



**FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2024**

**WITH SUMMARY COMPARATIVE INFORMATION FOR  
THE FISCAL YEAR ENDED JUNE 30, 2023**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Children Today, Inc.:

### Opinion

We have audited the accompanying financial statements of Children Today, Inc. (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 fiscal year then ended, and the related notes to the financial statements.

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

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Children Today, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls 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 Children Today, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Children Today, Inc.'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 Children Today, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

## **Other Matters**

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 19-47 required by the Audit Guides issued by the California Department of Education and the California Department of Social Services, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2024, on our consideration of Children Today Inc.'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 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 Children Today Inc.'s internal control over financial reporting and compliance.



Los Alamitos, California  
November 14, 2024

**CHILDREN TODAY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2024 AND 2023**

	June 30,	
	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,737,263	\$ 1,655,002
Investments	593,724	531,116
Accounts receivable	--	8,815
Contributions receivable	35,000	190,000
Prepaid expenses	8,496	7,801
Total Current Assets	2,374,483	2,392,734
<b>PROPERTY AND EQUIPMENT, NET</b>	3,696,054	3,843,534
<b>OTHER ASSETS</b>		
Beneficial interest in assets held by others	106,052	94,580
<b>TOTAL ASSETS</b>	\$ 6,176,589	\$ 6,330,848
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 12,033	\$ 6,008
Accrued employee related expenses	102,545	87,203
Note payable, current portion	--	24,124
Total Current Liabilities	114,578	117,335
<b>NON-CURRENT LIABILITIES</b>		
Note payable, net of current portion	--	289,881
<b>TOTAL LIABILITIES</b>	114,578	407,216
<b>NET ASSETS</b>		
Without donor restrictions		
Board designated for endowment purposes	35,000	35,000
Undesignated	5,952,011	5,658,632
Total without donor restrictions	5,987,011	5,693,632
With donor restrictions	75,000	230,000
<b>TOTAL NET ASSETS</b>	6,062,011	5,923,632
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 6,176,589	\$ 6,330,848

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

**CHILDREN TODAY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

	<b>Without Donor</b>	<b>With Donor</b>	<u>June 30,</u>	
	<b>Restrictions</b>	<b>Restrictions</b>	<b>2024</b>	<b>2023</b>
<b>REVENUE AND SUPPORT</b>				
Government grants	\$ 1,454,839	\$ --	\$ 1,454,839	\$ 1,489,120
Contributions and grants	289,584	75,000	364,584	673,545
Program family fees	518	--	518	--
In-kind contributions	15,780	--	15,780	31,149
Investment income, net	82,079	--	82,079	58,905
Net assets released from restrictions	<u>230,000</u>	<u>( 230,000)</u>	<u>--</u>	<u>--</u>
	2,072,800	( 155,000)	1,917,800	2,252,719
<b>SPECIAL EVENTS</b>				
Special events revenue	27,872	--	27,872	273,824
Special events revenue – in-kind	15,480	--	15,480	--
Special events expense	<u>( 23,770)</u>	<u>--</u>	<u>( 23,770)</u>	<u>( 161,996)</u>
	<u>19,582</u>	<u>--</u>	<u>19,582</u>	<u>111,828</u>
<b>TOTAL REVENUE AND SUPPORT</b>	2,092,382	( 155,000)	1,937,382	2,364,547
<b>EXPENSES</b>				
Program services	1,255,875	--	1,255,875	1,164,977
Supporting services:				
Management and general	507,157	--	507,157	383,210
Fundraising	<u>35,971</u>	<u>--</u>	<u>35,971</u>	<u>68,512</u>
<b>TOTAL EXPENSES</b>	<u>1,799,003</u>	<u>--</u>	<u>1,799,003</u>	<u>1,616,699</u>
<b>CHANGE IN NET ASSETS</b>	293,379	( 155,000)	138,379	747,848
<b>NET ASSETS AT BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>	5,693,632	230,000	5,923,632	4,720,784
<b>PRIOR PERIOD ADJUSTMENT (NOTE 13)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>455,000</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 5,987,011</u>	<u>\$ 75,000</u>	<u>\$ 6,062,011</u>	<u>\$ 5,923,632</u>

