

EL NIDO FAMILY CENTERS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

EL NIDO FAMILY CENTERS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

CONTENTS

	Page
Independent Auditor's Report.....	1
Statement of Financial Position.....	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Supplementary Information	25
Schedule of Expenditures of Federal Awards.....	26



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

**AUDIT
AND
ASSURANCE**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Nido Family Centers

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of El Nido Family Centers (a nonprofit organization) (El Nido), 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 El Nido 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. 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 El Nido 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 El Nido's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Board of Directors
El Nido Family Centers

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 El Nido'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 El Nido'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.

Report on Summarized Comparative Information

We have previously audited El Nido's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 27, 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.

Supplementary Information

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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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.

To the Board of Directors
El Nido Family Centers

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025 on our consideration of El Nido'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 El Nido'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 El Nido's internal control over financial reporting and compliance.

Green Hasson & Janks LLP

March 27, 2025
Los Angeles, California

EL NIDO FAMILY CENTERS

STATEMENT OF FINANCIAL POSITION Year Ended June 30, 2024 With Summarized Totals at June 30, 2023

ASSETS	2024			2023 Total
	Without Restrictions	With Donor Restrictions	Total	
CURRENT ASSETS:				
Cash	\$ 40,952	\$ -	\$ 40,952	\$ 438,880
Restricted Cash	166,997	-	166,997	135,537
Investments	2,306,268	642,975	2,949,243	2,565,993
Accounts Receivable	3,160,991	-	3,160,991	2,636,290
Contributions and Pledges Receivable	79,091	50,000	129,091	242,813
Prepaid Expenses	97,557	-	97,557	102,241
TOTAL CURRENT ASSETS	5,851,856	692,975	6,544,831	6,121,754
OTHER ASSETS:				
Investments - Endowment	-	111,146	111,146	111,146
Property and Equipment (Net)	11,656	-	11,656	19,804
Right-of-Use Assets	481,918	-	481,918	423,317
TOTAL OTHER ASSETS	493,574	111,146	604,720	554,267
TOTAL ASSETS	\$ 6,345,430	\$ 804,121	\$ 7,149,551	\$ 6,676,021
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts Payable	\$ 409,324	\$ -	\$ 409,324	\$ 604,345
Accrued Liabilities	875,744	-	875,744	978,437
Deferred Revenue	865,683	-	865,683	281,381
Current Lease Liabilities	215,703	-	215,703	353,505
TOTAL CURRENT LIABILITIES	2,366,454	-	2,366,454	2,217,668
OTHER LIABILITIES:				
Accrued Pension Liability (Net)	352,420	-	352,420	559,963
Long-Term Lease Liabilities	269,456	-	269,456	76,972
TOTAL LIABILITIES	2,988,330	-	2,988,330	2,854,603
NET ASSETS:				
Without Donor Restrictions	3,357,100	-	3,357,100	2,914,672
With Donor Restrictions	-	804,121	804,121	906,746
TOTAL NET ASSETS	3,357,100	804,121	4,161,221	3,821,418
TOTAL LIABILITIES AND NET ASSETS	\$ 6,345,430	\$ 804,121	\$ 7,149,551	\$ 6,676,021

The Accompanying Notes are an Integral Part of These Financial Statements

EL NIDO FAMILY CENTERS

STATEMENT OF ACTIVITIES Year Ended June 30, 2024 With Summarized Totals at June 30, 2023

