

**FAMILIES FORWARD
LEARNING CENTER**

FINANCIAL STATEMENTS

**For the year ended
June 30, 2024**

FAMILIES FORWARD LEARNING CENTER

FINANCIAL STATEMENTS

Year ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Families Forward Learning Center
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Families Forward Learning Center (the Center), a nonprofit organization, 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 referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), 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 the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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 Families Forward Learning Center's ability to continue as a going concern within 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Center taken as a whole. The accompanying supplementary information listed in the table of contents, required by the *CDE Audit Guide* issued by the California Department of Education, is presented for purposes of additional analysis and 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 November 7, 2024 on our consideration of the Center'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Center's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2023. 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.

A handwritten signature in blue ink that reads "Maginnis Knechtel & McIntyre, LLP". The signature is written in a cursive, flowing style.

Pasadena, California
November 7, 2024

**Families Forward Learning Center
Statement of Financial Position
June 30, 2024**

(With comparative information for the year ended June 30, 2023)

ASSETS	2024	2023
Current assets		
Cash and cash equivalents	\$ 323,227	\$ 659,310
Investments at fair value	3,051,247	896,185
Grants and accounts receivable	103,130	120,674
Prepaid expenses	52,824	40,451
Total Current Assets	3,530,428	1,716,620
Property and equipment, net (Note 8)	4,641,559	4,678,430
TOTAL ASSETS	\$ 8,171,987	\$ 6,395,050
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and other accruals	\$ 197,840	\$ 129,001
Deferred revenue	139,265	89,172
Accrued vacation	44,887	30,194
Total Current Liabilities	381,992	248,367
Net assets		
Without donor restrictions	7,339,165	5,765,353
With donor restrictions (Note 14)	450,830	381,330
Total Net Assets	7,789,995	6,146,683
TOTAL LIABILITIES AND NET ASSETS	\$ 8,171,987	\$ 6,395,050

See notes to the financial statements.

Families Forward Learning Center
Statement of Activities
For the Year Ended June 30, 2024
(With summarized information for the year ended June 30, 2023)

SUPPORT AND REVENUES	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Summarized
Support				
Government contracts	\$ -	\$ 1,268,954	\$ 1,268,954	\$ 955,629
Contributions	2,569,554	412,312	2,981,866	900,203
Donated services	-	-	-	28,600
Special events	215,300	-	215,300	173,394
Total Support	<u>2,784,854</u>	<u>1,681,266</u>	<u>4,466,120</u>	<u>2,057,826</u>
Revenues:				
Other income	20,569	-	20,569	3,166
Interest and dividend income	83,459	-	83,459	47,127
Net unrealized/realized gain on investments	102,390	-	102,390	125,920
Total Revenues	206,418	-	206,418	176,213
Net assets released from restrictions	1,611,766	(1,611,766)	-	-
Total Support, Revenues and Reclassifications	4,603,038	69,500	4,672,538	2,234,039
Expenses				
Program services	2,351,571	-	2,351,571	1,619,636
Supporting services:				
General and administration	366,807	-	366,807	547,665
Fundraising	310,848	-	310,848	243,404
Total Operating Expenses	3,029,226	-	3,029,226	2,410,705
Other Income (loss)				
Employee retention tax credit	-	-	-	400,917
Change in Net Assets	1,573,812	69,500	1,643,312	224,251
Net assets at the beginning of year	5,765,353	381,330	6,146,683	5,922,432
Net Assets at End of Year	\$ 7,339,165	\$ 450,830	\$ 7,789,995	\$ 6,146,683

See notes to financial statements.

**Families Forward Learning Center
Statement of Functional Expenses
For the Year Ended June 30, 2024**

(With summarized information for the year ended June 30, 2023)