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

**CHILDREN TODAY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

				June 30,	
	Program Services	Management and General	Fundraising	2024	2023
<b>PERSONNEL EXPENSES</b>					
Salaries and wages	\$ 825,972	\$ 223,092	\$ 29,589	\$ 1,078,653	\$ 969,213
Employee benefits and taxes	145,313	34,587	4,792	184,692	154,371
<b>TOTAL PERSONNEL EXPENSES</b>	971,285	257,679	34,381	1,263,345	1,123,584
<b>OTHER EXPENSES</b>					
Advertising and outreach	5,844	712	--	6,556	8,768
Automobile	85	3,196	--	3,281	4,589
Bank and credit card fees	--	592	--	592	145
Depreciation	--	151,320	--	151,320	100,345
Dues and subscriptions	458	6,630	--	7,088	7,533
Food supplies	29,201	--	--	29,201	28,167
In-kind expense	--	31,260	--	31,260	31,149
Insurance	107,629	13,430	1,498	122,557	105,689
Interest expense	3,765	116	--	3,881	30,780
Meetings expense	--	--	--	--	261
Office supplies	--	1,330	--	1,330	6,357
Permits and licenses	1,241	434	--	1,675	2,201
Postage and delivery	--	267	--	267	825
Professional fees	--	26,871	--	26,871	16,150
Programmatic events	7,743	294	--	8,037	24,731
Property taxes	2,850	88	--	2,938	1,694
Repairs and maintenance	52,288	1,193	--	53,481	67,518
Staff development	14,192	1,789	92	16,073	5,182
Supplies	31,665	4,995	--	36,660	24,363
Telephone and internet	5,704	4,144	--	9,848	7,816
Utilities	21,275	817	--	22,092	18,710
Other	650	--	--	650	142
<b>TOTAL OTHER EXPENSES</b>	284,590	249,478	1,590	535,658	493,115
<b>TOTAL EXPENSES</b>	\$ 1,255,875	\$ 507,157	\$ 35,971	\$ 1,799,003	\$ 1,616,699

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

**CHILDREN TODAY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2024, AND 2023**

	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 138,379	\$ 747,848
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized (gain) loss on investment	( 329)	18,008
Unrealized gain on investment	( 44,681)	( 42,182)
Depreciation	151,320	100,345
Change in value of beneficial interest in assets held by others	( 11,472)	( 7,995)
Change in operating assets and liabilities:		
Accounts receivable	8,815	( 8,815)
Contributions receivable	155,000	( 190,000)
Grants receivable	--	455,000
Prepaid expenses	( 695)	( 80)
Accounts payable and accrued expenses	6,025	( 4,925)
Accrued employee related expenses	15,342	8,661
Deferred revenue	--	( 5,000)
Net Cash Provided By Operating Activities	417,704	1,070,865
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	108,502	137,482
Purchases of investments	( 126,101)	( 194,045)
Purchases of property and equipment	( 3,840)	--
Net Cash Used In Investing Activities	( 21,439)	( 56,563)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments on note payable	( 314,005)	( 273,223)
Net Cash Used In Financing Activities	( 314,005)	( 273,223)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	82,260	741,079
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,655,002	913,923
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 1,737,262	\$ 1,655,002
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 3,881	\$ 30,780
Cash paid for income taxes	NONE	NONE
Noncash investing transactions	NONE	NONE
Noncash financing transactions	NONE	NONE

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

**CHILDREN TODAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

**NOTE 1 – Organization**

***Organization and Nature of Activities***

Children Today, Inc. (the Organization) was founded in 1997 in Long Beach, California. The Organization’s mission is to provide community-based services to children and families experiencing homelessness or who are involved in the child welfare system, fostering long-term family stability and success.

The Organization provides no-cost, high quality, early care and education through an eco-friendly and LEED certified facility entitled the Eco House. The Eco House was designed to serve children and advocate on behalf of the families. Since inception, the Organization has reached thousands of children and families in Long Beach, California.

