

**MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
With Independent Auditor's Report Thereon**

**JUNE 30, 2021
With Summarized Information for June 30, 2020**

MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER
FINANCIAL STATEMENTS
JUNE 30, 2021
With Summarized Information for June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mother's Club Family Learning Center
dba Families Forward Learning Center
Pasadena, California

We have audited the accompanying financial statements of Mother's Club Family Learning Center dba Families Forward Learning Center (a Not-For-Profit), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Mother's Club Family Learning Center
dba Families Forward Learning Center
Pasadena, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mother's Club Family Learning Center dba Families Forward Learning Center as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplemental and Other Information

The accompanying supplemental information, as required by the *CDE Audit Guide* issued by the California Department of Education, is presented for the 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 our report dated December 15, 2021, on our consideration of Mother's Club Family Learning Center dba Families Forward Learning Center's internal control over financial reporting and on 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 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 Mother's Club Family Learning Center dba Families Forward Learning Center's internal control over financial reporting and compliance.

Fechter & Company,
Certified Public Accountants

A handwritten signature in cursive script that reads "Fechter & Company, CPAs".

Sacramento, California
December 15, 2021

FINANCIAL STATEMENTS

MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER
Statements of Financial Position
June 30, 2021
With Summarized Financial Information as of June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Summarized Total
<u>ASSETS</u>				
TOTAL CURRENT ASSETS				
Cash and cash equivalents	\$ 335,341	\$ -	\$ 335,341	\$ 96,188
Cash restricted for Paycheck Protection Program Loan	-	-	-	182,121
Investments at fair value	793,765	506,468	1,300,233	996,981
Grants and accounts receivable	189,996	-	189,996	160,142
Prepaid expenses	19,616	-	19,616	12,059
TOTAL CURRENT ASSETS	1,338,718	506,468	1,845,186	1,447,491
Property and equipment, net (Note 8)	4,724,446	-	4,724,446	4,839,847
TOTAL ASSETS	<u>\$ 6,063,164</u>	<u>\$ 506,468</u>	<u>\$ 6,569,632</u>	<u>\$ 6,287,338</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable and other accruals	\$ 47,332	\$ -	\$ 47,332	\$ 27,061
Accrued expenses	-	-	-	3,954
Paycheck Protection Program Loan	-	-	-	298,320
Deferred revenue (Note 12)	30,870	-	30,870	-
Accrued vacation	36,076	-	36,076	37,000
TOTAL CURRENT LIABILITIES	114,278	-	114,278	366,335
NET ASSETS				
Without donor restrictions	5,948,886	-	5,948,886	5,441,270
With donor restrictions (Note 13)	-	506,468	506,468	479,733
TOTAL NET ASSETS	5,948,886	506,468	6,455,354	5,921,003
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,063,164</u>	<u>\$ 506,468</u>	<u>\$ 6,569,632</u>	<u>\$ 6,287,338</u>

See the accompanying notes to financial statements.

MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER
Statements of Activities
June 30, 2021
With Summarized Financial Information as of June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Summarized Total
SUPPORT AND REVENUE				
Support:				
Government contracts	\$ -	\$ 786,660	\$ 786,660	\$ 768,004
Contributions	650,274	219,840	870,114	646,196
Donated services	25,000	-	25,000	19,000
COVID Relief	-	-	-	25,500
Special events	56,921	-	56,921	143,085
Total Support	732,195	1,006,500	1,738,695	1,601,785
Revenues:				
Gain on disposal of equipment	6,016	-	6,016	-
Investment income	31,737	-	31,737	8,820
Net unrealized/realized gain on investments	341,718	-	341,718	3,095
Total Revenue	379,471	-	379,471	11,915
Net assets released from restrictions	979,765	(979,765)	-	-
Total Support, Revenue, and Reclassifications	2,091,431	26,735	2,118,166	1,613,700
EXPENSES				
Program services	1,531,926	-	1,531,926	1,651,327
Supporting services:				
General and administration	181,842	-	181,842	180,651
Fundraising	168,368	-	168,368	186,063
Total Expenses	1,882,136	-	1,882,136	2,018,041
Unusual item:				
Gain on forgiven Paycheck Protection Program loan	298,320	-	298,320	-
Change in Net Assets	507,615	26,735	534,350	(404,341)
Net Assets at Beginning of Period	5,441,271	479,733	5,921,004	6,325,344
Net Assets at Ending of Period	\$ 5,948,886	\$ 506,468	\$ 6,455,354	\$ 5,921,003

See the accompanying notes to financial statements.

MOTHER'S CLUB FAMILY LEARNING CENTER
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Statements of Cash Flows
June 30, 2021
With Summarized Financial Information as of June 30, 2020

	2021	2020 Summarized
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 530,265	\$ (404,341)
Adjustments to reconcile change in net assets to net cash provided/used by operating activities:		
Depreciation	143,864	147,394
Gain on sale of equipment	(6,016)	-
Net realized/unrealized (gain) on investments	(341,718)	(3,095)
Gain on forgiven Paycheck Protection Program loan	(298,270)	-
Change in:		
Grants and accounts receivable	(29,854)	15,281
Prepaid expenses and deposits	(7,557)	(8,797)
Accounts payable and accrued vacation	19,347	(42,130)
Deferred revenue	30,870	-
Net Cash Provided/(Used) by Operating Activities	40,931	(295,688)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(22,447)	(9,673)
Proceeds from sale of investments	1,483,024	522,090
Purchase of investments	(1,448,562)	(329,311)
Net Cash Provided by Investing Activities	12,015	183,106
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	298,320
Net Cash Provided by Financing Activities	-	298,320
Increase in cash during the year	52,946	185,738
Cash, beginning of year	278,309	92,571
Cash, end of year	\$ 331,255	\$ 278,309
SUMMARY OF CASH		
Cash	\$ 335,341	\$ 96,188
Cash restricted for Paycheck Protection Program Loan	-	182,121
Total	\$ 335,341	\$ 278,309

See the accompanying notes to financial statements.

MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER
Statement of Functional Expenses
June 30, 2021

	Program Services	General & Administrative	Fundraising	Total Expenses
Salaries and wages	\$ 890,549	\$ 50,270	\$ 84,605	\$ 1,025,424
Payroll taxes	76,666	7,962	11,704	96,332
Employee benefits	95,791	4,320	6,419	106,530
TOTAL SALARIES & RELATED EXPENSES	1,063,006	62,552	102,728	1,228,286
Accounting and professional services	30,755	47,450	24,492	102,697
Children's program	119,233	132	-	119,365
Depreciation	112,670	23,112	8,082	143,864
Insurance	33,276	6,098	-	39,374
Nutrition	45,706	-	-	45,706
Office supplies	8,699	8,975	1,504	19,178
Parent supplies	8,847	-	-	8,847
Property tax	2,240	746	-	2,986
Public relations	-	966	18,939	19,904
Repairs and maintenance	22,694	9,609	197	32,500
Special event	17	-	9,601	9,618
Staff development	6,971	4,038	139	11,147
Telephone	11,405	5,994	27	17,426
Workers compensation insurance	1,945	7,218	299	9,462
COVID-19 relief	40,439	194	-	40,633
Utilities	24,023	4,758	2,360	31,141
TOTAL EXPENSES	\$ 1,531,926	\$ 181,842	\$ 168,368	\$ 1,882,136

See the accompanying notes to financial statements.

MOTHER'S CLUB FAMILY LEARNING CENTER
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Statement of Functional Expenses
June 30, 2020

	Program Services	General & Administrative	Fundraising	Total Expenses
Salaries and wages	\$ 1,112,369	\$ 108,188	\$ 72,552	\$ 1,293,109
Payroll taxes	82,783	7,141	6,121	96,045
Employee benefits	98,353	7,128	3,203	108,684
TOTAL SALARIES & RELATED EXPENSES	1,293,505	122,457	81,876	1,497,838
Accounting and professional services	20,503	10,975	61,805	93,283
Children's program	21,996	46	-	22,042
Depreciation	115,439	23,681	8,274	147,394
Insurance	25,886	276	316	26,478
Nutrition	31,312	-	-	31,312
Newsletter	-	-	6,245	6,245
Office supplies	11,666	10,066	-	21,732
Parent supplies	16,853	-	-	16,853
Property tax	2,627	27	54	2,708
Public relations	-	2,237	5,441	7,678
Repairs and maintenance	33,373	2,958	517	36,848
Special event	3,754	1,139	20,070	24,963
Staff development	20,292	2,681	168	23,141
Telephone	13,529	610	186	14,325
Workers compensation insurance	14,343	2,765	884	17,992
Outside services	716	-	-	716
Utilities	25,533	733	227	26,493
TOTAL EXPENSES	\$ 1,651,327	\$ 180,651	\$ 186,063	\$ 2,018,041

See the accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

MOTHER’S CLUB FAMILY LEARNING CENTER
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Notes to Financial Statements
For the Year Ended
June 30, 2021
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NOTE 1: GENERAL INFORMATION

Mother’s Club Family Learning Center dba Families Forward Learning Center (the Center) prepares families living in isolation and poverty to succeed in school and life. The Center promotes strong parent-child relationships and encourages friendship and mutual support among parents through educational programs and social services, thereby creating a stronger community for all families.

The Center’s programs are built on two guiding principles: in order for significant, long-term positive growth to occur within a family, both parent and child must be reached and educated together; and, the most critical time to reach a family is when children are proven to be the most vulnerable and impressionable, between birth and five years-old.

The Center’s Early Childhood Two-Generation Learning Program is comprised of the following three components that together provide a comprehensive set of services designed to educate and empower children and parents simultaneously and envelop the entire family in a system of support. Participation in the program is free and 100% of families served live in low-income households.

- **Early Childhood Education (ECE):** Designed to help children gain the social and cognitive skills needed for a successful transition to kindergarten and beyond, our developmentally appropriate early childhood curriculum is based on the Creative Curriculum model and the recommendations of the National Association for the Education of Young Children (NAEYC) and the California Preschool Foundations and Curriculum Framework.
- **Two-Generation Learning:** Parents participate in a variety of classes and workshops designed to develop the skills and strategies to be active advocates for and participate in their children’s learning. We also offer English as a Second Language classes, high-school equivalency/GED programs, and leadership.
- **Family Mental Health and Wellbeing:** Supporting parent’s overall well-being, including emotional and mental health. Prevent neglect and abuse by supporting the family’s health, education, and development.

MOTHER'S CLUB FAMILY LEARNING CENTER
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Notes to Financial Statements
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NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Center reflect the accrual method of accounting in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP).

Financial Statement Presentation

The Center is required to report information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and Net assets with donor restrictions.

Reconciliation of CDE and GAAP Revenue and Expense Reporting

The Supplementary Combining Schedule of Activities and Basic Financial Statements present financial data in conformity with GAAP. The other supplementary financial data presented in the audit, including data in the Schedule of Expenditures by State Categories, present expenditures according to the California Department of Education (CDE) reporting requirements. However, reporting differences arise because CDE contract funds must be expended during the contract period (usually one year). For example, program amounts that are capitalized and depreciated over multiple years under GAAP are expensed in the contract period under CDE requirements. To address such reporting differences, the audit report includes a Reconciliation of CDE and GAAP Expense Reporting. In addition, revenues recognized to the extent of reimbursable expenditures in connection with the Paycheck Protection Program loan are also reported in this schedule.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Contributions and Grant Revenue Recognition

The Center receives contributions and grants from the federal, state, and local government entities, corporations, and individuals as well as apportionments from the California Department of Education (CDE) under a contractual agreement.

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Notes to Financial Statements
For the Year Ended
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NOTE 2: SIGNIFICANT ACCOUNTING POLICIES – (continued)

Contributions and Grant Revenue Recognition-(continued)

Contributions and grants are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, Not-For-Profit Entities, ASC 958-605 *Not-For-Profit Entities-Revenue Recognition*.

Grants that are determined to be contributions, as defined by Accounting Standards Codification (ASC) 958-605, *Not for Profit Entities – Presentation of Financial Statements*, are reported as net assets with donor restrictions if they are received with donor stipulations that require certain objectives of the grant to be met. When these donor objectives are satisfied, that is when a purpose restriction is accomplished, the funds are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Grants that are determined to be an exchange transaction as defined by ASC 958-605 are not considered contributions and are reported as an increase in net assets without donor restrictions when the revenue is earned and services are provided.

Revenue from Exchange Transactions: The Center recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. CALCASA records the following exchange transaction revenue in its statements of activities and changes in net assets for the year ending September 30, 2020.