	2024			2023	
	Program Services	General & Administrative	Fundraising	Total Expenses	Summarized Expenses
Salaries	\$ 1,368,501	\$ 84,608	\$ 148,184	\$ 1,601,293	\$ 1,244,332
Payroll taxes	110,380	5,357	12,196	127,933	95,500
Employee benefits	104,553	7,386	5,837	117,776	82,535
Total Salaries & Related Expenses	1,583,434	97,351	166,217	1,847,002	1,422,367
Accounting and professional services	126,114	111,592	26,962	264,668	247,812
Children's program	24,361	-	-	24,361	21,844
Depreciation	156,906	32,187	11,247	200,340	162,558
Insurance	40,386	11,118	-	51,504	35,807
Nutrition	63,546	-	-	63,546	54,340
Office supplies and expenses	16,123	17,703	5	33,831	33,069
Family program and parent supplies	50,752	630	-	51,382	28,699
Property taxes	1,458	1,459	-	2,917	2,875
Public relations	5,499	68	43,698	49,265	31,611
Repairs and maintenance	174,223	51,858	-	226,081	141,198
Special event	-	-	58,787	58,787	52,618
Staff development	20,031	22,584	394	43,009	31,413
Telephone	4,097	1,160	-	5,257	16,288
Workers compensation insurance	64,559	1,959	3,538	70,056	90,305
Utilities	20,082	17,138	-	37,220	37,901
Total Operating Expenses	\$ 2,351,571	\$ 366,807	\$ 310,848	\$ 3,029,226	\$ 2,410,705

See notes to the financial statements.

Families Forward Learning Center
Statement of Cash Flows
For the Year Ended June 30, 2024
(With comparative information for the year ended June 30, 2023)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 1,643,312	\$ 224,251
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	200,340	162,558
Net realized/unrealized (gain) on investments	(102,390)	(125,920)
Changes in:		
Grants and accounts receivable	17,544	264,158
Prepaid expenses and deposits	(12,373)	(19,861)
Accounts payable and accrued vacation	67,067	35,799
Deferred revenue	50,093	89,172
Net cash provided by operating activities	1,863,593	630,157
Cash flows from investing activities:		
Purchase of property and equipment	(147,004)	(144,032)
Proceeds from sale of investments	-	133,000
Purchase of investments	(2,052,672)	(1,305)
Net cash (used) in investing activities	(2,199,676)	(12,337)
Increase in cash and cash equivalents during the year	(336,083)	617,820
Cash and cash equivalents, beginning of year	659,310	41,490
Cash and cash equivalents, end of year	\$ 323,227	\$ 659,310
Supplemental disclosure of Non-cash investing activities		
Purchase of property and equipment through accounts payable	\$ 16,465	\$ 59,000

See notes to financial statements.

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

1 General Information

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, their 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. They 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.

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

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 may 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. For year ended June 30, 2024, there were no reporting differences.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net assets or program category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information is included for informational purposes only and should be read in conjunction with the Center's June 30, 2023 financial statements from which the summarized information was derived.

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.

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

2 Significant Accounting Policies, continued

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.

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. The Center records the following exchange transaction revenue in its statements of activities and changes in net assets for the years ending June 30, 2024 and 2023.

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.

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

2 Significant Accounting Policies, continued

Apportionments from CDE

The Center has entered into an agreement with CDE to perform child care services under contractual agreement where the performance obligation is defined. The contracts are 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.

Net Assets

Basis of Presentation: In accordance with ASU 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.

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

2 Significant Accounting Policies, continued

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.

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.

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 the services performed for the Center. Donated services recognized were \$0 and \$28,600 for the years ended June 30, 2024 and 2023, respectively. The expenses are reported as program expenses and are included in the statement of functional expenses as salaries and wages.

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

2 Significant Accounting Policies, continued

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. Property, furniture, and equipment are stated at cost. Acquisitions in excess of \$2,500 are capitalized. Property and equipment is depreciated 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.

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 lesser 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 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.

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

2 Significant Accounting Policies, continued

Risks and Uncertainties

The Center has concentrations in the following areas:

- Support and Revenue: One funding stream, government contracts which constitute 28% and 46% of total support and revenue for the years ended June 30, 2024 and 2023, respectively.
- Grants Receivable: These are grants for the various parents and children's programs. Government grants receivable constitutes 42% and 63% of total grants receivable at June 30, 2024 and 2023, respectively. Additionally, one donor (a foundation) constitutes 58% of grants receivable at June 30, 2024.

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.

The Center's form 990, *Return of Center Exempt from Income Tax*, for the years ended June 30, 2020, 2021, 2022, and 2023 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, 2024. No open tax years are currently under examination.

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 based on time spent by employees in each program which is driven by the number of children served.

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

2 Significant Accounting Policies, continued

- 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.

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. No indirect costs were claimed for fiscal year 2023-24.

Measure of Operation – Statement of Activities

The Center's operating revenues from the various grants and fees 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 net assets with donor restrictions and net assets without donor restrictions. The funds are designated for providing child care and education services for low-income families within 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.

