

CHILDREN'S NETWORK OF SOLANO COUNTY

FINANCIAL STATEMENTS

June 30, 2024

Scinto Group, LLP
Certified Public Accountants/Business Consultants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Children's Network of Solano County
Fairfield, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Children's Network of Solano County, a non-profit organization (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the related statement of activities and changes in net assets, functional expenses, and 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). 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are 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 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 GAAS, 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 Organization'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 Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

The Organization's financial statements for the year ended June 30, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on January 22, 2024. The summarized comparative information presented herein as of and for the year ended June 30, 2023 appear to be consistent, in all material respects, with the audited financial statements from which it has been derived.

Scinto Group

Scinto Group, LLP
Grass Valley, California
December 12, 2024

CHILDREN'S NETWORK OF SOLANO COUNTY
Statement of Financial Position
As of June 30, 2024
(With Comparative Financial Information for the Year Ended June 30, 2023)

| | 2024 | 2023 |
|--|---------------------|-------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 332,389 | \$ 496,587 |
| Contributions receivable, net | 628,544 | 283,770 |
| Prepaid expenses | 3,933 | 4,367 |
| Total Current Assets | 964,866 | 784,724 |
| Fixed Assets, Net | - | 2,142 |
| Non-Current Assets | | |
| Deposits | 3,176 | 3,750 |
| Operating lease right-of-use asset | 46,259 | 70,824 |
| Finance lease right-of-use asset | - | 1,567 |
| Total Non-Current Assets | 49,435 | 76,141 |
| Total Assets | \$ 1,014,301 | \$ 863,007 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 39,604 | \$ 62,011 |
| Accrued expenses | 151,811 | 75,788 |
| Refundable advance | 3,467 | 241,375 |
| Operating lease liability, current portion | 25,303 | 24,665 |
| Finance lease liability, current portion | - | 1,591 |
| Total Current Liabilities | 220,185 | 405,430 |
| Non-Current Liabilities | | |
| Operating lease liability (net of current portion) | 24,456 | 49,759 |
| Finance lease liability (net of current portion) | - | - |
| Total Non-current Liabilities | 24,456 | 49,759 |
| Total Liabilities | 244,641 | 455,189 |
| Net Assets | | |
| Without Donor Restrictions | 191,442 | 191,318 |
| With Donor Restrictions | 578,218 | 216,500 |
| Total Net Assets | 769,660 | 407,818 |
| Total Liabilities and Net Assets | \$ 1,014,301 | \$ 863,007 |

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

CHILDREN'S NETWORK OF SOLANO COUNTY
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2024

(With Summarized Comparative Financial Information for the Year Ended June 30, 2023)

| | Without Donor Restrictions | With Donor Restrictions | 2024 Total | 2023 Total |
|---|-------------------------------|----------------------------|-------------------|-------------------|
| Revenues and Support | | | | |
| Government grants | \$ 776,198 | \$ - | \$ 776,198 | \$ 513,326 |
| Foundation and corporate grants | 536,921 | 527,057 | 1,063,978 | 557,412 |
| Other contributions | 26,772 | - | 26,772 | 65,151 |
| Special Events | 1,980 | - | 1,980 | 16,337 |
| Less: Cost of direct benefits to donors | - | - | - | (16,136) |
| Interest income | 540 | - | 540 | 29 |
| Other income | 3,163 | - | 3,163 | 1,359 |
| Total support and revenue | <u>1,345,574</u> | <u>527,057</u> | <u>1,872,631</u> | <u>1,137,478</u> |
| Net assets released from restriction | <u>165,339</u> | <u>(165,339)</u> | <u>-</u> | <u>-</u> |
| Total Revenue | <u>1,510,913</u> | <u>361,718</u> | <u>1,872,631</u> | <u>1,137,478</u> |
| Expenses | | | | |
| Program Services: | | | | |
| Family support | 1,079,101 | - | 1,079,101 | 1,048,507 |
| Council support | 227,011 | - | 227,011 | 145,062 |
| Advocacy and outreach | 110,391 | - | 110,391 | 51,431 |
| Total program services expenses | <u>1,416,503</u> | <u>-</u> | <u>1,416,503</u> | <u>1,245,000</u> |
| Supporting services: | | | | |
| Management and General | 94,286 | - | 94,286 | 81,169 |
| Fundraising | - | - | - | 10,880 |
| Total supporting services expenses | <u>94,286</u> | <u>-</u> | <u>94,286</u> | <u>92,049</u> |
| Total Expenses | <u>1,510,789</u> | <u>-</u> | <u>1,510,789</u> | <u>1,337,049</u> |
| Increase in Net Assets | 124 | 361,718 | 361,842 | (199,571) |
| Net Assets, Beginning of the Year | <u>191,318</u> | <u>216,500</u> | <u>407,818</u> | <u>607,389</u> |
| Net Assets, End of Year | <u>\$ 191,442</u> | <u>\$ 578,218</u> | <u>\$ 769,660</u> | <u>\$ 407,818</u> |