	2024			2023 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT:				
Government Contracts (Including First 5 LA)	\$ 13,481,578	\$ -	\$ 13,481,578	\$ 11,305,956
Contributions	358,873	833,204	1,192,077	1,093,398
Investment Return (Net)	367,355	15,912	383,267	189,223
Special Events (Net of Direct Event Expenses of \$177,327)	81,673	-	81,673	194,404
In-Kind Contributions	422,876	-	422,876	242,758
Other Income	159,004	-	159,004	601,651
Net Assets Released from Donor Restrictions	951,741	(951,741)	-	-
TOTAL REVENUE AND SUPPORT	15,823,100	(102,625)	15,720,475	13,627,390
EXPENSES:				
Program Services	13,585,506	-	13,585,506	11,217,994
Support Services	1,982,233	-	1,982,233	2,084,762
TOTAL EXPENSES	15,567,739	-	15,567,739	13,302,756
OPERATING INCOME (LOSS)	255,361	(102,625)	152,736	324,634
CHANGE IN NET ASSETS BEFORE PENSION COST	255,361	(102,625)	152,736	324,634
Pension-Related Change	187,067	-	187,067	140,329
CHANGE IN NET ASSETS	442,428	(102,625)	339,803	464,963
Net Assets - Beginning of Year	2,914,672	906,746	3,821,418	3,361,793
NET ASSETS - END OF YEAR	\$ 3,357,100	\$ 804,121	\$ 4,161,221	\$ 3,826,756

The Accompanying Notes are an Integral Part of These Financial Statements

EL NIDO FAMILY CENTERS

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024
With Summarized Totals for the Year Ended June 30, 2023

	2024										2023 Total
	Program Services					Support Services					
	Child Abuse Prevention and Treatment	Parent Education and Family Development	Teen Parent Family Services	Youth Development	Total Program Services	Administrative	Fundraising	Total Support Services	Total		
Salaries	\$ 428,701	\$ 2,857,723	\$ 3,012,175	\$ 725,945	\$ 7,024,544	\$ 897,024	\$ 269,667	\$ 1,166,691	\$ 8,191,235	\$ 6,931,731	
Employee Benefits	41,831	368,624	388,011	103,349	901,815	133,473	30,624	164,097	1,065,912	929,685	
Payroll Taxes	31,814	212,556	223,045	54,098	521,513	60,882	18,677	79,559	601,072	508,867	
TOTAL PERSONNEL COSTS	502,346	3,438,903	3,623,231	883,392	8,447,872	1,091,379	318,968	1,410,347	9,858,219	8,370,283	
Client Expenses	2,931	705,384	561,885	99,618	1,369,818	-	97,732	97,732	1,467,550	775,170	
Subcontractors and Interns	93,900	437,884	811,821	4,913	1,348,518	18,453	-	18,453	1,366,971	1,422,509	
Occupancy	43,922	202,142	251,672	563	498,299	56,190	1,327	57,517	555,816	553,777	
In-Kind Expenses	-	422,876	-	-	422,876	-	-	-	422,876	242,758	
Professional Fees	33,641	26,269	59,442	7,527	126,879	20,850	145,800	166,650	293,529	295,463	
Equipment Maintenance	19,953	97,308	84,208	18,346	219,815	58,424	2,268	60,692	280,507	235,959	
Building Maintenance	6,002	180,237	56,646	24,358	267,243	5,935	114	6,049	273,292	329,051	
Supplies	4,229	67,789	89,244	16,528	177,790	25,981	286	26,267	204,057	194,342	
Staff Training and Meetings	3,157	37,895	115,746	3,198	159,996	26,037	87	26,124	186,120	234,454	
Telecommunications	4,063	50,322	58,081	10,233	122,699	19,379	191	19,570	142,269	149,905	
Equipment	3,657	84,438	19,157	7,246	114,498	11,112	4	11,116	125,614	112,547	
Travel and Auto Expenses	1,942	48,568	39,775	12,160	102,445	3,228	-	3,228	105,673	99,271	
Insurance	2,970	28,405	31,832	7,274	70,481	14,170	1,474	15,644	86,125	80,554	
Membership Dues and Subscriptions	-	28,906	23,457	190	52,553	7,067	1,233	8,300	60,853	40,003	
Bank, Investment and Payroll Services	1,675	15,696	17,069	3,952	38,392	9,738	8,862	18,600	56,992	55,011	
Other	381	10,901	4,585	709	16,576	30,980	631	31,611	48,187	77,009	
Staff Recruitment	2,388	9,506	6,563	1,882	20,339	1,274	-	1,274	21,613	23,717	
Postage	-	3,688	3,938	791	8,417	2,556	503	3,059	11,476	10,973	
TOTAL 2024 FUNCTIONAL EXPENSES	\$ 727,157	\$ 5,897,117	\$ 5,858,352	\$ 1,102,880	\$ 13,585,506	\$ 1,402,753	\$ 579,480	\$ 1,982,233	\$ 15,567,739		
					87%	9%	4%	13%	100%		
TOTAL 2023 FUNCTIONAL EXPENSES	\$ 698,994	\$ 4,889,766	\$ 4,877,740	\$ 751,494	\$ 11,217,994	\$ 1,468,815	\$ 615,947	\$ 2,084,762		\$ 13,302,756	
					84%	11%	5%	16%		100%	

