

CHILD & FAMILY CENTER (A CALIFORNIA NONPROFIT CORPORATION)

FINANCIAL STATEMENTS

June 30, 2024
(with Comparative Totals for 2023)

CONTENTS

Independent Auditors' Report	1-3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses.....	6
Statement of Cash Flows.....	7
Notes to the Financial Statements	8-29
Supplementary Information:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30-31
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	32-34
Schedule of Expenditures of Federal Awards.....	35
Notes to the Schedule of Expenditures of Federal Awards.....	36
Schedule of Findings and Questioned Costs	37

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Child & Family Center
(A California Nonprofit Corporation)
Santa Clarita, California

Opinion

We have audited the accompanying financial statements of Child & Family Center (A California Nonprofit Corporation), 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 financial statements referred to above present fairly, in all material respects, the financial position of Child & Family Center (the Center) 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 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 Auditors' 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 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 Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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.

Other Matters

Our audit was 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, Costs 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. The 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 6, 2025, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the Center's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Center's 2023 financial statements, and we expressed an unmodified audit opinion on those statements in our report dated January 18, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Long Beach, California
March 6, 2025

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

ASSETS		<u>2024</u>	<u>2023</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	5,062,396	\$ 3,108,717
Certificate of deposit		412,752	-
Beneficial interest in funds held by others		229,283	214,783
Contracts receivable, net of allowance		1,990,503	1,092,514
Prepaid expenses		137,394	110,838
Total current assets		<u>7,832,328</u>	<u>4,526,852</u>
NONCURRENT ASSETS			
Property and equipment, net		3,378,979	3,485,691
Deposits and other assets		37,037	44,885
Operating lease right-of-use asset		97,013	-
Total noncurrent assets		<u>3,513,029</u>	<u>3,530,576</u>
TOTAL ASSETS	\$	<u>11,345,357</u>	\$ <u>8,057,428</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$	148,713	\$ 119,387
Accrued payroll and related liabilities		1,078,146	994,292
Contract settlement payable, current portion		333,250	288,605
Finance leases payable, current portion		7,780	7,190
Operating lease liability, current portion		41,461	-
Deferred revenue		52,361	343,973
Total current liabilities		<u>1,661,711</u>	<u>1,753,447</u>
NONCURRENT LIABILITIES			
Contract settlement payable, net of current portion		227,612	278,868
Finance leases payable, net of current portion		17,819	25,599
Operating lease liability, net of current portion		60,624	-
Total noncurrent liabilities		<u>306,055</u>	<u>304,467</u>
Total liabilities		<u>1,967,766</u>	<u>2,057,914</u>
NET ASSETS			
Without donor restrictions:			
Board-designated operating reserve		750,000	750,000
Undesignated		8,034,064	5,053,355
		<u>8,784,064</u>	<u>5,803,355</u>
With donor restrictions		593,527	196,159
Total net assets		<u>9,377,591</u>	<u>5,999,514</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>11,345,357</u>	\$ <u>8,057,428</u>

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

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2024</u>	<u>2023</u>
REVENUE AND SUPPORT				
Governmental contracts	\$ 17,200,012	\$ 605,500	\$ 17,805,512	\$ 13,432,625
Contract settlements	(99,321)	-	(99,321)	(164,440)
Contributions and grants	89,932	597,126	687,058	435,171
Fees for services	29,716	-	29,716	18,523
Fundraising events revenue	311,820	-	311,820	263,301
In-kind contributions	261,362	-	261,362	274,159
Interest and dividend income	127,349	-	127,349	46,175
Other income	11,350	-	11,350	25,636
Rental income	149,381	-	149,381	147,174
Realized and unrealized gain on beneficial interest in funds held by others	14,114	-	14,114	13,385
Loss on disposal of fixed assets	(7,483)	-	(7,483)	-
Net assets released from restrictions	805,258	(805,258)	-	-
Total revenue and support	<u>18,893,490</u>	<u>397,368</u>	<u>19,290,858</u>	<u>14,491,709</u>
EXPENSES				
Program services	13,505,893	-	13,505,893	12,134,849
Support services	1,874,998	-	1,874,998	1,653,137
Fundraising expenses	531,890	-	531,890	464,305
Total expenses	<u>15,912,781</u>	<u>-</u>	<u>15,912,781</u>	<u>14,252,291</u>
CHANGE IN NET ASSETS	2,980,709	397,368	3,378,077	239,418
NET ASSETS, BEGINNING OF YEAR	<u>5,803,355</u>	<u>196,159</u>	<u>5,999,514</u>	<u>5,760,096</u>
NET ASSETS, END OF YEAR	<u>\$ 8,784,064</u>	<u>\$ 593,527</u>	<u>\$ 9,377,591</u>	<u>\$ 5,999,514</u>