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

CHILDREN'S NETWORK OF SOLANO COUNTY
Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Financial Information for the Year Ended June 30, 2023)

| | 2024 | 2023 |
|---|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 361,842 | \$ (199,571) |
| Adjustments to reconcile change in net assets to net cash provided by operations: | | |
| Depreciation | 1,426 | 2,034 |
| Amortization of right-of-use asset | 1,567 | 1,881 |
| Loss on disposal of assets | 716 | - |
| (Increase) decrease in: | | |
| Contributions receivable | (344,774) | 192,528 |
| Prepaid expenses | 434 | 4,567 |
| Deposits | 574 | 7,444 |
| Operating lease right-of-use asset | 24,565 | (70,824) |
| Increase (decrease) in: | | |
| Accounts payable | (22,407) | (76,167) |
| Accrued expenses | 76,023 | 8,675 |
| Refundable advance | (237,908) | 241,375 |
| Operating lease liability | (24,665) | 74,424 |
| Net Cash Flows (Used by) Provided by Operating Activities | (162,607) | 186,366 |
| Cash Flows from Investing Activities | - | - |
| Cash Flows from Financing Activities | - | - |
| Principal payments on finance leases | (1,591) | (1,857) |
| Net Cash Flows Used by Financing Activities | (1,591) | (1,857) |
| Net (Decrease) Increase in Cash and Cash Equivalents | (164,198) | 184,509 |
| Cash and Cash Equivalents, Beginning of Year | 496,587 | 312,078 |
| Cash and Cash Equivalents, End of Year | \$ 332,389 | \$ 496,587 |
| Supplemental Disclosure of Cash Flow Information: | | |
| Interest paid | \$ - | \$ 68 |
| Schedule of Non-Cash Investing & Financing Activities | | |
| Right-of-use assets obtained in exchange for lease liabilities | | |
| Operating leases | \$ - | \$ 94,721 |
| Finance leases | \$ - | \$ 3,448 |

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

CHILDREN'S NETWORK OF SOLANO COUNTY

Statement of Functional Expenses

For the Year Ended June 30, 2024

(With Summarized Comparative Financial Information for the Year Ended June 30, 2023)