Contributions and Grants (federal, state, and local government entities)

Certain grants / contracts may be classified as exchange transactions. The Center recognizes revenue from exchange transactions on the accrual basis of accounting whereby revenue that will be earned in subsequent accounting periods is deferred and not reported as revenue in the current accounting period.

Apportionments from CDE

The Center has entered into an agreement with the CDE to perform child care services under contractual agreement where the performance obligation is defined. The contracts is set up as reimbursement of costs are recognized monthly as services are performed. CDE sends the Center apportionments during the year. The Center recognizes revenues based on the milestone of either incurring allowable reimbursable costs the targeted enrollment for the month of services. Apportionments received in advance of the performance of the services are initially recognized as deferred revenue and recognized in the statements of activities after the services have been performed or milestone is completed.

MOTHER'S CLUB FAMILY LEARNING CENTER
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Notes to Financial Statements
For the Year Ended
June 30, 2021
With Summarized Information for June 30, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES – (continued)

Net Assets

Basis of Presentation: In accordance with ASC 2016-14 Topic 958 Not-For-Profit Entities, the Center is required to report information regarding its financial position and activities under two classes of net asset:

- **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed stipulations. Voluntary resolutions of the Board of Directors making self-imposed limits are also considered unrestricted. Unrestricted net assets represent the portion of expendable net assets that are neither permanently restricted nor temporarily restricted by donor-imposed restrictions. These net assets are used to carry on the operations of the Center in accordance with its bylaws.
- **Net assets with donor restrictions:** Net assets subject to donor-imposed stipulation that may or will be met, either by actions of the Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as unrestricted. Temporarily restricted net assets represent resources currently available for use, but expendable only for those operating purposes specified by the donor. Resources of this class of net assets originate from contributions, grants, and pledges.
 - **Capital Maintenance Reserve:** A donor designated this amount to be used for the purposes of capital maintenance and replacement.
 - **Kujawa Staff Development:** Donors designated these contributions to be used for the purposes of staff development.

Permanently restricted net assets are maintained as an endowment (see Note 6, Endowment Investments), which represents net assets that are subject to restrictions of gift instruments requiring, in perpetuity, that the principal be invested and the income only, which includes realized or unrealized appreciation, be used.

The Center received a capital campaign contribution that states that in the event of a sale or other disposition of the building and no replacement facility is acquired, the Center will create a restricted account for a certain amount and the income from such account will be exclusively used to support any programs or activities which replace the current programs and/or activities of the Center, or of another nonprofit organization serving the same or similar purpose as described in the contribution agreement.

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Notes to Financial Statements
For the Year Ended
June 30, 2021
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NOTE 2: SIGNIFICANT ACCOUNTING POLICIES – (continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants and Accounts Receivable

The Center's grants are recorded as temporarily restricted net assets when the Center is notified of the contribution from the donor. The grant receivable is reported at fair value. No allowance for uncollectible other receivable or grants receivable has been made as management estimated that the write down, if any, is immaterial to the financial statements.

The Center contracts with federal, state, and local agencies to provide child care and other services. The Center receives advances and apportionments from these agencies and the funds used to administer child care and other programs for expenditures reimbursable under contractual agreement. The excess of reimbursable expenditures over advances and apportionments is included in grants receivable. Any excess over advances and apportionments exceeding reimbursable earned expenditures is included in refundable advances or due to grantor.

Tuition and Parent Fees

The Center charges families an application fee (initial application), registration fee (annual), and program fees (monthly) for child care services. Fees paid by the families are recognized as revenue in the period in which the child care services are provided.

Property and Equipment

Property, furniture, and equipment are stated at cost. Acquisitions in excess of \$2,500 are capitalized. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

Property acquired with state grant supported funds is considered to be owned by the Center while used in the program for which it was purchased or in other authorized programs. However, the state government has a reversionary interest in the property equal to the state's share of the total program expenditures in the year in which property was acquired.

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Notes to Financial Statements
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NOTE 2: SIGNIFICANT ACCOUNTING POLICIES – (continued)

Due to the California Department of Education

Child Development contracts allow reimbursement to be advanced to contractors in monthly apportionments from the California Department of Education. Each monthly apportionment is a fixed percentage of the Maximum Reimbursable Amount (MRA) as stated in the contract. Reimbursable child care costs for center-based programs are the lessor of 1) MRA, 2) net reimbursable program costs for subsidized children, or 3) service earnings. When the contractor receives apportionments in excess of reimbursable costs at year end, the excess is considered an overpayment and is due to the California Department of Education.

Advertising Costs

The production costs of advertising are expensed as incurred.

Fair Value of Financial Instruments

The fair value of financial instruments has been determined through quoted market prices, present value techniques, and other methodologies to approximate the amounts recorded in the statement of financial position.

Risks and Uncertainties

The Center has concentrations in the following areas:

- Support and Revenue: Two funding streams, government contracts and foundation grants, constitute 95% and 82% of total support and revenue for the years ended June 30, 2021 and 2020, respectively.
- Grants Receivable: Four contributors constitute 95% and 98% of total grants receivable at June 30, 2021, and 2020, respectively. These are grants for the various parent and children's programs.

Income Tax Status

The Center is exempt from income taxes under Section 501(c)(3) of the Federal Internal Revenue Code and section 23701(d) of the State of California Revenue and Taxation Code. Accordingly, no provisions for income taxes are included in the accompanying financial statements.

MOTHER'S CLUB FAMILY LEARNING CENTER
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Notes to Financial Statements
For the Year Ended
June 30, 2021
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NOTE 2: SIGNIFICANT ACCOUNTING POLICIES – (continued)

Income Tax Status

The Center's form 990, *Return of Center Exempt from Income Tax*, for the years ended June 30, 2017, 2018, 2019, and 2020, are subject to examination by the IRS, generally for three years after they were filed. Management believes that the Center has no uncertain tax positions as of June 30, 2021.

Donated Services

Support arising from donated services is recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services are reflected as increases in revenues and expenses based on the fair value of volunteer services performed for the Center. Donated services requiring recognition were \$25,000 and \$19,000 for the years ended June 30, 2021 and 2020, respectively.

Cost Allocation Plan

The costs of providing the various programs and activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Accordingly, the Center applies several methods for allocating costs:

Direct Cost: Costs identified 100% to a specific program are charged directly to that program.