The Accompanying Notes are an Integral Part of These Financial Statements

EL NIDO FAMILY CENTERS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2024

With Summarized Totals for the Year Ended June 30, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 339,803	\$ 459,625
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	8,148	5,338
Net Realized and Unrealized Gains on Investments	(302,402)	(116,572)
(Increase) Decrease in:		
Accounts Receivable	(524,701)	403,891
Contributions and Pledges Receivable	113,722	(20,052)
Prepaid Expenses	4,684	5,483
Amortization of Right-of-Use Assets	(58,601)	372,606
Increase (Decrease) in:		
Accounts Payable	(195,021)	152,923
Accrued Liabilities	(102,693)	(555,190)
Deferred Revenue	584,302	209,088
Accrued Pension Liability	(207,543)	(157,861)
Lease Liabilities	54,682	(365,446)
	(285,620)	393,833
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	-	(8,938)
Reinvested Interest and Dividends	(80,865)	(72,651)
Proceeds on Sale of Investments	1,052,026	586,980
Purchases of Investments	(1,052,009)	(596,973)
	(80,848)	(91,582)
NET (DECREASE) INCREASE IN CASH	(366,468)	302,251
Cash and Restricted Cash - Beginning of Year	574,417	272,166
CASH AND RESTRICTED CASH - END OF YEAR	\$ 207,949	\$ 574,417
Cash	\$ 40,952	\$ 438,880
Restricted Cash	166,997	135,537
TOTAL CASH AND RESTRICTED CASH	\$ 207,949	\$ 574,417
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Non-Cash Impact of Implementation of Accounting Standards Codification (ASC) 842, <i>Leases</i>		
Increase in Right-of-Use Assets	\$ -	\$ 795,923
Increase in Lease Liabilities	-	(795,923)

The Accompanying Notes are an Integral Part of These Financial Statements

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - ORGANIZATION

El Nido Family Centers (El Nido) was established in 1925 and incorporated as a not-for-profit organization in the State of California in 1954. Concerned with the welfare of children and youth, El Nido provides counseling, family life education and service coordination to children, adolescents and families in the most disadvantaged communities throughout Los Angeles County. Since 1925, El Nido has worked to help make families stronger so they can have healthier, more productive futures.

El Nido serves pregnant teenagers and young parents, families or individuals affected by child abuse, youth facing problems in school, at home or with the law, and parents struggling to raise their children.

El Nido operates four major program areas:

- **Child Abuse Prevention and Treatment.** This program area focuses on abused children in an effort to reduce trauma and symptoms and heal emotional wounds. It also focuses on the family to prevent the causes of abusive behavior and enhance family functioning.
- **Parent Education and Family Development.** Programs in this area are designed to increase parenting skills and knowledge and improve the quality of parent-child relations.
- **Teen Parent Family Services.** This program area offers a variety of services to pregnant or parenting adolescents and their babies and helps young children develop cognitively and behaviorally so they will be successful in school as well as in life in general.
- **Youth Development.** This program area provides counseling, education and social activities in an attempt to reduce the incidence of teenage pregnancy, juvenile crime and gang violence among youth by strengthening their support networks including his or her family, school and community.