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

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	Program	Support	Fundraising	Total	
	Services	Services	Expenses	2024	2023
SALARIES AND RELATED EXPENSES					
Salaries and wages	\$ 8,648,140	\$ 1,308,111	\$ 140,361	\$ 10,096,612	\$ 9,228,093
Payroll taxes	640,026	98,680	10,388	749,094	683,909
Employee benefits	1,332,384	203,885	18,812	1,555,081	1,329,077
	<u>10,620,550</u>	<u>1,610,676</u>	<u>169,561</u>	<u>12,400,787</u>	<u>11,241,079</u>
OTHER EXPENSES					
Administrative fees	46,299	6,565	685	53,549	57,497
Advertising	4,869	741	2,857	8,467	7,435
Auto expense	2,310	118	15	2,443	3,076
Bad debts	201,963	-	-	201,963	53,513
Computer expenses	107,806	14,674	895	123,375	94,918
Contracted services	652,960	20,065	77,537	750,562	698,227
Dues and subscriptions	176,809	19,409	8,730	204,948	171,097
Education and training	93,396	8,302	1,886	103,584	74,542
Equipment rental and maintenance	3,509	463	42,435	46,407	44,834
Facilities maintenance expense	110,803	4,540	20	115,363	64,921
Foster and client care	104,094	-	183	104,277	110,361
In-kind expenses, donated supplies	89,979	-	-	89,979	102,357
In-kind expenses, donations for events	-	-	171,383	171,383	171,802
Insurance	145,317	23,527	2,292	171,136	152,484
Interest expense	2,792	404	42	3,238	4,001
Professional fees	42,023	10,980	592	53,595	44,205
Miscellaneous	1,282	11,259	8,188	20,729	15,302
Office expenses	52,711	8,001	3,470	64,182	34,111
Outside services	35,557	4,093	650	40,300	43,896
Repairs and maintenance	168,536	45,735	2,147	216,418	234,042
Supplies	75,221	-	31,940	107,161	107,536
Taxes and licenses	16,938	4,223	361	21,522	21,067
Telephone	182,972	7,034	1,598	191,604	107,284
Travel	235,829	1,832	428	238,089	192,456
Utilities	88,476	19,614	916	109,006	99,109
	<u>13,263,001</u>	<u>1,822,255</u>	<u>528,811</u>	<u>15,614,067</u>	<u>13,951,152</u>
Depreciation and amortization	242,892	52,743	3,079	298,714	301,139
TOTAL EXPENSES	<u>\$ 13,505,893</u>	<u>\$ 1,874,998</u>	<u>\$ 531,890</u>	<u>\$ 15,912,781</u>	<u>\$ 14,252,291</u>

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

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,378,077	\$ 239,418
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation and amortization	298,714	301,139
Gain on beneficial interest held by others	(14,114)	(13,385)
Loss on disposal of fixed assets	7,483	-
Change in operating assets and liabilities:		
Contracts receivable	(897,989)	(287,516)
Prepaid expenses	(26,556)	(24,227)
Deposits and other assets	7,848	(9,873)
Accounts payable and accrued expenses	29,326	(56,871)
Accrued payroll and related liabilities	83,854	(128,765)
Contract settlement payable	(6,611)	43,935
Operating lease right-of-use asset and liability	5,072	-
Deferred revenue	(291,612)	270,045
Net Cash Provided By Operating Activities	2,573,492	333,900
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(199,485)	(39,427)
Purchase of investments	(269)	-
Purchase of certificate of deposit	(412,869)	-
Net Cash Used In Investing Activities	(612,623)	(39,427)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments related to finance leases payable	(7,190)	(6,421)
Net Cash Used In Financing Activities	(7,190)	(6,421)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,953,679	288,052
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,108,717	2,820,665
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,062,396	\$ 3,108,717
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	\$ 3,238	\$ 4,001
Noncash financing activity:		
Finance lease obtained	\$ -	\$ 35,625