Recent accounting pronouncements

In June 2016, the FASB issued FASB ASU 2016-13, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Center adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Center's financial statements.

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

2 Significant Accounting Policies, continued

In February 2016, the FASB issued ASU 2016-02 Leases (ASC 842). The core principle of Topic 842 is that a lessee should recognize on its Balance Sheets, the assets and liabilities that arise from leases, including operating leases. Under the new requirements, a lessee will recognize in the balance sheet a liability to make lease payments (the lease liability) and the right of-use asset representing the right to the underlying asset for the lease term. The new standard for ASU 2016-02 becomes effective for fiscal years beginning after December 15, 2021. The Center adopted this guidance for the year ended June 30, 2023. The adoption of this guidance had no significant impact to the Center's financial statements for the years ended June 30, 2024 and 2023. No lease adjustments were recorded to the financial statements.

Date of management's review

Management has evaluated subsequent events through November 7, 2024, the date the financial statements were available to be issued.

3 Availability and Liquidity of Financial Assets

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

Financial assets at year-end:	2024	2023
Cash and cash equivalents	\$ 323,227	\$ 659,310
Investments at fair value	3,051,247	896,185
Grants and accounts receivable	103,130	120,674
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(450,830)	(381,330)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,026,774</u>	<u>\$ 1,294,839</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.

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

3 Availability and Liquidity of Financial Assets, continued

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. 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.

4 Concentrations of Credit Risk

The Center maintains cash balances at a financial institution insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures cash balances up to \$250,000 per institution. At June 30, 2024 and 2023, the Center's cash accounts at the bank were above the insured coverage limit in the amount of \$178,665 and \$467,424, respectively.

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, 2024 and 2023, the Center's cash accounts at the brokerage firm were below the SIPC limit and had no uninsured balances.

5 Investments

The Center's investments at June 30, 2024 and 2023, are comprised of the following:

	2024		
	Fair Value	Cost	Appreciation (Depreciation)
Money market funds	\$ 1,014,312	\$ 1,014,312	\$ -
Mutual funds	2,036,935	1,909,529	127,406
Total Investments	<u>\$ 3,051,247</u>	<u>\$ 2,923,841</u>	<u>\$ 127,406</u>
	2023		
	Fair Value	Cost	Appreciation (Depreciation)
Cash/money market	\$ 45,894	\$ 45,894	\$ -
Fixed income funds	80,411	90,455	(10,044)
Equities	763,027	729,554	33,473
Mutual funds	6,093	6,489	(396)
Estimated accrued interest	760	-	-
Total Investments	<u>\$ 896,185</u>	<u>\$ 872,392</u>	<u>\$ 23,033</u>

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

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, 2024 and 2023:

Assets	2024			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 1,014,312	\$ 1,014,312	\$ -	\$ -
Mutual funds	2,036,935	2,036,935	-	-
Total investments at fair value	\$ 3,051,247	\$ 3,051,247	\$ -	\$ -
	2023			
Assets	Total	Level 1	Level 2	Level 3
Cash/money market	\$ 45,894	\$ 45,894	\$ -	\$ -
Fixed income funds	80,411	80,411	-	-
Equities	763,027	763,027	-	-
Mutual funds	6,093	6,093	-	-
Estimated accrued interest	760	760	-	-
Total investments at fair value	\$ 896,185	\$ 896,185	\$ -	\$ -

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

6 Endowment

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.

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 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.

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

6 Endowment, continued

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, 2024 and 2023.

At June 30, 2024 and 2023, 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 years ended June 30, 2024 and 2023:

	Purpose Restricted	Perpetual in Nature	Total
Endowment net assets at June 30, 2022	\$ 119,105	\$ 123,500	\$ 242,605
Investment activity	-	-	-
Endowment net assets at June 30, 2023	119,105	123,500	242,605
Investment activity	-	-	-
Endowment net assets at June 30, 2024	<u>\$ 119,105</u>	<u>\$ 123,500</u>	<u>\$ 242,605</u>

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

7 Grants and Accounts Receivable

Grants and accounts receivable at June 30, 2024 and 2023, comprise of the following:

	2024	2023
California Child Care Food Program	\$ 14,015	\$ 15,237
Early Head Start	29,136	60,700
Other grants	-	23,967
Contributions and donations	59,979	20,770
Total grants and accounts receivable	<u>\$ 103,130</u>	<u>\$ 120,674</u>

