	\$ -	\$ 2,500
Total Pledges Receivable	<u>\$ -</u>	<u>\$ 2,500</u>

*Children's Fund, Inc.*

**Notes to Financial Statements  
For the Year Ended June 30, 2024**

**Note 5 – Capital Assets**

Changes in capital assets consist of the following:

	2023	Additions	Deletions	2024
Property and equipment:				
Leasehold improvements	\$ 5,088	\$ -	\$ -	\$ 5,088
Furniture and equipment	180,271	-	-	180,271
Vehicles	33,180	-	-	33,180
Total property and equipment	218,539	-	-	218,539
Accumulated depreciation	(202,504)	(6,636)	-	(209,140)
Total property and equipment, net	16,035	(6,636)	-	9,399
Right-of-use assets	507,029	-	-	507,029
Accumulated amortization	(153,423)	(81,159)	-	(234,582)
Total right-of-use assets, net	353,606	(81,159)	-	272,447
Total capital assets, net	<u>\$ 369,641</u>	<u>\$ (87,795)</u>	<u>\$ -</u>	<u>\$ 281,846</u>

**Note 6 – In-Kind Contributions**

The Entity receives significant in-kind contributions, which include products, services, and facilities. These donations are recorded when the value can be objectively measured and when they would be purchased if not donated. The value of these in-kind contributions has been measured on a nonrecurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs). In-kind contributions include the following items:

	2024	2023
Celebration of Giving - toys	\$ 569,889	\$ 297,797
Golf event - supplies	149,063	103,132
In-kind Contributions Included in Event Revenues	718,952	400,929
Child services - supplies	265,120	331,347
Total In-kind Contributions	<u>\$ 984,072</u>	<u>\$ 732,276</u>

# Children's Fund, Inc.

## Notes to Financial Statements For the Year Ended June 30, 2024

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### Note 7 – Contract Liabilities/Refundable Advances

Contract liabilities from funding sources consist of payments received from San Bernardino County before performance obligations have been satisfied on the District Attorney and Probation contracts. These totaled \$33,364 in 2024 and \$30,410 in 2023.

Refundable contract advances of \$-0- in 2024 and \$974 in 2023 are the amounts owed to San Bernardino County for overpayments on a contract with the County Department of Behavioral Health.

### Note 8 – Leases Payable

On September 1, 2011 the Entity entered into a 5-year, noncancelable operating lease for the use of real property as an office space. The lease was extended through September 2024 with an option to renew the term for three additional years, with an implicit interest rate of 4.1%. The lease was further renewed for 3 years beginning October 1, 2024. The operating lease expense for the years ended June 30, 2024 and 2023, was \$88,932 and \$88,932 respectively. The Entity leases its copier equipment through a financing lease. The equipment lease expires September 2024 with an implicit interest rate of 4.5%. Finance lease interest expense for the years ended June 30, 2024 and 2023, was \$191 and \$422 respectively.

Changes in leases payable for the year ended June 30, 2024, is as follows:

	<u>2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>2024</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>
Operating lease payable:						
Facility lease	\$ 345,236	\$ -	\$ 77,230	\$ 268,006	\$ 80,912	\$ 187,094
Financing lease payable:						
Copier lease	<u>6,632</u>	<u>-</u>	<u>5,276</u>	<u>1,356</u>	<u>1,356</u>	<u>-</u>
	<u>\$ 351,868</u>	<u>\$ -</u>	<u>\$ 82,506</u>	<u>\$ 269,362</u>	<u>\$ 82,268</u>	<u>\$ 187,094</u>

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease payable as of June 30, 2024:

<u>Fiscal Year Ended June 30,</u>	<u>Annual Payments</u>
2025	\$ 80,912
2026	84,292
2027	87,814
2028	<u>14,988</u>
	<u>\$ 268,006</u>

## Children's Fund, Inc.

### Notes to Financial Statements For the Year Ended June 30, 2024

#### Note 8 – Leases Payable (continued)

The following is a maturity analysis of the annual undiscounted cash flows of the financing leases payable as of June 30, 2024:

Fiscal Year Ended June 30,	Principal Payments	Interest Payments	Total Payments
2025	\$ 1,356	\$ 10	\$ 1,366
	\$ 1,356	\$ 10	\$ 1,366

#### Note 9 – Restrictions on Net Assets

Net assets with donor restrictions consisted of the following:

	Balance June 30, 2023	Reclassification of Restriction	Funds Received	Funds Spent	Balance June 30, 2024
Children's Assessment Center (temporary restrictions):					
San Manuel Band of Mission Indians (time and purpose)	\$ -	\$ -	\$ 333,333	\$ (333,333)	\$ -
SB County District Attorney (purpose)	86,417	-	-	(4,357)	82,060
Other donors (purpose)	22,049	-	-	(10,711)	11,338
A. Gary Anderson Family Foundation (purpose)	233,628	-	-	(31,919)	201,709
Total Children's Assessment Center	342,094	-	333,333	(380,320)	295,107
Ramos Family Scholarship Fund (purpose)	358,908	-	30,177	(12,500)	376,585
A. Gary Anderson Family Foundation 2014 (purpose)	292,688	(292,688)	-	-	-
A. Gary Anderson Family Endowed Scholarships 2023 (purpose)	200,000	-	573,961	(15,000)	758,961
Impact Truth Inc/Other (purpose)	-	-	11,000	(11,000)	-
Total Net Assets with Donor Restrictions	<u>\$ 1,193,690</u>	<u>\$ (292,688)</u>	<u>\$ 948,471</u>	<u>\$ (418,820)</u>	<u>\$ 1,430,653</u>

#### Note 10 – Related Party Transactions

The Entity has a conflict-of-interest policy that governs transactions with related parties. Management may engage in such transactions when they are at least equivalent to similar transactions with an unrelated party. During the reporting periods, the Entity engaged in immaterial transactions with companies related to Board members and conducted those transactions in accordance with this policy.