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

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 1 – General

Child & Family Center (the Center) is a nonprofit that provides comprehensive prevention, early intervention, diagnostic evaluation and counseling, behavioral therapeutic services, outpatient drug and alcohol treatment and prevention services as well as domestic violence services, and a 30-day emergency domestic violence shelter for children, adolescents and adults in the Santa Clarita, Antelope, and San Fernando Valleys.

Funding

The Center is funded primarily through various ongoing contracts with the state of California and the county of Los Angeles. Each of the Center’s primary programs (mental and behavioral health, substance treatment and prevention, family support, family preservation, wraparound, and domestic violence) is funded by a separate contract. These contracts are administered by various government agencies, including the Los Angeles County Department of Children and Family Services, the Los Angeles County Department of Mental Health, Substance Abuse Prevention and Control, the California Governor’s Office of Emergency Services, the Los Angeles County District Attorney Office, the Los Angeles County Department of Public Health, and the Los Angeles County Office of Women’s Health.

NOTE 2 – Summary of Significant Accounting Policies

The Center’s financial statements are in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The significant accounting and reporting policies used by the Center are described below to enhance the usefulness and understandability of the financial statements.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Center’s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Center’s management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Basis of Presentation

The financial statements of the Center have been prepared under the accrual basis of accounting. The Center reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions.

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions, which include net assets designated by the Board of Directors. (See Note 15.)

With Donor Restrictions – Net assets subject to donor-imposed restrictions that may be met either by actions of the Center or the passage of time. As restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Other donor stipulations are perpetual in nature, where the donor stipulates that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. Such income generally includes interest, dividends, and realized and unrealized earnings from the corpus.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Comparative Totals

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Center’s financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents are short-term, interest-bearing, highly liquid investments with original maturities of three months or less. At year-end and throughout the year, the Center’s cash balances, deposited in one bank, exceeded federally insured limits. Management believes the Center is not exposed to any significant credit risk on cash and cash equivalents.

Certificate of Deposit

The Center’s certificate of deposit matured on September 18, 2024. Certificates of deposit with original maturities of less than 90 days are included in cash and cash equivalents. Certificates of deposit with original maturities of greater than 90 days are included in investments. Certificates of deposit are recorded at fair value.

Contracts Receivable

Contracts receivable are stated at the amount management expects to collect from outstanding balances. Receivables are primarily amounts due on cost reimbursement or performance contracts. Any amount that is denied for reimbursement is written off when management receives a notification from the granting agency. Management provides for probable uncollectible amounts through a provision to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contracts receivable.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Beneficial Interest in Funds Held by Others

The Center has the unconditional right to receive all of the cash flows from its beneficial interest from the California Community Foundation (the Foundation). The Center records its beneficial interest at fair value using the present value of the estimated future cash flows. The balance at June 30, 2024 consists of mutual fund investments and money instruments stated at market value.

Property and Equipment

Property and equipment are stated at cost. The minimum dollar amount for capitalizing and depreciating an asset is \$5,000. Depreciation and amortization have been provided for using straight-line methods over the estimated useful lives of the assets as follows:

Automobile	5 years
Building	30 years
Computers and equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of lease term or 5 years

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements as of June 30, 2024.

Lease Arrangements

The Center determines if an arrangement contains a lease at inception based on whether the Center has the right to control the asset during the contract period and other facts and circumstances.