8 Property and Equipment

The following is a summary of property, plant, and equipment at June 30, 2024 and 2023:

	2024	2023
Fair Oaks land	\$ 1,825,000	\$ 1,825,000
Fair Oaks building	4,345,344	4,345,344
Furniture and fixtures	248,119	243,924
Photovoltaic system	170,975	170,975
Building improvements	454,783	183,768
Intangible software	101,500	101,500
Computer equipment	107,325	95,967
Playground equipment	43,905	38,005
Construction in progress	-	129,000
Total property and equipment cost	<u>7,296,951</u>	<u>7,133,483</u>
Less: Accumulated depreciation and amortization	<u>(2,655,392)</u>	<u>(2,455,053)</u>
Property and equipment, net	<u>\$ 4,641,559</u>	<u>\$ 4,678,430</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$200,340 and \$162,558, respectively.

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 0% to 19.99%. The total outstanding balance at June 30, 2024 and 2023 was \$12,327 and \$9,865, respectively, and was included in accounts payable and other accruals on the statements of financial position.

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

10 **Accrued Vacation**

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.

11 **Government Assistance and Stipends**

American Rescue Plan Act (ARPA) funds

California State Preschool Program (CSPP) Reimbursement Rate Supplement Allocation

California Department of Education (CDE) distributed to the Center a one-time rate supplement payment pursuant to Assembly Bill (AB) 110 in the fiscal year 2022-23. These stipends were to provide continued relief in response to the COVID-19 pandemic. The Center received \$87,672 for the fiscal year 2022-23, which was included in deferred revenue as of June 30, 2023. The funds were used in fiscal year 2023-24 for the Center's preschool program.

CSPP Temporary Rate Increase Allocation

CDE distributed to the Center \$191,810 of the temporary rate increases payments pursuant to Assembly Bill (AB) 110 in the fiscal year 2023-24. These funds were issued as one-time payments to provide additional financial support to CSPP contractors and for cost-of-living adjustments. The Center used the funds during the fiscal year 2023-24.

COVID-19 Child Care Provider Grant Program

The County of Los Angeles Board of Supervisors approved an allocation of American Rescue Plan Act funds to the Los Angeles County Development Authority (LACDA) to provide grants to childcare providers impacted by the COVID-19 pandemic. During the year ended June 30, 2024, the Center received \$80,000 of this grant award which was recorded in deferred revenue at year-end. The Center plans to use the funds in fiscal year 2024-25.

CSPP Cost of Care Plus Rate

CDE distributed to the Center \$37,884 of the Cost of Care Plus Rate allocation payments pursuant to Senate Bill (SB) 140 in the fiscal year 2023-24. The Cost of Care Plus Rate is a monthly payment beginning January 2024 through June 2025 for contractors, family childcare providers, and subcontractors based on the number of children enrolled in a CSPP. Funds shall be used to support the CSPP program. For the year ended June 30, 2024, \$3,000 was used for the Center's CSPP program. The remaining balance of \$34,884 was included in deferred revenue.

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

11 Government Assistance and Stipends, continued

Employee Retention Tax Credit

The Center filed for the Employee Retention Tax Credit (ERTC) under the CARES Act. For the year ended June 30, 2023, the Center received \$400,917 as Form 941 Employer Quarterly Federal Tax Return refund payments for quarters ended September 30, 2020, December 31, 2020, March 31, 2021, and September 30, 2021, which is included in other income on the statement of activities. No additional ERTC was received during the year ended June 30, 2024.

12 Donor Restricted Net Assets

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

	2024	2023
Children's program	\$ 72,500	\$ 3,500
Parent program	10,500	-
Kujawa staff development	34,225	34,225
Angel Fund - Family	15,000	-
Capital improvements	-	25,000
Capital maintenance reserve	76,000	76,000
Endowment – perpetual in nature	123,500	123,500
Endowment unappropriated	119,105	119,105
Total net assets with donor restrictions	<u>\$ 450,830</u>	<u>\$ 381,330</u>

13 Net Assets Released from Restrictions

Net assets were released from donor restrictions during the years ended June 30, 2024 and 2023, by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	2024	2023
Early Childhood Education Program	\$ 1,398,766	\$ 1,108,754
Parent Program	173,000	172,626
Kujawa Staff Development	-	1,000
Angel Fund	10,000	-
Capital Improvement	30,000	256,064
Capital Maintenance Reserve	-	4,161
Total net assets released from restrictions	<u>\$ 1,611,766</u>	<u>\$ 1,542,605</u>

FAMILIES FORWARD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(With summarized information for the year ended June 30, 2023)

14 Commitments and Contingencies

The Center has received federal, California Department of Education (CDE), Employee Retention Credits, 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's contracts.