Funding is obtained principally from state and federal government grants for specific programs, as well as from donations and fundraising activities.

**NOTE 2 – Summary of Significant Accounting Policies**

***Basis of Presentation of Financial Statements***

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (US GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

***Comparative Financial Information***

The accompanying financial statements include certain prior period summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a full comparison of operations. Accordingly, these comparative financial statements should be read in conjunction with our audited financial statements for the fiscal year ended June 30, 2023, from which the summarized information was derived.

***Cash and Cash Equivalents***

All cash and highly liquid financial instruments with an original maturity of three months or less when purchased, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

**CHILDREN TODAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***Accounts Receivable***

Accounts receivable consist primarily of reimbursements due from governmental agencies under various grants, and are stated at the amount that management expects to collect from outstanding balances. Accounts receivable are written off when they are determined to be uncollectible.

***Contributions Receivable***

Contributions receivable consist of pledged commitments and are stated at the amount that management expects to collect from outstanding balances. Accounts receivable are written off when they are determined to be uncollectible.

***Property and Equipment***

The Organization's policy is to capitalize asset additions over \$5,000. Property and equipment are stated at cost, with the exception of donated equipment, which is recorded at fair market value on the date received. Depreciation has been provided on the straight-line method over the useful lives of the assets, which are generally five to thirty-nine years. Expenditures for repairs and maintenance are expensed as incurred.

***Beneficial Interest in Assets Held by Community Foundation***

The Organization's Board of Directors established an endowment fund whereby certain contributions would remain intact. In 2009, the Organization transferred \$35,000 to the Long Beach Community Foundation (LBCF) to establish the Children Today Endowment Fund. The funds are invested in an allocated investment pool. Net income from the fund may be distributed annually to the Organization upon request. The Organization granted LBCF variance power over the funds at the time of the transfer, but since the Organization is a nonprofit organization, who specified themselves as the beneficiary, the Organization may recognize at fair value the beneficial interest in the assets held by LBCF.

***Classification of Net Assets***

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

*Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor or grantor restrictions.

**CHILDREN TODAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***Classification of Net Assets (continued)***

*Net Assets with Donor Restrictions* – Net assets subject to donor or grantor restrictions. Some donor-imposed restrictions are temporary in nature, for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, for example stipulating those resources be maintained in perpetuity. Law may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, laws extend to donor-imposed restrictions. The expirations of donor-imposed restrictions are recognized when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

***Revenue Recognition***

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. For the fiscal years ended June 30, 2024, and 2023, the Organization did not receive any conditional promises to give.

***Program Family Fees***

The Organization recently began collecting revenue from contracts in place with families to provide program family services. In prior years, program family service fees were not assessed because of the COVID-19 pandemic.

***In-Kind Goods and Services***

Contributed goods are recorded at fair value at the date of donation. During the fiscal years ended June 30, 2024, and 2023, contributed goods and services totaled \$31,260, and \$31,149, respectively, and included clothing, supplies, and gift cards to various retail stores that were utilized as part of program services. See Note 9 for more information about in-kind goods and services.

In addition, a substantial number of volunteers have donated significant amounts of their time to the Organization and its programs. The donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

**CHILDREN TODAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***Advertising and Outreach Costs***

The Organization uses advertising to promote its programs among the audiences it serves. Advertising and outreach costs are charged to operations when incurred, and during the fiscal years ended June 30, 2024, and 2023, totaled \$6,556, and \$8,768, respectively.

***Income Tax Status***

The Organization has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and under Revenue and Taxation Code Section 23701d, respectively.

Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

***Estimates***

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from such estimates and those differences could be material.

***Financial Instruments and Credit Risk***

Deposit concentrations are managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of the mission.

**CHILDREN TODAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

**NOTE 2 – Summary of Significant Accounting Policies *(continued)***

***Accounting Pronouncements Adopted***

During the fiscal year ended June 30, 2024, the Organization adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and its related amendments, which replaces the incurred loss methodology with an expected loss methodology referred to as the current expected credit loss (CECL) methodology. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current obligations, and reasonable and supportable forecasts. This ASU also requires the Organization to use forward-looking information to better formulate its credit loss estimates.