The Center's policy for determining its lease discount rate used for measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Center has elected to use the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Lease Arrangements (Continued)

The Center’s policy for determining its lease discount rate used for measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Center has elected to use the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

The Center has elected a policy to account for short-term leases, defined as any lease with a term less than 12 months, by recognizing all components of the lease payment in the statement of activities in the period the obligation for the payments is incurred.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized when the promise to give is received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

A portion of the revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Government service contracts are recognized when qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit required by the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reduction of future grant funds. Based on prior experience, the Center’s management believes that costs ultimately disallowed would not materially affect the financial position of the Center.

Amounts received in excess of revenue earned are recognized as liabilities in deferred revenue or as contract settlement payables, depending on the nature of the liability.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

In-kind Contributions

In-kind contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributed property and equipment are recorded at their estimated fair value at the date of the gift. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Many individuals volunteer their time and perform a variety of tasks that assist the Center's fundraising events, but these services do not meet the criteria for recognition as donated services and are not reflected in the financial statements.

Income Taxes

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and California income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Internal Revenue Service classified the Center as one that is not a private foundation within the meaning of Section 509(a) of the Code because it is an organization described in Section(s) 509(a)(1) and 170(b)(1)(A)(vi).

The Center has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 740-10, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2024, the Center had no material unrecognized tax benefits, tax penalties, or interest.

The Center is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California is four years.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Functional Expense Allocation

The costs of providing the Center’s programs and other activities are summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on time and effort.

Recently Adopted Accounting Pronouncement

Beginning July 1, 2023, the Center adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and its related amendments, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss methodology. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU also requires the Center to use forward-looking information to better formulate its credit loss estimates.

The ASU permits the use of either a prospective transition method or a modified-retrospective transition method with the cumulative effect adjustment to the opening balance of net assets. The Center has elected the use of the modified-retrospective transition method. The transition method selected resulted in no adjustment to the opening balance of net assets.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Center reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by U.S. GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Center has access at the measurement date.

Level 2 - Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Financial instruments included in the statement of financial position include cash and cash equivalents, certificate of deposit, accounts receivable, and accounts payable. For cash and cash equivalents, accounts receivable, contracts receivable, and accounts payable and accrued expenses, the carrying amounts represent a reasonable estimate of fair values due to their short-term maturities. Certificates of deposit are financial instruments that are measured at fair value on a recurring basis. Generally, identical instruments to certificates of deposit are not traded in active markets and, as such, fair value is based on estimates using present value or other valuation techniques such as discounted cash flows and observable inputs for similar instruments. Therefore, the certificate of deposit is classified within level 2 of the fair value hierarchy.

The Center held \$412,752 and \$0 in certificate of deposit at June 30, 2024 and 2023, respectively.

Subsequent Events

The Center has evaluated subsequent events from the statement of financial position date through March 6, 2025, the date the financial statements were available to be issued for the year ended June 30, 2024.

**CHILD & FAMILY CENTER
(A California Nonprofit Corporation)**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

NOTE 3 – Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets at June 30, 2024 :

Cash and cash equivalents	\$ 5,062,396
Certificate of deposit	412,752
Contracts receivable, net	<u>1,990,503</u>
	<u>7,465,651</u>

Less amounts not available to be used within one year due to:

Board-imposed designations	(750,000)
Donor-imposed purpose or time restrictions	<u>(593,527)</u>
	<u>(1,343,527)</u>

Financial assets available to meet general expenditures within one year:

\$ 6,122,124

The Center maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Center's governing board has designated \$750,000 of its resources without donor restrictions as an operating reserve, which are identified as board-imposed designations. These funds are invested for long-term purposes but remain available and may be spent at the discretion of the governing board and could be appropriated if needed. At June 30, 2024, the Center had an additional liquidity resource of \$1,200,000 through the available borrowing capacity on its bank line of credit.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 4 – Contracts Receivable and Contract Settlement Payable

Contracts receivable consists of the following:

	June 30,	
	2024	2023
Receivables due from DMH	\$ 1,900,588	\$ 566,020
Other contracts receivable	584,114	821,936
Less allowance for contracts receivable	(494,199)	(295,442)
 Total	 \$ 1,990,503	 \$ 1,092,514

The receivables due from the Los Angeles County Department of Mental Health (DMH) relate to open contract years 2023 – 2024. All contracts receivable are due within one year. These receivables are estimated based on significant judgments made by management. Management has used historical data to estimate future collections on open contract years. Actual results may vary significantly from these estimates.