El Nido receives funds from federal, state, local and private funding sources.

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions.
- **Net Assets with Donor Restrictions.** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(c) CASH AND RESTRICTED CASH

Cash consists of cash on deposit with banks. The carrying value of cash at June 30, 2024 approximates its fair value.

El Nido maintains its cash in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. El Nido has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Restricted cash includes funds required to be set aside for an unemployment reserve and a workers' compensation self-insurance reserve. The restricted cash balance at June 30, 2024 is \$166,997.

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investments are made according to the investment policies adopted by El Nido's Board of Directors. These guidelines provide for investments in equities, fixed income, and other securities with performance measured against appropriate indices. The investments are managed by outside investment managers contracted by El Nido.

(e) ACCOUNTS RECEIVABLE

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for expected credit losses and reserve for potential disallowed amounts, if any, represents their estimated net realizable value. The reserve for potential disallowed amounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing and forecasted economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2024, no reserve for potential disallowed amounts or an allowance for expected credit losses were considered necessary.

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE

El Nido recognizes grants and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest are received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Conditional contributions or intentions to give are not recognized until they become unconditional, that is, when the conditions on which they depend are met. There were no conditional contributions at June 30, 2024. Pledges receivable at June 30, 2024 are due in their entirety within one year, other than \$50,000 due in two years. El Nido evaluated the collectability of pledges receivable at June 30, 2024 and determined that no allowance for doubtful pledges was needed.

(g) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, as follows:

Leasehold Improvements	Lease Term
Office Equipment	5 Years
Computer Equipment	3 - 5 Years

Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than three years.

(h) LONG-LIVED ASSETS

El Nido reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2024.

EL NIDO FAMILY CENTERS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

El Nido recognizes and measures its leases in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*. El Nido is a lessee in certain operating leases for facilities. El Nido determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. El Nido recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise El Nido uses the risk-free rate. The implicit rates of El Nido's leases are not readily determinable and accordingly, El Nido used the risk-free rate based on the information available at the commencement date for all leases.

The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

El Nido has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that El Nido is reasonably certain to exercise. El Nido recognizes lease cost associated with short-term leases on a straight-line basis over the lease term.

(j) GOVERNMENT GRANTS AND CONTRACTS AND DEFERRED REVENUE

El Nido recognizes government contracts and grants as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or nonreciprocal. During the year ended June 30, 2024, all government contracts and grants are accounted for as contributions. A portion of El Nido's revenue is derived from nonreciprocal cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures up to an amount not to exceed the total contract authorized. Revenue based on units of service delivered contracts is recognized as units of service delivered. Amounts received are recognized as revenue when El Nido has incurred expenditures or met other service requirements in compliance with a specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. At June 30, 2024, deferred revenue was \$865,683.

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) SPECIAL EVENT REVENUE

El Nido holds special events throughout the year that require attendees to pay for tickets in advance. Revenues from special event sponsorships and ticket sales are presumed to be conditioned on the special event occurrence and are recognized when the event takes place.

(l) CONCENTRATIONS

During the year ended June 30, 2024, El Nido earned \$4,363,530 (28% of total revenue and support) under contracts administered by the U.S. Department of Health and Human Services. El Nido anticipates that it will continue to run these programs. There can be no assurance that El Nido will be able to obtain future grant agreements at the same level of funding upon the expiration of the current term of the contracts.

The primary accounts receivable balance outstanding at June 30, 2024, consists of government contract receivables due from county, state, and federal granting agencies, and, as a result, concentration of credit risk with respect to such accounts receivable is limited.