Shared Direct Cost: Costs identified to specific multiple programs or activities are shared between the programs benefitted.

- Payroll costs are allocated using individual time sheets that report the actual time spent by employees in each program each day.
- Rent and associated utilities, maintenance, and insurance are allocated using the square footage of building space occupied by each program, according to floor plans and/or room measurements.
- Training costs for staff members are allocated to programs in proportion to the actual time employees spent working in those programs.
- Legal fees and audit costs are allocated in proportion to the direct hours charged to each program, based on invoices or engagement letters.

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Notes to Financial Statements
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NOTE 2: SIGNIFICANT ACCOUNTING POLICIES – (continued)

Cost Allocation Plan – (continued)

Indirect Costs: Costs that benefit the operations of the entire Center, which cannot be identified to specific programs or activities, are allocated according to the Center's approved indirect cost allocation plan. Such plan is on file in the Center's main accounting office.

Measure Of Operation – Statement of Activities

The Center's operating from the various grants and fee for services are a vital source of operating funds. The revenues in excess of expenses include all operating revenues and expenses that are an integral part of its programs and supporting activities, net assets released from donor restrictions to support operating expenditures, and other non-operating funds to support current operating activities. The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions. The funds are designated for providing child care and education services for low-income families with the Center's catchment area.

The measure of operations excludes investment return in excess of (less than) amounts made available for current support, gains and losses on extinguishment of debt, and changes in fair value of the interest on mutual funds.

Implemented Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers.

This ASU became effective for years beginning after December 15, 2018, and the Center has implemented this new standard on a modified prospective basis. There was no material impact to the financial statements as a result of adoption.

During the year, the Center also adopted the provisions of FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant.

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NOTE 2: SIGNIFICANT ACCOUNTING POLICIES – (continued)

If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for reporting the year ending June 30, 2021 are presented under FASB ASU 2018-08. The ASU was implemented on a modified prospective basis. As such, no adjustment to opening net assets was recorded. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

NOTE 3: AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS – STATEMENT OF POSITION

The Center's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Financial assets at year-end:

Cash and cash equivalents	\$ 335,341
Investments at fair value	1,300,233
Grants and accounts receivable	<u>189,996</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(506,468)</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 1,319,102</u></u>

The Center classifies certain current assets as financial assets available within one year of the balance sheet date. The Center has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses. The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As more fully described in Note 9, the Center also has various revolving credit cards which are used to purchase equipment and supplies used in operations. The outstanding credit card balances totaled \$16,926 at June 30, 2021.

In 2020, the Center also applied for and was approved for a \$298,320 SBA Paycheck Protection Program (PPP loan) as summarized in Note 11. The proceeds are held in an interest-bearing account separate from the operating cash and is restricted for COVID-19 related payroll and other approved costs.

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NOTE 3: AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS – STATEMENT OF POSITION – (continued)

At 2020, the Center reported unused proceeds were \$182,121. In 2021, the Center used the remaining for payroll and other approved costs. The loan was forgiven in 2021. In addition, as part of its liquidity management, the Center invests cash in excess of daily requirements in various short-term investments, including certificate of deposits and short-term treasury instruments. A summary of the investments is described in Note 5.

NOTE 4: CONCENTRATIONS OF CREDIT RISK

The Center maintains cash balances at several financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures cash balances up to \$250,000 per institution. At June 30, 2021, the Center uninsured balances of \$82,840 and below FDIC limit at June 30, 2020. Cash accounts at the brokerage firm are insured by the Securities Investor Protection Corporation (SIPC) for up to \$250,000 per customer.

At June 30, 2021 and 2020, the Center's cash accounts at the brokerage firm were below the insured coverage limit for 2021 and 2020, respectively.

NOTE 5: INVESTMENTS

The Center's investments at June 30, 2021, are comprised of the following:

	Fair Value	Cost	Appreciation (Depreciation)
Fixed income funds	\$ 126,330	\$ 127,719	\$ (1,389)
Equities	<u>1,173,903</u>	<u>1,090,584</u>	<u>83,319</u>
Total investments	<u>\$ 1,300,233</u>	<u>\$ 1,218,303</u>	<u>\$ 81,930</u>

The Center's investments at June 30, 2020, are comprised of the following:

	Fair Value	Cost	Appreciation (Depreciation)
Fixed income funds	\$ 74,932	\$ 48,230	\$ 26,702
Equities	<u>922,049</u>	<u>733,279</u>	<u>188,770</u>
Total investments	<u>\$ 996,981</u>	<u>\$ 781,509</u>	<u>\$ 215,472</u>

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NOTE 5: INVESTMENTS – (continued)

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level 1 includes listed equities and other securities held in the name of the Center, and exclude listed equities and other securities held indirectly through commingled funds.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

The following table summarizes the valuation of the Center's financial assets and liabilities on a recurring basis by the above categories as of June 30, 2021:

Assets	Total	Quoted market prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Fixed income funds	\$ 126,330	\$ 126,330	\$ -	\$ -
Equities	1,173,903	1,173,903	-	-
Total investments at fair value	<u>\$ 1,330,233</u>	<u>\$ 1,330,233</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTE 5: INVESTMENTS – (continued)

The following table summarizes the valuation of the Center's financial assets and liabilities on a recurring basis by the above categories as of June 30, 2020:

Assets	Total	Quoted market prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Fixed income funds	\$ 74,932	\$ 74,932	\$ -	\$ -
Equities	922,049	922,049	-	-
Total investments at fair value	<u>\$ 996,981</u>	<u>\$ 996,981</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 6: ENDOWMENT INVESTMENTS

The Center has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring preservation of the fair value of the original gift 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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor 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 in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by State Prudent Management of Institutional Funds Act (SPMIFA).

Any unappropriated earnings of the permanently restricted endowment fund are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center. The Center has established a policy to appropriate for expenditure of all interest and dividends paid on investments. From time to time, the fair values of endowment assets may, due to unfavorable market conditions, fall below the level that donors required to be retained as a fund of perpetual duration. In accordance with the generally accepted accounting principles basis of accounting, declines of this nature are reported as losses on unrestricted net assets. As values recover, the increases are reported as unrestricted gains. At the reporting dates, the Center had no significant decline in values.