During the year ended June 30, 2024, the Center recognized no contract settlements based on final and interim settlements with DMH. The Center recognized contract settlement expense of approximately \$99,000 for the Family Preservation Program and other contracts for amounts invoiced that were in excess of allowable costs.

At June 30, 2024, the contract settlement payable of \$560,862 consisted of balances due to DMH of \$386,374 and due to other granting agencies of \$174,488. The settlement due to DMH by the Center can be repaid in cash and/or in-kind services. The time allowed for repayment of less than \$1 million is not to exceed two consecutive years.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 5 – Beneficial Interest in Funds Held by Others

The Center entered into an agreement with the Foundation, whereby the Foundation held a board-designated endowment fund (the Fund) for the Center to be used for various purposes. The Center is named as the beneficiary of the Fund and receives income earned on the Fund. The Foundation has the discretion to distribute the Fund and any future earnings for broad charitable uses and purposes of the Center. At June 30, 2024, the Center’s beneficial interest in the Fund is measured at fair value and classified as a level 2 financial asset. The Fund’s fair market value at June 30, 2024 and 2023 was \$229,283 and \$214,783, respectively. The activity of the Fund is as follows:

	June 30,	
	2024	2023
Beginning balance	\$ 214,783	\$ 201,398
Dividends and interest reinvested	1,988	1,627
Realized gain (loss)	3,924	(159)
Unrealized gain	10,308	13,479
Less investment fees	(1,720)	(1,562)
 Total	 \$ 229,283	 \$ 214,783

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 6 – Property and Equipment, net

Property and equipment consisted of the following:

	June 30,	
	2024	2023
Automobile	\$ 61,389	\$ 12,000
Building	6,965,300	6,934,002
Computers and equipment	1,507,442	1,544,058
Furniture and fixtures	442,753	442,753
Land	797,347	797,347
Leasehold improvements	10,725	-
Total	9,784,956	9,730,160
Less accumulated depreciation and amortization	(6,405,977)	(6,244,469)
Net, property and equipment	\$ 3,378,979	\$ 3,485,691

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was \$298,714 and \$301,139, respectively.

NOTE 7 – Operating Leases

The Center leases office space in Palmdale for its Family Preservation and other Programs in the Antelope Valley area. The lease was previously on a month-to-month basis. In October 2023, the Center entered into a long-term operating lease of the office space expiring October 31, 2026.

As part of its lease agreement, variable payments are not determinable at lease commencement and are not included in the measurement of the lease assets and liabilities. The lease agreements do not contain any material residual value guarantees or restrictive covenants.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 7 – Operating Leases (Continued)

Lease expenses included in “facilities maintenance” and “equipment rental and maintenance expenses” in the statement of functional expenses include the following components for the year ended June 30, 2024:

Operating lease costs	\$	39,561
Short term lease costs		<u>2,447</u>
	\$	<u>35,478</u>

The following summarizes the cash flow information related to leases for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of the lease liability:

Operating cash flows from operating lease	\$	27,959
---	----	--------

Noncash investing and financing activity:

Right-of-use asset obtained in exchange for operating lease liability upon agreement	\$	125,870
--	----	---------

The maturities of the operating lease liability as of June 30, 2024 is as follows:

Year Ending June 30,		
2025	\$	45,338
2026		46,698
2027		<u>15,798</u>
Total minimum lease payments		107,834
Less amount representing interest		<u>(5,749)</u>
Present value of minimum lease payments		102,085
Less current portion		<u>(41,461)</u>
	\$	<u>60,624</u>

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 7 – Operating Leases (Continued)

The Center also has a 60-month equipment operating lease for a postage machine at the Centre Point Parkway location through October 2025. Future minimum commitments on this operating lease are \$2,447 over the next two fiscal years.

The Center holds a lease for part of its facility to another nonprofit organization. The lease runs through June 2026, and includes monthly lease payments to the Center of approximately \$12,000 that increase annually by 1.5%.