(m) IN-KIND CONTRIBUTIONS

Contributions of donated non-cash assets are recorded at their estimated fair value in the period received and expensed when utilized. In-kind contributions are valued based upon estimates of fair market value that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Contributed non-financial assets are not sold but rather used for El Nido's operations.

In-kind contributions that consist of donated services are recognized at fair value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

(n) INCOME TAXES

El Nido is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

In accordance with the FASB's ASC Topic No. 740, *Uncertainty in Income Taxes*, El Nido recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2024, El Nido performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

EL NIDO FAMILY CENTERS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing El Nido's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. El Nido uses proportional salary dollars to allocate indirect costs.

(p) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

(q) RECLASSIFICATIONS

For comparability, certain **June 30, 2023** amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at June 30, 2024.

(r) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with El Nido's financial statements for the year ended June 30, **2023**, from which the summarized information was derived.

(s) NEW ACCOUNTING PRONOUNCEMENTS

In June 2016, FASB issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss impairment methodology previously used for certain financial instruments with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates in their measurement. The guidance has subsequently been amended through a series of targeted ASUs. El Nido implemented this ASU during the year ended June 30, 2024 and it had no material impact on the financial statements.

EL NIDO FAMILY CENTERS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) SUBSEQUENT EVENTS

El Nido has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2024 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through March 27, 2025, the date these financial statements were available to be issued. Except for as described in Note 7, no other such material events or transactions were noted to have occurred.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

El Nido has implemented the fair value accounting standard. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices in active markets, interest rates and yield curves. Fair values determined by Level 3 utilize unobservable inputs for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The following table presents information about El Nido's assets that are measured at fair value on a recurring basis at June 30, 2024 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	June 30, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents	\$ 1,451	\$ 1,451	\$ -	\$ -
Exchange Traded Funds	581,581	581,581	-	-
Fixed Income Mutual Funds	1,264,689	1,264,689	-	-
Equity Mutual Funds	1,212,668	1,212,668	-	-
TOTAL INVESTMENTS	\$ 3,060,389	\$ 3,060,389	\$ -	\$ -

The fair values of investments within Level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

EL NIDO FAMILY CENTERS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2024 consist of the following:

Leasehold Improvements	\$	261,684
Office Equipment		91,853
Computer Equipment		40,658
TOTAL		394,195
Less: Accumulated Depreciation		(382,539)
PROPERTY AND EQUIPMENT (NET)	\$	11,656

Depreciation expense for the year ended June 30, 2024 was \$8,148.

NOTE 5 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2024 consist of the following:

Other Accrued Expenses	\$	671,024
Accrued Vacation		191,086
Accrued Payroll		13,634
TOTAL ACCRUED LIABILITIES	\$	875,744

NOTE 6 - EMPLOYEE BENEFIT PLANS

El Nido has a defined benefit plan (the plan) that covers all eligible employees of El Nido who have completed twelve consecutive months with one thousand or more hours of service. The plan is funded in accordance with the Employee Retirement Income Security Act of 1974. Plan assets, which include a combination of cash and cash equivalents, certificates of deposit, U.S. Government securities, corporate debt instruments and corporate stocks are held by a trustee and are not accessible for non-pension purposes.

During the year ended June 30, 2005, there was a plan curtailment as a result of the plan amendment adopted effective July 1, 2004. El Nido's management, with the approval of the Board of Directors, agreed to cease further benefit accruals under the plan.