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NOTE 6: ENDOWMENT INVESTMENTS – (continued)

The Center has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide its programs with current income. Under these policies, endowment assets are invested to produce a return that is expected to meet or exceed the rate of inflation. Actual results during any period may vary from these expectations.

The Center relies on a total return strategy which allows the earnings objective to be achieved through both capital appreciation and current yield. This strategy involves a diversified asset allocation that provides a balance among equity investments. The Center's spending policy was established considering the long-term expected return on assets and the long-term growth of the asset. Permanently restricted endowments consist of marketable equity and bond securities. The amount spent each year shall be the product of the spending rate and the base value. The base value shall be the average value of endowment assets on the last day of each of the preceding 12 calendar quarters.

The annual spending rate shall have a ceiling of 4%, but during a period of declining base values, at no time should this ceiling exceed 5% of the most recent quarter's market value. There were no such declines during June 30, 2021 and 2020, respectively.

At June 30, 2021 and 2020, the Center had a donor restricted endowment fund of \$123,500, which is classified as permanently restricted net assets. The endowment fund consists of several donor-restricted funds established to provide investment income for general operational purposes.

Changes in the endowment net assets for the fiscal year ended June 30, 2021 and 2020:

	Endowment Restricted	Permanently Restricted	Total
Endowment net assets at June 30, 2019	\$ 119,105	\$ 123,500	\$ 242,605
Investment activity	-	-	-
Endowment net assets at June 30, 2020	<u>\$ 119,105</u>	<u>\$ 123,500</u>	<u>\$ 242,605</u>
Investment activity	-	-	-
Endowment net assets at June 30, 2021	<u>\$ 119,105</u>	<u>\$ 123,500</u>	<u>\$ 242,605</u>

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NOTE 7: GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable at June 30, 2021 and 2020, comprise of the following:

	<u>2021</u>	<u>2020</u>
California Child Care Food Program	\$ 8,832	\$ 10,238
Early Head Start	31,564	31,564
HUB 2019-20	-	2,300
Other grants	10,000	10,000
Contributions and donations	<u>139,600</u>	<u>106,040</u>
Total grants and accounts receivable	<u>\$ 189,996</u>	<u>\$ 160,142</u>

NOTE 8: PROPERTY AND EQUIPMENT

The following is a summary of property, plant, and equipment at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Fair Oaks land	\$ 1,825,000	\$ 1,825,000
Fair Oaks building	4,345,344	4,346,857
Furniture and fixtures	230,852	406,300
Photovoltaic system	170,975	170,975
Acquisition and closing costs	-	39,673
Building improvements	96,078	108,000
Intangible software	94,774	94,774
Computer equipment	95,967	96,835
Playground equipment	<u>5,830</u>	<u>-</u>
Total property and equipment	6,864,820	7,088,414
Less: Accumulated depreciation and amortization	<u>(2,140,374)</u>	<u>(2,248,567)</u>
Property and equipment, net	<u>\$ 4,724,446</u>	<u>\$ 4,839,847</u>

Depreciation expense for the years ended June 30, 2021 and 2020, was \$143,864 and \$147,394, respectively.

NOTE 9: CREDIT CARDS

The Center has various revolving credit cards which are used to purchase equipment and supplies used in operations. The lines bear interest at rates from 9.3% to 21.99%. The total outstanding balances at June 30, 2021 and 2020, are \$16,926 and \$9,067, respectively, and are included in Accounts Payable and other accruals.

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NOTE 10: ACCRUED VACATION AND PERSONAL TIME OFF

Accumulated unpaid personal time-off benefits are recognized as accrued liabilities by the Center. Accumulated unpaid employee vacation benefits are recognized as accrued liabilities of the Center. However, accumulated employee sick leave benefits are not recognized as liabilities of the Center because payment of sick leave benefits is not vested and such benefits are recorded as expenses in the period when sick leave is taken.

NOTE 11: PAYCHECK PROTECTION PROGRAM LOAN

On April 22, 2020, the Center received the SBA Paycheck Protection Program loan (PPP loan) for \$298,320. The loan bears an interest rate of 1.0% and matures on April 22, 2022. The loan proceeds are to be used for approved payroll and other allowable costs used over a period of twenty-four weeks. Under the terms of the loan agreement with SBA, loan proceeds will be forgiven when the Center has provided proof that the loan proceeds were used for eligible payroll and other costs.

In 2020, the Center used \$116,199 in loan proceeds, of which the Center applied \$36,073 of the proceeds to payroll and other costs which were reported as restricted income and reimbursable expenses in reports submitted to the California Department of Education for contract CSPP 9227.

In 2021, the Center used the remaining loan proceeds on payroll and other costs unrelated to the CSPP 0227 contract at June 30, 2021 as reported in the combining statement of activities.

NOTE 12: CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL APPROPRIATIONS (CRRSA) STIPEND

A stipend of \$525 per child was given to contractors by the CDE based on November 2020 CDMIS data. These stipends were to provide continued relief in response to the COVID-19 pandemic. Stipends were paid in April 2021. The Center received \$30,820 for the fiscal year ended June 30, 2021. The funds were unused in 2021 and reported as deferred revenue.

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NOTE 13: DONOR RESTRICTED NET ASSETS

Donor restricted net assets are available for the following purposes or periods:

	2021	2020
Parent Program	\$ 13,000	\$ -
Children's Program	70,700	-
Foundation (Head Start and Technology)	-	100,000
Endowment unappropriated	119,105	119,105
Capital Improvements	44,938	-
Capital maintenance reserve	100,000	100,000
Endowment permanently restricted	123,500	123,500
Kujawa staff development	35,225	37,128
	<u>\$ 506,468</u>	<u>\$ 479,733</u>
Total donor restricted net assets	<u>\$ 506,468</u>	<u>\$ 479,733</u>

NOTE 14: NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2021 and 2020, by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	2021	2020
Early Childhood Education Program	\$ 884,400	\$ 1,091,210
Capital Improvement	51,015	-
COVID-19 Support	42,447	-
Staff development	1,903	-
	<u>\$ 979,765</u>	<u>\$ 1,091,210</u>

NOTE 15: COMMITMENTS AND CONTINGENCIES

The Center has received federal, California Department of Education (CDE), and other governmental funds for specific purposes that are subject to review and audit by the funding agencies. Such reviews and audits could generate expenditure disallowances or refunds payable under terms of the Center contracts.

This estimated amount due to CDE was recorded as a liability in the Statement of Financial Position. Loss of governmental support would have a significant impact on the Center's ability to provide its program services.