Contributions received from Board members were approximately \$62,978 for the year ended June 30, 2024.

## *Children's Fund, Inc.*

### **Notes to Financial Statements For the Year Ended June 30, 2024**

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#### **Note 11 – Endowment and Quasi-Endowment**

In accordance with California state law (the state version of UPMIFA), the Entity has classified as temporarily restricted the fair value of donations restricted by donors to be held as endowments for use in advancing the goals of the Entity. The executive committee has interpreted the law as requiring that the funds be used as stipulated by the donors, whether by time or purpose restrictions. These donor-restricted funds are held in short-term investments and are available for use as restrictions are satisfied. The earnings on these investments are restricted for the purposes outlined by the donor.

In accordance with California law (SPMIFA), the Entity has also established amounts intended by the Board to be held as an endowment to be used only for Board-approved purposes as intended by the donor. Since this endowment was not created by donors, it is considered a “quasi-endowment” and is classified as unrestricted. The quasi-endowment funds are held in short-term investments, and the earnings are also classified as unrestricted revenues. The Entity classifies as quasi-endowment (1) the original value approved for the quasi-endowment, (2) the original value of subsequent gifts to the quasi-endowment, and (3) other accumulations to the quasi-endowment made under the direction of the Board.

From time to time, the fair value of endowment assets may, due to unfavorable market fluctuations, fall below the amount of unused donations required by donors to be temporarily restricted. Declines of this nature are reported as losses in net assets without donor restriction. As values recover, the increases are reported as gains. At the reporting date, the quasi-endowment had declines to be covered by general cash as follows.

Endowment and quasi-endowment assets are invested to produce a return that is expected to meet or exceed the rate of inflation as measured by the Consumer Price Index. Actual results during any period may vary from these expectations. The Entity relies on a total return strategy which allows the earnings objective to be achieved through both capital appreciation and current yield. This strategy involves an asset allocation that provides a balance among equity investments.

Endowment net assets as of June 30 were as follows.

	<u>2024</u>	<u>2023</u>
Endowment Net Assets:		
Donor-restricted Ramos Scholarship Fund	\$ 376,585	\$ 358,908
Board-designated quasi-endowments	193,276	292,688
Donor-restricted A. Gary Anderson Family Scholarship Fund	758,961	200,000
Total Endowment Net Assets	<u>\$ 1,328,822</u>	<u>\$ 851,596</u>

## Children's Fund, Inc.

### Notes to Financial Statements For the Year Ended June 30, 2024

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#### Note 11 – Endowment and Quasi-Endowment (continued)

Endowment assets as of June 30 were held as follows.

	<u>2024</u>	<u>2023</u>
Endowment Assets:		
Short-term investments	\$ 1,328,265	\$ 640,961
General cash	557	210,635
Total Endowment Assets	<u>\$ 1,328,822</u>	<u>\$ 851,596</u>

#### Note 12 – Fundraising Events

Fundraising event revenues include both cash and in-kind revenues and expenses. Fundraising event results are summarized as follows for 2024 and 2023:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net Fund- raising Events</u>
<u>June 30, 2024</u>			
Christmas	\$ 5,891	\$ -	\$ 5,891
Auxiliaries and other	360,063	153,904	206,159
Golf tournament	397,736	235,002	162,734
Totals	<u>\$ 763,690</u>	<u>\$ 388,906</u>	<u>\$ 374,784</u>
 <u>June 30, 2023</u>			
Auxiliaries and other	\$ 358,669	\$ 123,106	\$ 235,563
Golf tournament	405,608	184,664	220,944
Totals	<u>\$ 764,277</u>	<u>\$ 307,770</u>	<u>\$ 456,507</u>

Fundraising expenses are presented as direct event costs on the Statement of Activities.

#### Note 13 – Pension Plan

The Entity has a defined contribution pension plan covering employees who satisfy the age and years of service requirements. Plan contributions include voluntary employee contributions and discretionary employer contributions. In the reporting periods, the Entity contributed \$12,062 in 2024 and \$8,555 in 2023.

#### Note 14 – Subsequent Events

Management has evaluated subsequent events through January 31, 2025, the date when the financial statements were available to be issued.



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**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**

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**MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants

*Independent Auditor's Report*

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 Children's Fund, Inc. (the Entity) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2025.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Entity's internal control over financial reporting (internal control) as a basis for designing 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 Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

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



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Entity'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 Entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
January 31, 2025