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 6 - EMPLOYEE BENEFIT PLANS (continued)

The changes in the postretirement healthcare benefit obligation, plan assets and the amounts recognized in the financial statements are as follows:

Accrued Postretirement Benefit Obligation at July 1, 2023	\$ 2,820,584
Interest Cost	136,789
Actuarial Loss	7,227
Benefits Paid	<u>(89,500)</u>
ACCRUED POSTRETIREMENT BENEFIT OBLIGATION AT JUNE 30, 2024	\$ 2,875,100
Fair Value of Plan Assets at July 1, 2023	\$ 2,260,621
Actual Return on Plan Assets	302,368
Employer Contribution	49,191
Benefits Paid	<u>(89,500)</u>
FAIR VALUE OF PLAN ASSETS AT JUNE 30, 2024	\$ 2,522,680

The following table sets forth the plan's funded status and amounts recognized in El Nido's statement of financial position at June 30, 2024:

ACTUARIAL PRESENT VALUE OF BENEFIT OBLIGATION:	
Accumulated Benefit Obligation	\$ 2,875,100
Plan Assets at Fair Value	\$ 2,522,680
Projected Benefit Obligation	<u>(2,875,100)</u>
ACCRUED PENSION LIABILITY	\$ (352,420)

EL NIDO FAMILY CENTERS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 6 - EMPLOYEE BENEFIT PLANS (continued)

The net periodic pension cost for the year ended June 30, 2024 includes the following components:

Interest Cost	\$	136,789
Expected Return on Plan Assets		(145,919)
Amortization of Transition Obligations		8,841
Amortization of (Gain) Loss		29,004
		29,004
NET PERIODIC PENSION COST	\$	28,715
Employer Contributions	\$	49,191
Benefits Paid		89,500
Weighted Average Assumptions:		
Discount Rates:		
Pre-Retirement		5.35%
Post-Retirement		4.92%
Expected Return on Plan Assets		6.50%

The pension-related change of (\$187,067), which excludes the net periodic pension cost above, is reflected as a separate line item in the statement of activities.

The expected long-term rate of return on plan assets was selected using the “building block” approach described by the Actuarial Standards Board in Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Based on El Nido’s investment policy for the pension plan, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical thirty-year-period rolling averages.

Benefits expected to be paid as of June 30, 2024 are:

Years Ending June 30		
2025	\$	87,546
2026		264,166
2027		91,703
2028		169,462
2029		150,168
Five Years Thereafter		514,211
		514,211
TOTAL	\$	1,277,256

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 6 - EMPLOYEE BENEFIT PLANS (continued)

Plan assets consist primarily of listed securities and the percentage of the fair value of total plan assets of each major category of plan assets at the measurement date are as follows:

	June 30, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Mutual Funds	\$ 1,047,765	\$ 1,047,765	\$ -	\$ -
Equity Mutual Funds	988,268	988,268	-	-
Exchange Traded Funds	483,862	483,862	-	-
Cash Equivalents	2,785	2,785	-	-
TOTAL INVESTMENTS	\$ 2,522,680	\$ 2,522,680	\$ -	\$ -

The fair values of investments within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The investment strategy of El Nido has the following objectives:

- To achieve a balanced return of current income and appropriate growth of principal.
- To achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve the purchasing power of plan assets.
- To preserve capital and minimize costs.

Risk control is an important element in the investment of plan assets and is achieved through a diversified target allocation and the prohibition of investing in commodities and futures contracts, derivative instruments, private placements, options, limited partnerships, and venture-capital investments. In addition, short selling and margin transactions are prohibited.

401(k) Retirement Plan

El Nido sponsors a 401(k) retirement plan for the benefit of its employees who are at least 18 years of age. Employees may contribute a percentage of their compensation to the plan up to the maximum permitted under law. El Nido contributes to the plan on a discretionary basis, and such employer contributions are subject to the plan's vesting rules. El Nido did not contribute to the plan during the year ended June 30, 2024.

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 7 - LINE OF CREDIT

El Nido has a revolving line of credit with a bank in the amount of \$1,000,000 that bears a maturity date of July 31, 2025. An amendment to extend the maturity date to July 31, 2025 was agreed upon subsequent to year end. The line of credit is secured by personal property and bears interest at the greater of a floating rate equal to prime plus 1% or 8.25%. At June 30, 2024, there was no outstanding borrowings on this line of credit. The prime rate at June 30, 2024 was 8.5%.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

(a) CONTRACTS

El Nido's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated. El Nido has no provisions on its financial statements for the possible disallowance of program costs related to any of its other governmental contracts and grants.