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NOTE 16: SPECIAL EVENTS

The Center conducted fundraising events for the years ended June 30, 2021 and 2020. Total support received from the fundraising event for the year ended June 30, 2021, was \$56,921, with cost incurred of \$9,618.

Total support received from the fundraising event for the year ended June 30, 2020, was \$143,085, with cost incurred of \$24,963. The net proceeds from these events went towards program operations.

NOTE 17: NUTRITION PROGRAMS

The Center has a nutrition agreement with Nutrition Services Division (NSD) of the California Department of Education (CDE), as reported in the Schedule of Expenditures of Federal and State Awards.

No nutrition audit report schedules are included in the audit because, (1) the audit disclosed no nutrition overpayments, underpayments, or program findings; (2) the contractor did not request reimbursement of audit costs; and (3) the audit is not a program-specific nutrition audit.

NOTE 18: COVID-19 IMPACT

Starting in March 2020 and through June 30, 2021, the Center has continued to keep its connections with its children and families. The teachers communicate with the parents and children daily, either in-person or over the Learning Genie application. The Center's parent education and support groups have been moved online and parents continue to be actively engaged.

The Center's staff are in weekly contact with each of its families to determine their needs and concerns. The Center provides crisis intervention and stress management guidance in person and by phone. The Center has been fortunate in the funding area, with their generous community of supporters who provided additional donations to cover the costs incurred because of COVID-19 restrictions and guidelines.

The Center's families were impacted by unemployment. This stress continues, including rent and food insecurity. The Center continues to support their families with weekly food distribution and by providing government resource information. The Center reopened to a limited number of children in October of 2020 with 100% of staff fully vaccinated.

A continued concern and challenge is the spread of COVID-19. The Center has put in place protocols to mitigate the spread and strongly encourages all adult family members to be fully vaccinated for the health and safety of their children.

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NOTE 19: SUBSEQUENT EVENTS

For the year ended June 30, 2021, the Center has evaluated subsequent events for potential recognition and disclosure through December 15, 2021, the date the financial statements were available.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITOR'S REPORT ON
REQUIRED SUPPLEMENTARY INFORMATION**

To the Board of Directors
Mother's Club Family Learning Center
dba Families Forward Learning Center
Pasadena, California

We have audited the accompanying supplemental financial information listed in the table of contents for the CSPP 0231 contract of Mother's Club Family Learning Center dba Families Forward Learning Center for the years ended June 30, 2021 and 2020, and the related notes to the financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary financial information on pages 27-39 is presented for purposes of additional analysis in conformity with the *California Department of Education Audit Guide*. Such information, although not part of the basic financial statements, is required by the California Department of Education, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Fechter & Company,
Certified Public Accountants



Sacramento, California
December 15, 2021

**MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER**

Schedule of Federal and State Awards
For the Year Ended June 30, 2021

Program Name	Federal Catalog Number	Grantor's Number	Program or Award Amount	Disbursements/ Expenditures
Federal:				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
Child and Adult Care Food Program	10.558	05060-CACFP-19-NP-IC	\$ 79,457	\$ 79,457
Total U.S. Department of Agriculture			79,457	79,457
<u>U.S. Department of Health and Human Services</u>				
Passed through Pacific Clinics				
Early Head Start Program	93.600	N/A	346,597	346,597
Total U.S. Department of Health and Human Services			346,597	346,597
Total Expenditures of Federal Awards			426,054	426,054
State:				
<u>California State Department of Education</u>				
Child Development Services				
California State Preschool Program	N/A	CSPP 0231	309,606	309,606
Total Expenditures of State Awards			309,606	309,606
Total Federal and State Awards			\$ 735,660	\$ 735,660

Note A - Basis of Accounting

The accompanying Schedule of Expenditures of Federal and State Awards is prepared on the accrual basis of accounting.

See accompanying Independent Auditor's Report and notes to financial statements.

MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER

Combining Schedule of Activities
For the Year Ended June 30, 2021

	Program Activities				General & Administrative	Fundraising	2021 Total
	CDE Childcare Services CSPP 0231	Non-CDE Childcare Services	Other Program Services	Total Program Services			
SUPPORT AND REVENUE							
Support:							
Government and grants:							
California Department of Education	\$ 309,606	\$ -	\$ -	\$ 309,606	\$ -	\$ -	\$ 309,606
Child care food program	35,415	-	-	35,415	44,042	-	79,457
Los Angeles Universal Preschool	-	3,000	-	3,000	48,000	-	51,000
Early Head Start	-	346,597	-	346,597	-	-	346,597
Total Government and grants	345,021	349,597	-	694,618	92,042	-	786,660
Contributions	64,986	-	-	64,986	809,212	-	874,198
Donated services	-	25,000	-	25,000	-	-	25,000
Special events	-	-	-	-	-	56,921	56,921
Total Support	410,007	374,597	-	784,604	901,254	56,921	1,742,779
Revenue:							
Gain on disposal of equipment	-	-	-	-	6,016	-	6,016
Investment income	-	-	-	-	31,737	-	31,737
Net unrealized/realized gain (loss) on investments	-	-	-	-	341,718	-	341,718
Gain on forgiven Payroll Protection Program loan	-	-	-	-	298,320	-	298,320
Total Revenues	-	-	-	-	677,791	-	677,791
TOTAL SUPPORT AND REVENUE	\$ 410,007	\$374,597	\$ -	\$ 784,604	\$ 1,579,045	\$ 56,921	\$2,420,570
OPERATING EXPENSES							
Salaries and wages	\$ 355,303	\$477,176	\$ 58,070	\$ 890,549	\$ 50,270	\$ 84,605	\$1,025,424
Payroll taxes	-	60,976	15,690	76,666	7,962	11,704	96,332
Employee benefits	36,864	45,560	13,367	95,791	4,320	6,419	106,530
Total Salaries and related expenses	392,167	583,712	87,127	1,063,006	62,552	102,728	1,228,286
Accounting and professional services	11,150	14,323	5,282	30,755	47,450	24,492	102,697
Children's program	11,866	107,117	250	119,233	132	-	119,365
Depreciation	-	112,670	-	112,670	23,112	8,082	143,864
Insurance	-	21,455	11,821	33,276	6,098	-	39,374
Nutrition	22,130	23,576	-	45,706	-	-	45,706
Office supplies	3,600	4,918	181	8,699	8,975	1,504	19,178
Parent supplies	5,097	1,596	2,154	8,847	-	-	8,847
Property tax	411	1,493	336	2,240	746	-	2,986
Public relations	-	-	-	-	966	18,939	19,904
Repairs and maintenance	4,999	16,936	759	22,694	9,609	197	32,500
Special event	-	17	-	17	-	9,601	9,618
Staff development	3,994	2,977	-	6,971	4,038	139	11,147
Telephone	5,283	5,915	207	11,405	5,994	27	17,426
Workers compensation insurance	-	1,766	179	1,945	7,218	299	9,462
Outside services	-	-	-	-	-	-	-
COVID-19 relief	17,482	21,658	1,299	40,439	194	-	40,633
Utilities	10,911	8,873	4,239	24,023	4,758	2,360	31,141
TOTAL OPERATING EXPENSES	\$ 489,090	\$929,002	\$113,834	\$1,531,926	\$ 181,842	\$168,368	\$1,882,136