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

***Subsequent Events***

The Organization has evaluated subsequent events through November 14, 2024, the date the financial statements were issued for the fiscal year ended June 30, 2024.

**NOTE 3 – Liquidity and Availability**

Financial assets available to meet general expenditures within one year as of June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,737,263	\$ 1,655,002
Investments	593,724	531,116
Accounts receivable	--	8,815
Contributions receivable	35,000	190,000
Beneficial interest in assets held by others	<u>106,052</u>	<u>94,580</u>
	2,472,039	2,479,513
Less: Board-designated quasi-endowment	( 35,000)	( 35,000)
Less: Donor-restricted funds	<u>( 75,000)</u>	<u>( 230,000)</u>
Total	<u>\$ 2,362,039</u>	<u>\$ 2,214,513</u>

**CHILDREN TODAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

**NOTE 3 – Liquidity and Availability *(continued)***

As part of the Organization’s liquidity management plan, one portion of any operating surplus is maintained in the operating account, and one portion is maintained in an investment account. The investment account is managed following a board-approved investment policy, the objective of which is to increase the return on invested assets while minimizing risk and expenses. This is done through prudent investing and planning, and through the maintenance of a diversified portfolio.

**NOTE 4 – Contributions Receivable**

Contributions receivable are summarized as follows at June 30:

	<u>2024</u>	<u>2023</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 35,000	\$ 190,000

There was no discount to net present value at June 30, 2024, or 2023, as the amount was deemed immaterial to the financial statements as a whole. There was no allowance for doubtful accounts as of June 30, 2024, or 2023.

Contributions receivable from two and three donors comprised 100% of the balance at June 30, 2024, and 2023, respectively.

**NOTE 5 – Fair Value Measurements and Disclosures**

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell assets in an orderly transaction in the principal, most advantageous market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the assets, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

**CHILDREN TODAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

**NOTE 5 – Fair Value Measurements and Disclosures (continued)**

A three-tier hierarchy categorizes the inputs as follows:

- *Level 1* inputs are quoted prices (unadjusted) in active markets for identical assets that the Organization has the ability to access at the measurement date.
- *Level 2* inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- *Level 3* inputs are unobservable inputs for the asset.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset.

The fair value of the beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 investments. There have been no changes in the methodologies used at June 30, 2024, and 2023.

The following table presents assets measured at fair value on a recurring basis at June 30, 2024:

	<u>Total</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Mutual funds	\$ 593,724	\$ 593,724	\$ --	\$ --
Beneficial interest in assets held by others	<u>106,052</u>	<u>--</u>	<u>--</u>	<u>106,052</u>
	<u>\$ 699,776</u>	<u>\$ 593,724</u>	<u>\$ --</u>	<u>\$ 106,052</u>

The following table presents assets measured at fair value on a recurring basis at June 30, 2023:

	<u>Total</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Mutual funds	\$ 276,816	\$ 276,816	\$ --	\$ --
Exchange-traded funds	254,300	254,300	--	--
Beneficial interest in assets held by others	<u>94,580</u>	<u>--</u>	<u>--</u>	<u>94,580</u>
	<u>\$ 625,696</u>	<u>\$ 531,116</u>	<u>\$ --</u>	<u>\$ 94,580</u>

**CHILDREN TODAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

**NOTE 5 – Fair Value Measurements and Disclosures (continued)**

The following is a reconciliation of the beginning and ending balance of Level 3 assets measured at fair value on a recurring basis for the fiscal years ended June 30:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 94,580	\$ 86,585
Contributions	--	--
Investment income, net	11,472	7,995
Administrative fees	<u>--</u>	<u>--</u>
Ending balance	<u>\$ 106,052</u>	<u>\$ 94,580</u>

**NOTE 6 – Property and Equipment**

Property and equipment are summarized as follows at June 30:

	<u>2024</u>	<u>2023</u>
Building	\$ 3,846,402	\$ 3,846,402
Furniture, fixtures and equipment	128,027	126,344
Automobiles	<u>30,470</u>	<u>30,470</u>
	4,004,899	4,003,216
Less: accumulated depreciation	( <u>1,033,321</u> )	( <u>884,158</u> )
	2,971,578	3,119,058
Land	<u>724,476</u>	<u>724,476</u>
Total	<u>\$ 3,696,054</u>	<u>\$ 3,843,534</u>

Depreciation expense for the fiscal years ended June 30, 2024, and 2023, was \$151,320 and \$100,345, respectively.