NOTE 9 - LEASES

El Nido leases certain facilities under various non-cancelable operating leases for operations and administrative purposes, which are accounted for as operating leases. These leases expire at various dates through March 2027. Some of El Nido's leases have one or more options to renew, with renewal terms generally ranging from 1 to 4 years. The exercise of lease renewal options is at El Nido's discretion. Leases with an initial term of 12 months or less, which are not expected to be renewed beyond one year, are not recorded on the statement of financial position and are recognized as lease expense on a straight-line basis over the lease term. As of June 30, 2024, El Nido recognized \$481,918 of ROU assets and \$485,159 of related lease liabilities for contracts that are classified as operating leases.

Operating lease cost was \$394,921 for the year ended June 30, 2024.

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - LEASES (continued)

The weighted-average remaining lease term and weighted-average discount rate were as follows during the year ended:

Weighted-Average Lease Term	2.43 years
Weighted-Average Discount Rate	4.44%

Maturities of lease liabilities as of June 30, 2024, are as follows:

Years Ending June 30	
2025	\$ 231,753
2026	158,349
2027	<u>121,415</u>
Total Lease Payments	511,517
Less: Imputed Interest	<u>(26,358)</u>
TOTAL LEASE LIABILITIES	<u>\$ 485,159</u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 are restricted for the following purposes:

Subject to Time Restrictions	\$ 40,000
Subject to Purpose Restrictions:	
Culinary	412,162
Parental Counseling/Training	149,318
Technology and Education	38,038
Family Service Centers	50,000
Scholarship	3,457
Subject to Endowment Spending Policy and Appropriation:	
Endowment Corpus	<u>111,146</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 804,121</u>

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE 11 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2024:

Satisfaction of Purpose Restrictions:	
Time Restrictions	\$ 183,250
Parental Counseling/Training	252,904
Other	158,064
Culinary	120,449
Technology and Education	89,875
Family Service Centers	67,500
Scholarship	63,787
Endowment	<u>15,912</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 951,741</u>

NOTE 12 - ENDOWMENTS

El Nido's endowment consists of donor restricted funds which are restricted in perpetuity. They comprise the corpus of the Payson Wolff Scholarship Fund. Income from these funds is used to underwrite scholarships to El Nido clients who are graduating from high school and are pursuing higher education.

El Nido's management understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on such endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

The primary long-term financial objective for El Nido's endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management.

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS June 30, 2024

NOTE 12 – ENDOWMENTS (continued)

Endowment net asset composition by type of fund at June 30, 2024 is as follows:

Endowment Net Asset Composition by Type of Fund at June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted	\$ -	\$ 111,146	\$ 111,146
Changes in Endowment Net Assets for the Year Ended June 30, 2024			
Endowment Net Assets - Beginning of Year	\$ -	\$ 111,146	\$ 111,146
Investment Return (Net)	-	15,912	15,912
Appropriated for Expenditure	-	(15,912)	(15,912)
ENDOWMENT NET ASSETS - END OF YEAR	\$ -	\$ 111,146	\$ 111,146

NOTE 13 - IN-KIND CONTRIBUTIONS

El Nido receives donated goods and services for use in its programs and operations. The values of these contributions have been determined by management based on the market value for comparable goods or services, average costs for similar goods or services based on national averages, property appraisals and other means deemed appropriate based on the nature and use of the contributions.