See accompanying notes to financial statements.

**MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER**

Combining Schedule of Expenditures by State Categories
For the Year Ended June 30, 2021

	CSPP 0231
Expenditures	
1000 Certificated services	\$ 252,889
2000 Classified salaries	108,352
3000 Employee benefits	30,171
4000 Books and supplies	9,545
5000 Services and other operating expenses	19,949
6100/6200 Other approved capital outlay	-
6400 New equipment	-
6500 Replacement equipment	-
Start-up expenses-service level exemption	-
Indirect costs (a)	3,197
Total Expenses Claimed for Reimbursement	424,103
Supplemental Expenses	\$ 64,986
Total expenses	\$ 489,089

Notes:

- (a) A written indirect cost allocation plan for the current fiscal year, approved by the Board of Directors, is on file in the main accounting office of Mother's Club Learning Center dba Families Forward Learning Center.
- (b) Any food expenses have been allocated to the appropriate contracts.

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

See accompanying Independent Auditor's Report and notes to financial statements.

MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER

Schedule of Reimbursable Expenditures for Renovation and Repairs
June 30, 2021

	CSPP 0231
<u>Unit Cost Under \$10,000 Per Item</u>	
None	\$ -
<u>Unit Cost Over \$10,000 Per Item with CDE Approval</u>	
None	-
<u>Unit Cost Over \$10,000 Per Item without CDE Approval</u>	
None	\$ -

See accompanying notes to financial statements.

MOTHER'S CLUB FAMILY LEARNING CENTER
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Schedule of Reimbursable Equipment
June 30, 2021

	CSP 0231
<u>Capitalized Equipment Expense on the AUD With Prior Written Approval</u>	
None Reported	-
Total	\$ -
<u>Capitalized Equipment Expense on the AUD Without Prior Written Approval</u>	
None Reported	-
Total	\$ -

See accompanying notes to financial statements.

MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER

Schedule of Reimbursable Administrative Costs
June 30, 2021

<u>Reimbursable Administrative Costs</u>	<u>CSPP 0231</u>
Salaries	\$ 6,897
Employee benefits	-
Books and supplies	-
Services and other operating expenses	-
Depreciation on Non-CDE-funded assets used in program	-
Indirect Costs	3,197
Total	<u>\$ 10,094</u>

See accompanying notes to financial statements.

MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER

Schedule of Reimbursable Start-Up Costs
June 30, 2021

<u>Reimbursable Start-Up Expenses</u>	<u>CSPP 0231</u>
1000 Certificated salaries	\$ -
2000 Classified salaries	-
3000 Employee benefits	-
4000 Books and supplies	-
5000 Services and other operating expenses	-
Subtotal	<u>-</u>
 6100-6200 Other approved capital outlay	
6400 New equipment	-
6500 Replacement equipment	-
	<u>-</u>
 Total	 <u><u>\$ -</u></u>

See accompanying notes to financial statements.

**California Department of Education
Audited Attendance and Fiscal Report for
California State Preschool Programs**

A U D 8501 Page 1 of 8

Fiscal Year Ending	June 30, 2021
Contract Number	CSPP 0231
Vendor Code	Z 087

Full Name of Contractor **Mother's Club Family Learning Center (DBA Families Forward Learning Center)**

Section 1 - Days of Enrollment Certified Children

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time	3,784		3,784	0.6193	2,343.4312
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0

Full Name of Contractor

Mother's Club Family Learning Center (DBA Families Forward Learning Center)

Section 1 - Days of Enrollment Certified Children (continued)

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
TOTAL DAYS OF ENROLLMENT	3,784		3,784	N/A	2,343.4312
DAYS OF OPERATION	161		161	N/A	N/A
DAYS OF ATTENDANCE	3,784		3,784	N/A	N/A

☒ NO NON-CERTIFIED CHILDREN Check this box (omit pages 3 and 4) and continue to Revenue Section on page 5.

Full Name of Contractor **Mother's Club Family Learning Center (DBA Families Forward Learning Center)****Section 3 - Revenue**

Revenue Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	35,415		35,415
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	35,415		35,415
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
Transfer from Reserve Total			
Waived Family Fees for Certified Children (July - August)			
Family Fees Collected for Certified Children (September - June)			
Waived Family Fees for Certified Children (September - June)			
Family Fees for Certified Children (September - June) - Subtotal			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
Total Revenue	35,415		35,415

Comments: The Center's reimbursable expenses increased from what was originally reported at June 30, 2021 because the Center did not report reimbursable expenses for the first quarter of June 30, 2021.
The Center's required MDO is 163, however the accurate MDO is 161.