Future minimum rental income from the operating lease is as follows:

Year Ending June 30,		
2025	\$	151,622
2026		153,896
	\$	305,518

NOTE 8 - Finance Leases

The Center leases certain equipment under finance lease agreements through September 2027. At June 30, 2024, finance leases consisted of the following:

Finance lease for equipment, bearing 5.50% interest, payable at \$999 per month, due September 2027, secured by equipment with net carrying value of approximately \$25,000	\$	24,422
Finance lease for equipment, bearing 6.00% interest, payable at \$120 per month, due November 2024, secured by equipment with net carrying value of approximately \$1,200		1,177
		25,599
Less current portion		(7,780)
	\$	17,819

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 8 - Finance Leases (Continued)

Future minimum payments on the finance leases are as follows:

Year Ending June 30,		
2025	\$	12,588
2026		11,988
2027		11,988
Thereafter		2,997
		39,561
Less:		
Amount representing interest		(4,212)
Maintenance payments		(9,750)
Present value of capital lease payments	\$	25,599

NOTE 9 – Line of Credit Payable

The Center has a \$1,200,000 line of credit agreement expiring October 2024 bearing a variable rate above the bank’s Reference Rate (9% at June 30, 2024). The line of credit is collateralized by accounts receivable of the Center and other property as defined. As of June 30, 2024 and 2023, there was no outstanding balance owed on the line of credit. As of June 30, 2024 and 2023, the Center was in compliance with its line of credit debt covenants. Subsequent to year-end, the line of credit was extended through October 2025.

NOTE 10 – Employee 401(k) Retirement Plan

The Center has adopted a 401(k) plan for all employees meeting the minimum requirements of 21 years of age. Participants may elect to defer up to the maximum amount allowed under law of their compensation per pay period. The Center matches 50% of employee contributions, not to exceed 6% of the employees’ compensation. For the years ended June 30, 2024 and 2023, retirement contribution expense was \$176,524 and \$141,068, respectively.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 11 – Post-Retirement and Death Benefit

During the year ended June 30, 2006, the Board of Directors approved the purchase of two annuities for two of the Center’s key employees at \$225,000 each. The Center is the owner of the policy which provides annuity payments post-retirement for the lifetime of the retiree. It is the intention of the past and present Board of Directors to continue the allocations of the retirement plans to the two key employees until death. The annuities are deemed to be an insurance contract that transfers 100% of the risk to the insurance company. As such, the total annuity payment of \$450,000 was expensed during the 2005-2006 fiscal year. The original investments may decrease over the lifetime of the annuity when payments exceed the lifetime income amount.

During the year ended June 30, 1999, a former board member donated his life insurance policy to the Center. The Center is the owner and beneficiary of the policy which provides a lump sum payout upon death of the former board member. The insurance policy is valued at \$33,341 at June 30, 2024, and included in deposits and other assets on the statement of financial position.

NOTE 12 – Commitments and Contingencies

In the ordinary course of business, the Center may be subject to certain lawsuits and other potential legal actions. Management believes there are no asserted or unasserted claims or contingencies that would have a significant impact on the financial statements of the Center as of June 30, 2024.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 13 – Fundraising Events

The Center conducts various special events and fundraising activities during the year. The revenue and expenses from fund development activities, excluding in-kind donations, for the years ended June 30, 2024 and 2023, were as follows:

	For the Year Ended June 30, 2024		
	Revenue	Expenses	Net Revenue
Taste of the Town	\$ 203,326	\$ (67,662)	\$ 135,664
Other events	108,494	(31,273)	77,221
Total	\$ 311,820	\$ (98,935)	\$ 212,885
	For the Year Ended June 30, 2023		
	Revenue	Expenses	Net Revenue
Taste of the Town	\$ 187,202	\$ (64,223)	\$ 122,979
Other events	76,099	(28,143)	47,956
Total	\$ 263,301	\$ (92,366)	\$ 170,935

NOTE 14 – Related Party

During the year ended June 30, 2024, the Center paid approximately \$81,600 for janitorial services to a company who is related to an employee of the Center. At June 30, 2024, the Center owed \$6,800 for the janitorial services.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 15 – Net Assets

Net Assets without Donor Restrictions

The Board of Directors of the Center has established an operating reserve fund to provide for future financial needs and special projects of the Center. Such funds, including all allocable income, are reflected as board-designated net assets without donor restrictions in the accompanying financial statements. At June 30, 2024, the board-designated net assets totaled \$750,000.