For the year ended June 30, 2024, in-kind contributions were used in Parent Education and Family Development program services and were comprised of the following:

Category	Valuation Methodology	Amount
Program Supplies	Estimated Market Value of Similar Items	\$ 318,723
Professional Services	Standard Hourly Rates for Similar Services	104,153
TOTAL		\$ 422,876

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS June 30, 2024

NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by El Nido at June 30, 2024 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2024:	
Cash and Cash Equivalents	\$ 40,952
Investments	2,306,268
Accounts Receivable	3,160,991
Contributions and Pledges Receivable	<u>79,091</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 5,587,302</u>

El Nido regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. El Nido is substantially supported by unrestricted contributions and government grants and contracts. As part of El Nido's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

For the purposes of the calculation above, management considers contributions and pledges restricted by time only as financial assets available for expenditure within one year.

El Nido's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 12, the endowment earnings will be appropriated by the Board of Directors for use in accordance with donor stipulations.

As described in Note 7, in the event of an unanticipated liquidity need, El Nido has a line of credit facility of \$1,000,000 that it may draw upon.

EL NIDO FAMILY CENTERS

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

EL NIDO FAMILY CENTERS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

FEDERAL AWARDS Federal Grantor/Passed Through Grantor/Program or Cluster Title	Contract Number	Federal Assistance Listing Number	Contract Term	Governmental Revenue		Passed Through to Subrecipients
				Federal	Non-Federal	
MAJOR AWARDS						
U.S. Department of Health and Human Services: Administration for Children and Families						
Early Head Start	09CH010599/05-01	93.600	8/1/2022 - 7/31/2023	\$ 333,863	\$ -	\$ -
Early Head Start	09CH012322-01-01	93.600	8/1/2023 - 7/31/2024	1,946,708	-	-
Total Head Start Cluster				2,280,571	-	-
TOTAL MAJOR AWARDS				<u>\$ 2,280,571</u>	<u>\$ -</u>	<u>\$ -</u>
NON-MAJOR AWARDS						
U.S. Department of Housing and Urban Development Pass-through City of Los Angeles Housing and Community Investment for Families Department (CIFD)						
Community Development Block Grants/Entitlement Grants	C-143928	14.218	7/1/2023 - 6/30/2024	\$ 444,287	\$ -	\$ -
Community Development Block Grants/Entitlement Grants	C-143930	14.218	7/1/2023 - 6/30/2024	444,287	-	-
Community Development Block Grants/Entitlement Grants	C-143930-1	14.218	7/1/2023 - 6/30/2024	20,585	-	-
United to House LA (ULA Pacoima)	C-143928-1	14.218	7/1/2023 - 6/30/2024	32,499	-	-
Total U.S. Department of Housing and Urban Development, CDBG-Entitlement Grants Cluster				941,658	-	-
U.S. Department of Health and Human Services: Pass-through City of Los Angeles Housing and Community Investment for Families Department (CIFD)						
Community Services Block Grant	C-143928	93.569	7/1/2023 - 6/30/2024	312,420	-	-
Community Services Block Grant	C-143930	93.569	7/1/2023 - 6/30/2024	312,420	-	-
Total 93.569				624,840	-	-
Pass-through County of Los Angeles Department of Public Social Services Job Opportunities and Basic Skills Training						
Cal-Learn Case Management	CLC22-003	93.558	7/1/2023 - 8/31/2023	124,407	-	-
Cal-Learn Case Management	CLC22-003	93.558	9/1/2023 - 6/30/2024	833,223	-	-
Total 93.558				957,630	-	-
Pass-through - State of California Department of Public Health Maternal, Child and Adolescent Health Adolescent Family Life Program						
	23-10490	93.994	7/1/2023 - 6/30/2024	488,043	-	-
U.S Treasury (Sub Award - Community Partners) Coronavirus State & Local Fiscal Recovery Funds ARPA Food Equity (COVID-19)						
	SLFRP0137	21.027	3/1/2024 - 6/30/2024	12,446	-	-
Total U.S. Department of Health and Human Services				2,082,959	-	-
TOTAL FEDERAL AWARDS				<u>\$ 5,305,188</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report

EL NIDO FAMILY CENTERS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2024

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2024:

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

El Nido has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

See Independent Auditor's Report