Full Name of Contractor **Mother's Club Family Learning Center (DBA Families Forward Learning Center)****Section 4 - Reimbursable Expenses**

Expense Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	189,223	63,666	252,889
2000 Classified Salaries	108,352		108,352
3000 Employee Benefits	30,171		30,171
4000 Books and Supplies	9,545		9,545
5000 Services and Other Operating Expenses	19,949		19,949
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)	3,197		3,197
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	360,437	63,666	424,103
Total Administrative Cost (included in Section 4 above)	10,094		10,094
Total Staff Training Cost (included in Section 4 above)	1,125		1,125

Approved Indirect Cost Rate:

☐ NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

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Full Name of Contractor

Mother's Club Family Learning Center (DBA Families Forward Learning Center)

Section 5 - Supplemental Revenue

Supplemental Revenue Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other: Contributions		64,986	64,986
Other:			
Total Supplemental Revenue		64,986	64,986

Section 6 - Supplemental Expenses

Supplemental Expense Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries		64,986	64,986
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses			
Total Supplemental Expenses		64,986	64,986

Full Name of Contractor Mother's Club Family Learning Center (DBA Families Forward Learning Center)

Section 7 - Summary

Summary Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	3,784		3,784
Days of Operation	161		161
Days of Attendance	3,784		3,784
Restricted Program Income	35,415		35,415
Transfer from Reserve			
Family Fees for Certified Children (September - June)			
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	360,437	63,666	424,103
Total Administrative Cost	10,094		10,094
Total Staff Training Cost	1,125		1,125

Total Certified Adjusted Days of Enrollment 2,343.4312 Total Non-Certified Adjusted Days of Enrollment 0

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Learning and Care Division:

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box): Yes

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box): Yes

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

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MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER
Notes to the Child Care and Development Program Supplemental Information
June 30, 2021

In accordance with the applicable requirements from the Funding Terms & Conditions:

- Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. No interest expense was claimed as a reimbursable expense related to such transactions were reported for the year ended June 30, 2021. No interest expense relating to the credit cards summarized in Note 9 was claimed to a child development contract for the year ended June 30, 2021.
- All expenses claimed for reimbursement under a related party rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. The Center reported no related party rent transactions.
- Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2021.

OTHER REPORTS

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

To the Board of Directors
Mother's Club Family Learning Center
dba Families Forward Learning Center
Pasadena, 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 Mother's Club Family Learning Center dba Families Forward Learning Center (a Not For Profit) which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, Families Forward Learning Center's internal control over financial reporting (internal control) to determine 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 Families Forward Learning Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Families Forward Learning 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did not identify deficiencies in internal control that we consider to be significant deficiencies or material weaknesses.

To the Board of Directors
Mother's Club Family Learning Center
dba Families Forward Learning Center
Pasadena, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Families Forward Learning 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Families Forward Learning Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fechter & Company,
Certified Public Accountants

A handwritten signature in cursive script that reads "Fechter & Company, CPAs".

Sacramento, California
December 15, 2021

**MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER**

General Information

June 30, 2021

Name: Mother's Club Family Learning Center
dba Families Forward Learning Center

Project Number: Child Development Services
(CSPP 0231)
Child Care Food Program
05060-CACFP-19-IC

Type of Center: A Private Nonprofit Organization

Address: 980 N. Fair Oaks Avenue, Pasadena, California, 91103

Executive Director: Elva Sandoval

Telephone Number: (626) 792-2687

Audit Period: July 1, 2020 through June 30, 2021

Days of Operation (CSPP): 182 days
Days of Operation (Early Head Start): 224 days

Center Hours: 8:00 A.M. to 5:00 P.M.

Number of Hours Open: 9 hours

**MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER**

**Schedule of Findings and Questioned Costs
For the Year Ended
June 30, 2021**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal and State Awards

Federal awards reported in total did not exceed \$750,000.

Type of auditor's report issued on compliance for Major programs:	N/A
Any audit findings disclosed that are required to be reported in accordance with Uniform Grant Guidance, at 1 CFR Part 200.515 (d)(1)(vi)	N/A
Identification of Major Programs:	N/A
Dollar threshold used to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement of Findings

None reported.

Section III - Federal Awarded Findings and Questioned Costs

None reported.

**MOTHER’S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER**

**Status of Prior Year Findings
For the Year Ended
June 30, 2021**

Section IV – Status of Corrective Action on Prior Year Findings

2019-01: Failure to Reconcile CDNFS 8501 Reports to Accounting Records (Deficiency)

Program Information: CDE State Preschool Contract CSPP-8225

Condition: The Agency claimed \$332,530 in allowable reimbursable expenses based on the CDNFS 8501 submitted to the CDE for the year ended June 30, 2019. The CDNFS 8501 reports were based on expenses summarized by management. However, the total expenses reported for the CSPP contract within QuickBooks were \$396,126. When asked for the schedules to support the \$332,530 originally reported in the CDNFS 8501 submitted to the CDE, that information was not available.

Criteria: The Funding Terms & Conditions, section VI. E. General Record Keeping Requirements, state “Claims for reimbursement shall not be paid unless there are documents to support the claims. The contractor has the burden of supporting claims for reimbursement.” An example of documents supporting claims for reimbursement are the attendance and fiscal reports agreeing with the final accounting records that support the financial statements.

Cause: The Agency does not have internal controls in place requiring them to prepare CDNFS reports based on the accounting records used to support the financial statements used in the audit.

Questionable costs: None reported

Effect and context: CDE calculates apportionments earned based on the net reimbursable expenses reported in the CDNFS reports submitted to CDE either monthly or quarterly. By not reconciling the schedules used to prepare the CDNFS 8501 to the accounting records used to prepare the Agency’s financial statements, the actual amount of reimbursable expenses, supplemental expenses, and apportionment earned is inaccurately reported.

Recommendation: We recommend that the Agency’s management establish procedures requiring all Attendance and Fiscal Reports submitted to CDE be reconciled to the Agency’s accounting records used to support the financial statements.

**MOTHER'S CLUB FAMILY LEARNING CENTER
dba FAMILIES FORWARD LEARNING CENTER**

**Status of Prior Year Findings
For the Year Ended
June 30, 2021**

Section IV – Status of Corrective Action on Prior Year Findings (continued)

**2019-01: Failure to Reconcile CDNFS 8501 Reports to Accounting Records (Deficiency) –
(continued)**

Management's Response and Corrective Action Plan: Per the Corrective Action Plan submitted by Mothers' Club to the CDE on June 28, 2019, procedures to ensure appropriate source documentation to support claims of reimbursement were created on April 30, 2019, including a cost allocation method that has been incorporated into our accounting software system, QuickBooks. CSPP fiscal reporting processes and procedures have been created to include the roles of the Office Manager and Executive Director in completing the fiscal reporting sections of the CDNFS 8501. Step-by-step instructions have been created on how CDNFS reports should be completed, including the necessary reports to be referenced -- monthly profit and loss detail, monthly attendance and enrollment information, and the child and adult care food program monthly claim detail report.

Status: Implemented.