| | Program Services | | | Supporting Services | | 2024 Total | 2023 Total |
|------------------------------------|-------------------|--------------------|--------------------------|---------------------------|-------------|---------------|---------------|
| | Family Support | Council Support | Advocacy and Outreach | Management and General | Fundraising | | |
| Salaries and Wages | \$ 112,329 | \$ 151,010 | \$ 31,278 | \$ 39,196 | \$ - | \$ 333,813 | \$ 291,819 |
| Payroll Taxes | 9,483 | 12,798 | 2,894 | 500 | - | 25,675 | 24,984 |
| Employee benefits | 19,488 | 18,190 | 4,157 | 1,002 | - | 42,837 | 42,000 |
| Subtotal personnel expenses | 141,300 | 181,998 | 38,329 | 40,698 | - | 402,325 | 358,803 |
| Accounting and audit | 1,333 | 1,702 | 415 | 34,200 | - | 37,650 | 23,426 |
| Advertising | - | 385 | 25 | - | - | 410 | - |
| Bank charges | - | - | - | 1,029 | - | 1,029 | 964 |
| Conference and meetings | 696 | 927 | 505 | 598 | - | 2,726 | 1,952 |
| Consultants | - | - | - | - | - | - | 5,150 |
| Contracts | 322,130 | - | 43,088 | - | - | 365,218 | - |
| Dues and subscriptions | 33 | 1,041 | 11 | 428 | - | 1,513 | 334 |
| Equipment maintenance | 1,689 | 1,217 | 995 | 1,903 | - | 5,804 | 2,167 |
| Information systems | 3,295 | 3,729 | 755 | 954 | - | 8,733 | 9,213 |
| Lease expense | - | - | - | - | - | - | 24,600 |
| Liability insurance | 1,866 | 1,763 | 570 | 2,019 | - | 6,218 | 11,458 |
| Occupancy | 10,603 | 13,354 | 3,057 | 4,145 | - | 31,159 | 16,643 |
| Office supplies | 257 | 342 | 82 | 518 | - | 1,199 | 4,954 |
| Other | 1,597 | 924 | 253 | 304 | - | 3,078 | - |
| Outreach | - | 1,313 | 825 | - | - | 2,138 | 653 |
| Partner agencies | - | - | - | - | - | - | 343,998 |
| Postage | 232 | 301 | 67 | 88 | - | 688 | 458 |
| Printing | 111 | 7,119 | 800 | 34 | - | 8,064 | 1,470 |
| Program expenses | 586,731 | 1,010 | 6,375 | 4,929 | - | 599,045 | 513,281 |
| Supplies | 4,331 | 4,128 | 7,023 | - | - | 15,482 | 9,678 |
| Telephone | 2,494 | 2,844 | 680 | 894 | - | 6,912 | 4,672 |
| Training | 29 | 524 | 2,005 | 96 | - | 2,654 | - |
| Travel | 374 | 2,390 | 4,531 | 23 | - | 7,318 | 1,141 |
| Total Expenses Before Depreciation | 1,079,101 | 227,011 | 110,391 | 92,860 | - | 1,509,363 | 1,335,015 |
| Depreciation | - | - | - | 1,426 | - | 1,426 | 2,034 |
| Total Functional Expenses | \$ 1,079,101 | \$ 227,011 | \$ 110,391 | \$ 94,286 | \$ - | \$ 1,510,789 | \$ 1,337,049 |

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

CHILDREN'S NETWORK OF SOLANO COUNTY
Notes to the Financial Statements
June 30, 2024

(With Summarized Comparative Financial Information for the Year Ended June 30, 2023)

NOTE 1 – NATURE OF OPERATIONS

Organization and Nature of Activities

Children's Network of Solano County, (the "Organization") was incorporated as a nonprofit in 1982. The Organization facilitates partnerships among public and private agencies that serve Solano County families. The mission and vision are:

Mission: improving the lives of children in Solano County through education, advocacy, coordination of community services and community-based collaborative groups.

Vision: the children of Solano County will reach adulthood having experienced a safe, healthy, and nurturing environment. The Organization is primarily funded by contracts and grants with federal, state, and local government agencies.

Program Description

There are four broad program areas where the Organization directs its resources and activities: family support, council support, advocacy and outreach, and fiscal sponsorship. They work to educate people in Solano County about the needs of children and to bring together those who can achieve the best outcomes for kids. The Organization conducts and disseminates research, offers training, administers grants, coordinates county agencies, advocates for policy changes at all levels of government, and works to improve the efficiency and effectiveness of county services for children.