15 Special Events

The Center conducted fundraising events for the years ended June 30, 2024 and 2023. Total support received from the fundraising event for the years ended June 30, 2024 and 2023 was \$215,300 and \$173,394, with costs incurred of \$58,787 and \$52,618, respectively. The net proceeds from these events went towards program operations.

16 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.

17 Subsequent Events

For the year ended June 30, 2024, the Center's management has evaluated subsequent events for potential recognition and disclosure through November 7, 2024, the date the financial statements were available. There were no items requiring disclosure or adjustment to the financial statements.

SUPPLEMENTAL INFORMATION

**Families Forward Learning Center
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2024**

Program Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number / Grantor's Number	Award Amount	Expenditures	
				Federal	State
Federal					
U.S. Department of Agriculture: Passed through California Dept. of Education (CDE): Child and Adult Care Food Program	10.558	05060-CACFP-19-NP-IC	\$ 77,141	\$ 77,141	
Total U.S. Department of Agriculture			<u>77,141</u>	<u>77,141</u>	
U.S. Department of Health and Human Services Passed through Pacific Clinics Early Head Start Program	93.600	N/A	336,422	336,422	
Passed through California Dept. of Education (CDE): Child Care and Development Block Grant - America Recovery Plan Act (ARPA)	93.575	15640 & 15656	279,482	279,482	
Total U.S. Department of Health and Human Services			<u>615,904</u>	<u>615,904</u>	
Total Expenditures of Federal Awards			<u>693,045</u>	<u>693,045</u>	
State					
California State Department of Education Child Development Services California State Preschool Program	N/A	CSPP3230	539,909		\$ 539,909
Total Expenditures of State Awards			<u>539,909</u>		<u>539,909</u>
Total Federal and State Expenditures				<u>\$ 693,045</u>	<u>\$ 539,909</u>

Footnote 1. Basis of Presentation

The *Schedule of Expenditures of Federal and State Awards* includes the expenditures of federal and state awards of Families Forward Learning Center (the Center). Expenditures are presented on the accrual basis of accounting. The Center did not incur total federal expenditures in excess of \$750,000 for the year ended June 30, 2024. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Of the Federal expenditures presented in the schedule, the Center did not provided Federal awards to subrecipients.

See accompanying auditor's reports and notes to financial statements.

**Families Forward Learning Center
Combining Statement of Activities
For the Year Ended June 30, 2024**

	Program Services			Supporting Services		Total
	CDE Childcare Services CSPP3230	Non-CDE Programs	Total Program Services	General & Administrative	Fundraising	
SUPPORT AND REVENUE						
Support:						
Government and grants:						
California Department of Education	\$ 539,909	\$ -	\$ 539,909	\$ -	\$ -	\$ 539,909
Child Care and Development Block Grant	279,482	-	279,482	-	-	279,482
Cost of Care Plus	3,000	-	3,000	-	-	3,000
Child care food program	30,613	46,528	77,141	-	-	77,141
Early Head Start	-	336,422	336,422	-	-	336,422
Other local grants	-	33,000	33,000	-	-	33,000
Total Government and grants	853,004	415,950	1,268,954	-	-	1,268,954
Contributions	-	412,312	412,312	2,569,554	-	2,981,866
Special events	-	-	-	215,300	-	215,300
Total Support	853,004	828,262	1,681,266	2,784,854	-	4,466,120
Revenue:						
Other income	-	-	-	20,569	-	20,569
Investment income	-	-	-	83,459	-	83,459
Net unrealized/realized gain (loss) on investments	-	-	-	102,390	-	102,390
Total Revenues	-	-	-	206,418	-	206,418
TOTAL SUPPORT AND REVENUE	\$ 853,004	\$ 828,262	\$ 1,681,266	\$ 2,991,272	\$ -	\$ 4,672,538
Operating expenses						
Salaries and wages	\$ 562,379	\$ 806,122	\$ 1,368,501	\$ 84,608	\$ 148,184	\$ 1,601,293
Payroll taxes	45,657	64,723	110,380	5,357	12,196	127,933
Employee benefits	32,723	71,830	104,553	7,386	5,837	117,776
Total Salaries and related expenses	640,759	942,675	1,583,434	97,351	166,217	1,847,002
Accounting and professional services	57,618	68,496	126,114	111,592	26,962	264,668
Children's program	9,175	15,186	24,361	-	-	24,361
Depreciation	-	156,906	156,906	32,187	11,247	200,340
Insurance	-	40,386	40,386	11,118	-	51,504
Nutrition	34,756	28,790	63,546	-	-	63,546
Office supplies and expenses	6,225	9,898	16,123	17,703	5	33,831
Family program and parent supplies	5,197	45,555	50,752	630	-	51,382
Property taxes	-	1,458	1,458	1,459	-	2,917
Public relations	-	5,499	5,499	68	43,698	49,265
Repairs and maintenance	46,316	127,907	174,223	51,858	-	226,081
Special event	-	-	-	-	58,787	58,787
Staff development	9,973	10,058	20,031	22,584	394	43,009
Telephone	1,485	2,612	4,097	1,160	-	5,257
Workers compensation insurance	26,450	38,109	64,559	1,959	3,538	70,056
Utilities	6,326	13,756	20,082	17,138	-	37,220
Total operating expenses	\$ 844,280	\$ 1,507,291	\$ 2,351,571	\$ 366,807	\$ 310,848	\$ 3,029,226
Change in net assets	\$ 8,724	\$ (679,029)	\$ (670,305)	\$ 2,624,465	\$ (310,848)	\$ 1,643,312