Net Assets with Donor Restrictions

The activity of net assets with donor restrictions for the year ended June 30, 2024 is as follows:

	<u>Balance at</u> <u>June</u> <u>30, 2023</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance at</u> <u>June</u> <u>30, 2024</u>
Net assets restricted for time or purpose:				
Purpose: IT infrastructure upgrade	\$ -	\$ 150,000	\$ (82,186)	\$ 67,814
Purpose: adult mental health	3,128	186,545	(160,651)	29,022
Purpose: building security	-	55,000	(48,422)	6,578
Purpose: child mental health & domestic violence crisis	14,906	208,081	(166,198)	56,789
Purpose: youth wellness	-	2,500	(2,500)	-
Foster Foundation Grant – time restriction	150,000	-	(150,000)	-
Purpose: LAC Board of Supervisors	8,125	7,500	(10,839)	4,786
Purpose: infrastructure & safety improvement	<u>-</u>	<u>593,000</u>	<u>(184,462)</u>	<u>408,538</u>
	176,159	1,202,626	(805,258)	573,527
Endowment funds, restricted in perpetuity	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
	<u>\$ 196,159</u>	<u>\$ 1,202,626</u>	<u>\$ (805,258)</u>	<u>\$ 593,527</u>

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 15 – Net Assets (Continued)

Endowment Funds

Net assets restricted in perpetuity consist of endowment funds established to ensure long-term funding of child abuse treatment services. The principal of the endowment is to remain restricted in perpetuity, and earnings are available to be used for treatment services. The board of directors monitors the endowment’s investment and attempts to maintain the purchasing power of the endowment assets.

The Center follows the provisions of ASC 958, *Reporting Endowment Funds*. These provisions provide guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also required disclosures about endowment funds.

Interpretation of Relevant Law

The Board of Directors of the Center has interpreted the UPMIFA adopted by the state of California as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as net assets with donor restrictions in perpetuity: (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 15 – Net Assets (Continued)

In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the fund
- The purposes of the Center and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Center
- The investment policies of the Center

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Center to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets without donor restrictions, when applicable. There were no such deficiencies as of June 30, 2024 or 2023.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 16 – Contributed Services and Goods

During the year ended June 30, 2024, contributed services and goods consisted of the following:

	<u>Revenue Recognized</u>	<u>Valuation Techniques and Inputs</u>
Marketing and Outreach	\$ 171,383	Determined by the business that provides the services rendered to the center which includes promotional ads, giveaways, food, and beverages for the Taste of the Town and Purple Walk fundraising events.
Toys and Supplies	38,826	Estimated based on the recommended donation values for the items donated.
Clothing and Household Items	<u>51,153</u>	Estimated based on the recommended donation values for the items donated.
Total	<u>\$ 261,362</u>	

All donated services and goods were utilized by the Center’s programs and supporting services. There were no donor-imposed restrictions associated with the donated services or goods.

SUPPLEMENTARY INFORMATION

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

To the Board of Directors of
Child & Family Center
(A California Nonprofit Corporation)
Santa Clarita, California

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 Child & Family Center (a California Nonprofit Corporation), 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, and have issued our report thereon dated March 6, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Child & Family Center's internal control over financial reporting (internal control) as a basis for designing the 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 Child & Family Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Child & Family 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Child & Family 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 Child & Family 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 Child & Family Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California
March 6, 2025

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

To the Board of Directors of
Child & Family Center
(A California Nonprofit Corporation)
Santa Clarita, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Child & Family Center's (A California Nonprofit Corporation) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Child & Family Center's major federal programs for the year ended June 30, 2024. Child & Family Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Child & Family Center and to meet our 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 Child & Family Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the compliance 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 Child & Family Center's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Child & Family 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Child & Family Center's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Child & Family 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 Child & Family 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 Child & Family 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Long Beach, California
March 6, 2025