**CHILDREN TODAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

**NOTE 7 – Note Payable**

Note payable consists of the following at June 30:

	<b>2024</b>	<b>2023</b>
Note payable; secured by deed of trust on real property; principal and interest payments of \$4,416 are due monthly; final principal payment due October 2038; interest at 5% for ten years, then for the remaining fifteen years interest is calculated at the prime rate plus 2% with a floor of 5% and ceiling of 9%	\$ --	\$ 314,005
Less: current portion	--	( 24,124)
Total note payable, net of current portion	\$ --	\$ 289,881

The Organization paid off the note payable balance in full during the fiscal year ended June 30, 2024.

**NOTE 8 – Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	<b>2024</b>	<b>2023</b>
Subject to expenditure for specified purpose:		
Program administration and supplies	\$ --	\$ 40,000
Subject to time restrictions	75,000	190,000
Total	\$ 75,000	\$ 230,000

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

	<b>2024</b>	<b>2023</b>
Program administration and supplies	\$ 230,000	\$ 153,065
Administrative support and supplies	--	6,697
Total	\$ 230,000	\$ 159,762

**CHILDREN TODAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

**NOTE 9 – Donated Goods and Services**

The Organization’s financial statements include the following in-kind contribution revenue for the year ended June 30:

	<b>2024</b>	<b>2023</b>
Donated goods	\$ 6,684	\$ 31,149
Donated services	9,096	--
Donated goods – special events	15,480	--
Total	\$ 31,260	\$ 31,149

Donated goods and services received by the Organization during the fiscal years ended June 30, 2024, and 2023, were provided without donor restrictions and were used to support ongoing program operations or were monetized. The value of donated goods was estimated based on comparable sales of similar items at retail prices within the local market available to the Organization, and the value of donated services was estimated based on comparable services by qualified professionals within the local market available to the Organization.

**NOTE 10 – Concentrations**

***Contingencies***

The Organization has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, management believes that any required reimbursements will not be material.

***Revenue***

Revenue provided through programs funded by the California Department of Education and the California Department of Social Services made up 73% of total revenue and support for the fiscal year ended June 30, 2024. California Department of Education, California Department of Social Services, and Head Start made up 69% of the Organization’s total revenue and support for the fiscal year ended June 30, 2023.

**CHILDREN TODAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

**NOTE 11 – Functional Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural and functional classification detail of expenses. Therefore, certain costs have been allocated among the programs and supporting services benefited. Expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include insurance and property taxes, which are allocated on a square footage basis, as well as salaries and wages, employee benefits and taxes, advertising and outreach, automobile, dues and subscriptions, permits and licenses, repairs and maintenance, staff development, supplies, programmatic events, interest expense, telephone and internet, and utilities, which are allocated on the basis of estimates of time and effort.

**NOTE 12 – Employee Benefits**

The Organization sponsors a profit sharing plan (the Plan) qualified under IRC Section 401(k) covering substantially all full-time employees. The Plan provides that employees who have attained the age of 18 and completed 3 months of service may voluntarily contribute from 0 to 92 percent of their earnings to the Plan, up to the maximum annual contribution allowed by the IRS. During the fiscal years ended June 30, 2024, and 2023, the Organization offered an employer match of contributions up to 4% and 4%, respectively, resulting in \$23,523 and \$19,556 in expense related to the Plan.

**NOTE 13 – Prior Period Adjustment**

During the fiscal year ended June 30, 2023, the Organization received \$455,000 in government grant revenue that related to a transfer of funds from prior fiscal years. In line with applicable revenue recognition standards, revenue was booked back to the prior fiscal year in which it related. Ending net assets was not affected as part of this change.