See accompanying auditor's reports and notes to financial statements.

**Families Forward Learning Center
Schedule of Expenditures by State Categories
For the Year Ended June 30, 2024**

Expenditures	<u>CSPP3230</u>
Direct payments to provider	\$ -
1000 Certificated salaries	312,588
2000 Classified salaries	249,791
3000 Employee benefits	32,723
4000 Books and supplies	7,448
5000 Services and other operating expenses	241,730
6100/6200 Other approved capital outlay	-
6400 New equipment	-
6500 Replacement equipment	-
Start-up expenses-service level exemption	-
Indirect costs (a)	-
Total expenses claimed for reimbursement	844,280
Supplemental expenses	-
Total Expenses	\$ 844,280

Notes:

(a) No indirect cost was claimed for fiscal year 2023-24.

(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 auditor's reports and notes to financial statements.

**Families Forward Learning Center
Schedule of Reimbursable Equipment
For the Year Ended June 30, 2024**

	CDE CD Contracts CSP3230	2024 Non-CDE Programs	Total
Capitalized Equipment Expensed on the AUD With Prior Written Approval			
None	\$ -	-	\$ -
Subtotal	-	-	-
Capitalized Equipment Expensed on the AUD Without Prior Written Approval			
None	-	-	-
Subtotal	-	-	-
Total	\$ -	\$ -	\$ -

Note: Families Forward Learning Center's capitalization threshold is \$5,000.

See accompanying auditor's reports and notes to financial statements.

**Families Forward Learning Center
Schedule of Claimed Expenditures for Renovations and Repairs
For the Year Ended June 30, 2024**

	2024		Total
	CDE Contracts CSP3230	Non-CDE Programs	
<u>Unit Cost Under \$10,000 Per Item</u>			
None	\$ -	\$ -	\$ -
Subtotal	-	-	-
 <u>Unit Cost \$10,000 or More Per Item With Prior Approval</u>			
None	-	-	-
Subtotal	-	-	-
 <u>Unit Cost \$10,000 or More Per Item Without Prior Approval</u>			
None	-	-	-
Subtotal	-	-	-
 Total	\$ -	\$ -	\$ -

Note: Families Forward Learning Center's capitalization threshold is \$5,000.

See accompanying auditor's reports and notes to financial statements.

**Families Forward Learning Center
Schedule of Claimed Administrative Costs
For the Year Ended June 30, 2024**

Administrative Costs	CSPP3230
Direct payments to provider	\$ -
1000 Certificated salaries	-
2000 Classified salaries	25,036
3000 Employee benefits	1,385
4000 Books and supplies	-
5000 Services and other operating expenses	4,406
6100/6200 Other approved capital outlay	-
6400 New equipment	-
6500 Replacement equipment	-
Start-up expenses-service level exemption	-
Indirect costs (a)	-
Total expenses claimed for reimbursement	<u>30,827</u>
Supplemental expenses	-
Total Expenses	<u>\$ 30,827</u>

See accompanying auditor's reports and notes to financial statements.