**CHILD & FAMILY CENTER
(A California Nonprofit Corporation)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing	Pass-Through Grantor Number	Award Amount	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through the L.A. County Department of Children and Family Services</i>				
Family Preservation Program	93.556	17-9-32	\$ 635,647	\$ 454,103
Family Preservation Program	93.556	17-9-20	523,971	368,833
Family Preservation Program	93.556	17-9-14	<u>523,971</u>	<u>471,663</u>
Subtotal #93.556			<u>1,683,589</u>	<u>1,294,599</u>
<i>Passed Through the County of Los Angeles Department of Health</i>				
Domestic Violence Assistance Program	93.558	PH-004234	<u>132,160</u>	<u>60,992</u>
<i>Passed Through the County of Los Angeles Department of Health</i>				
Alcohol, and Drug Program	93.569	PH-03825	<u>923,626</u>	<u>436,305</u>
<i>Passed Through the County of Los Angeles Department of Health</i>				
Alcohol, and Drug Program	93.959	PH-004376	<u>770,000</u>	<u>674,699</u>
<i>Passed Through the California Emergency Management Agency</i>				
Domestic Violence Assistance Program	93.671	DV 22 14 8630	79,898	27,068
Domestic Violence Assistance Program	93.671	DV 23 15 8630	<u>85,133</u>	<u>85,133</u>
Subtotal #93.671			<u>165,031</u>	<u>112,201</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>3,674,406</u>	<u>2,578,796</u>
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through the County of Los Angeles Department of Public Health</i>				
Coronavirus State and Local Fiscal Recovery Fund	21.027	PH-004936	<u>125,000</u>	<u>71,756</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>125,000</u>	<u>71,756</u>
U.S. DEPARTMENT OF JUSTICE				
<i>Passed Through the California Emergency Management Agency</i>				
Child Abuse Treatment Program	16.575	AT 22 03 8630	257,500	52,542
Child Abuse Treatment Program	16.575	AT 23 04 8630	257,500	62,740
Comprehensive Shelter-Based Domestic Violence Services	16.575	DV 22 14 8630	255,709	49,267
Comprehensive Shelter-Based Domestic Violence Services	16.575	DV 23 14 8630	250,474	149,129
<i>Passed Through the County of Los Angeles District Attorney</i>				
Victim Assistance Formula Grant Program	16.575	DV-4-2023	71,000	25,435
Victim Assistance Formula Grant Program	16.575	DV-4-2024	<u>71,000</u>	<u>35,824</u>
Subtotal #16.575			<u>1,163,183</u>	<u>374,937</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>1,163,183</u>	<u>374,937</u>
			<u>\$ 4,962,589</u>	<u>\$ 3,025,489</u>

**CHILD & FAMILY CENTER
(A California Nonprofit Corporation)**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Child & Family Center, and is presented on the accrual basis of accounting. The information in the 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). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in the notes to the financial statements of Child & Family Center as of and for the year ended June 30, 2024. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. In the Schedule, where expenditures exceed the federal award amount, the difference is funded with state, local, or other non-federal funds. Pass-through entity identifying numbers are presented where available.

Child & Family Center has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

There were no awards passed through to subrecipients.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

The independent auditors’ report expresses an unmodified opinion on whether the financial statements of Child & Family Center were prepared in accordance with generally accepted accounting principles.

Internal control over financial reporting

1. Material weakness(es) identified? – None reported
2. Significant deficiencies identified? – None reported
3. Noncompliance material to financial statements noted? – None reported

Federal Awards

Internal control over major programs

1. Material weakness(es) identified? – None reported
2. Significant deficiencies identified? – None reported
3. Type of auditors’ report issued on compliance for major programs – Unmodified
4. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? – None reported
5. Identification of major programs:
Family Preservation Program, CFDA #93.556
6. Dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
7. Auditee qualified as low-risk auditee? – Yes

SECTION II – FINDINGS FINANCIAL STATEMENTS AUDIT

None noted.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None noted.