FAMILIES FORWARD LEARNING CENTER

**NOTES TO THE CHILD CARE AND DEVELOPMENT PROGRAM
SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2024**

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

1. 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 to a child development contract for the year ended June 30, 2024.
2. 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. No related party rent expense was claimed to a child development contract for the year ended June 30, 2024.
3. 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, 2024.

Contractor Name: Families Forward Learning Center
California Department of Education
Audited Enrollment, Attendance and Fiscal
Report for California State Preschool Program

Contract Number: CSPP3230
Fiscal Year Ended: June 30, 2024
Vendor Code: Z0870

Section 1 – Number of Counties Where Services are Provided

Number of counties where the agency provided services to certified children (Form 1): **1**
 Number of counties where the agency provided mental health consultation services to certified children (Form 2): **1**
 Number of counties where the agency provided services to non-certified children (Form 3): **0**
 Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): **0**
 Total enrollment and attendance forms to attach: **2**

Section 2 – Days of Enrollment, Attendance and Operation

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	5,621	0	5,621	4,669.5077
Total Certified Days of Enrollment with Mental Health Consultation Services	1,048	0	1,048	1,137.4808
Days of Attendance (including MHCS)	6,669	0	6,669	N/A
Total Non-Certified Days of Enrollment	0	0	0	0.0000
Total Non-Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Days of Operation	175	0	175	N/A

Section 3 – Revenue

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs	31,403	0	31,403
County Maintenance of Effort (EC Section 8260)	0	0	0
American Rescue Plan Act (ARPA)	279,482	0	279,482
Other: Cost of Care Rate Plus SB 140	3,000	0	3,000
TOTAL RESTRICTED INCOME	313,885	0	313,885

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Preschool Reserve Account			0

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Waived Family Fees for Certified Children (July – September)			0
Family Fees for Certified Children (October – June)			0
Interest Earned on Apportionment Payments			0
Unrestricted Income: Fees for Non-Certified Children			0
Unrestricted Income: Head Start			0
Other:			0
Other:			0

Section 4 - Reimbursable Expenses

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			0
Direct Payments to Subcontractors: Cost of Care Plus & One-Time Allocations Only			0
1000 Certificated Salaries	312,588	0	312,588
2000 Classified Salaries	249,791	0	249,791
3000 Employee Benefits	32,723	0	32,723
4000 Books and Supplies	7,448	0	7,448
5000 Services and Other Operating Expenses	241,730	0	241,730
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Start-up Expenses (service level exemption)			0
Indirect Costs (include in Total Administrative Cost)			0
TOTAL REIMBURSABLE EXPENSES	844,280	0	844,280

Does the agency have an indirect cost rate approved by its cognizant agency (Select YES or NO)? Yes No

Approved Indirect Cost Rate:

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)	30,827	0	30,827
Total Staff Training Cost (included in Reimbursable Expenses)	1,502	0	1,502

Section 5 - Supplemental Funding

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding			0
Other:			0
Other:			0
TOTAL SUPPLEMENTAL REVENUE	0	0	0

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries			0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses			0
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
Non-Reimbursable Supplemental Expenses			0
TOTAL SUPPLEMENTAL EXPENSES	0	0	0

Section 6 - Summary

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	6,669	0	6,669
Days of Operation	175	0	175
Days of Attendance (including MHCS)	6,669	0	6,669
Total Certified Adjusted Days of Enrollment	N/A	N/A	5,806.9885
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Restricted Program Income	313,885	0	313,885
Transfer from Preschool Reserve Account	0	0	0
Family Fees for Certified Children (October - June)	0	0	0
Interest Earned on Apportionment Payments	0	0	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	844,280	0	844,280
Total Administrative Cost	30,827	0	30,827
Total Staff Training Cost	1,502	0	1,502
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

Section 7 – Auditor’s Assurances

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 Education Division:

Eligibility, enrollment and attendance records are being maintained as required (Select YES or NO): Yes No

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO): Yes No

Section 8 – Comments

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

**California State Preschool Program – Form 1
Certified Children Days of Enrollment and Attendance**

Service County: Los Angeles

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years Old Full-time-plus			0	2.1240	0.0000
Three Years Old Full-time			0	1.8000	0.0000
Three Years Old Part-time	2,189		2,189	1.1401	2,495.6789
Four Years and Older Full-time-plus			0	1.1800	0.0000
Four Years and Older Full-time			0	1.0000	0.0000
Four Years and Older Part-time	161		161	0.6334	101.9774
Exceptional Needs Full-time-plus			0	2.8320	0.0000
Exceptional Needs Full-time			0	2.4000	0.0000
Exceptional Needs Part-time			0	1.5202	0.0000
Dual Language Learner Full-time-plus			0	1.4160	0.0000
Dual Language Learner Full-time			0	1.2000	0.0000
Dual Language Learner Part-time	3,271		3,271	0.6334	2,071.8514

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Part-time			0	0.6334	0.0000
Severely Disabled Full-time-plus			0	2.8320	0.0000
Severely Disabled Full-time			0	2.4000	0.0000
Severely Disabled Part-time			0	1.5202	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	5,621	0	5,621	N/A	4,669.5077

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	5,621		5,621	N/A	N/A

**California State Preschool Program – Form 2
 Certified Children Receiving Mental Health Consultation Services
 Days of Enrollment and Attendance**

Service County: Los Angeles

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years Old Full-time-plus			0	2.2240	0.0000
Three Years Old Full-time			0	1.9000	0.0000
Three Years Old Part-time	728		728	1.2401	902.7928
Four Years and Older Full-time-plus			0	1.2800	0.0000
Four Years and Older Full-time			0	1.1000	0.0000
Four Years and Older Part-time	120		120	0.7334	88.0080
Exceptional Needs Full-time-plus			0	2.9320	0.0000
Exceptional Needs Full-time			0	2.5000	0.0000
Exceptional Needs Part-time			0	1.6202	0.0000
Dual Language Learner Full-time-plus			0	1.5160	0.0000
Dual Language Learner Full-time			0	1.3000	0.0000
Dual Language Learner Part-time	200		200	0.7334	146.6800

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.3980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.2000	0.0000
At Risk of Abuse or Neglect Part-time			0	0.7334	0.0000
Severely Disabled Full-time-plus			0	2.9320	0.0000
Severely Disabled Full-time			0	2.5000	0.0000
Severely Disabled Part-time			0	1.6202	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES	1,048	0	1,048	N/A	1,137.4808

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	1,048		1,048	N/A	N/A



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

Board of Directors
Families Forward Learning Center
Los Angeles, 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 Families Forward Learning Center (the Center), a nonprofit organization, which comprise the statement 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 financial statements, and have issued our report thereon dated November 7, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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

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

Report On 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Maginnis Knechtel & McIntyre, LLP". The signature is written in a cursive, flowing style.

Pasadena, California
November 7, 2024

FAMILIES FORWARD LEARNING CENTER

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**

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

No findings were reported for fiscal year 2023-24.

Section III - Federal Awards Findings and Questioned Costs

Not applicable – not a Uniform Guidance Audit.

Section IV - State Awards Findings and Questioned Costs

No findings were reported for fiscal year 2023-24.

Section V – Status of Corrective Action on Prior Year Findings

Prior year Finding 2023-001 was resolved and closed. See page 45.

FAMILIES FORWARD LEARNING CENTER

Status of Prior Year Findings For the Year Ended June 30, 2024

Section V – Status of Corrective Action on Prior Year Findings

The following finding was reported for fiscal year 2022-23.

Finding 2023-001: CSPP2222 days of enrollment and attendance incorrectly reported in CPARIS for Fiscal Year 2022-23.

Criteria: The Enrollment, Attendance, and Fiscal Reporting, and Reimbursement Procedures for Early Education Contracts Fiscal Year 2022-23 states that “a child’s enrollment shall not be reported in more than one category for any given day”, and “under no circumstances should a child’s day of enrollment be reported in both ECMHCS [early childhood mental health consultation services] and non-ECMHCS categories.”

Condition: The contractor over-reported enrollment and attendance data in the CDE’s California Preschool Accounting Reporting Information System (CPARIS) for its contract CSPP2222 by 2,388 days for Total Certified Days of Enrollment, 2,028 days for Total Certified Days of Enrollment with Mental Health Consultation Services, and by 2,071 days for Days of Attendance (including MHCS) as reported on the AUD Form 8501.

Questioned costs: No questioned costs.

Status: The above prior year Finding 2023-001 was resolved and closed.