Family Support – The Organization provides support to agencies that serve families and children in Solano County. This includes a network of family resource centers that offer comprehensive family support services in every city in Solano County, providing families with information and referrals, in-home services, parent education, and assistance with social and health emergency needs, and a financial literacy and coaching program to help families achieve financial stability.

Council Support – The Organization provides staff support to the Solano Child Abuse Prevention Council. This support includes convening meetings and events to discuss and identify children's needs in the County, seeking funding to meet those needs, and performing education and public awareness activities.

Advocacy and Outreach – The Organization actively increases parent advocacy in Solano County by delivering a parent leadership training program designed to empower parents and caregivers to be active in making the changes they want to see in their communities. In addition, the organization uses its extensive networks and relationships to perform outreach, education and advocacy on issues impacting the lives of families and children in Solano County.

CHILDREN'S NETWORK OF SOLANO COUNTY

Notes to the Financial Statements

June 30, 2024

(With Summarized Comparative Financial Information for the Year Ended June 30, 2023)

NOTE 1 – NATURE OF OPERATIONS – CONTINUED

Fiscal Sponsorship – The Organization provides assistance to local organizations that do not have a 501(c)(3) designation, but are helping local communities, families, and children to be successful, by providing them with the administrative infrastructure needed to raise and spend funds for their efforts. There were no expenses to this program service for the years ended June 30, 2024 and 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") where revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization 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.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers all financial instruments purchased with an original maturity of three months or less to be cash equivalents.

CHILDREN'S NETWORK OF SOLANO COUNTY
Notes to the Financial Statements
June 30, 2024

(With Summarized Comparative Financial Information for the Year Ended June 30, 2023)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Based on historical experience, an assessment of economic conditions, and a review of subsequent collections, management expects all such contributions to be collectible. Accordingly, an allowance for uncollectible contributions has not been established as of June 30, 2024 and 2023.

Property and Equipment

Property and equipment valued at \$1,500 or more are carried at cost, if purchased, or at estimated fair value on the date contributed, if donated, less accumulated depreciation. It is the Organization's policy to provide for depreciation using the straight-line method over the estimated useful life of each type of asset ranging from 5 to 30 years. If donors stipulate the period of time during which the assets must be used, the contributions are recorded as support with donor restrictions, and released as restrictions expire. In the absence of such stipulations, contributions of property and equipment and gifts of cash restricted for the acquisition of property and equipment, are recorded as support without donor restrictions when the assets are placed in service. For the years ended June 30, 2024 and 2023, the Organization received no donated property and equipment. Maintenance and repairs are charged to expense when incurred. Additions and major renewals are capitalized. When assets are retired or otherwise disposed of the cost or donated value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in other revenues (expenses) for the period.

Leases

The Organization applies Accounting Standards Codification ("ASC") 842, *Leases*, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property or equipment for a period in excess of twelve months in exchange for consideration. The Organization defines control of the assets as the right to direct the use of the identified assets. The Organization further determines all the existing leases are operating leases, which are included in the Right-of-use ("ROU") assets and liabilities in the statement of financial position. ROU assets represent the Organization's right to use leased assets over the term of the lease. Lease liabilities represent the Organization's contractual obligation to make lease payments and are measured at the present value of the future lease payment over the lease term using a risk-free rate as permitted under ASC 842. ROU assets are calculated as the present value of the future lease payments adjusted by any deferred rent liability and lease incentives.

CHILDREN'S NETWORK OF SOLANO COUNTY
Notes to the Financial Statements
June 30, 2024

(With Summarized Comparative Financial Information for the Year Ended June 30, 2023)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Classes 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:

- a) *Net Assets without Donor Restrictions* are those for use in general operations and not subject to donor (or certain grantor) restrictions. From time-to-time, the Board of Directors may earmark net assets from this category.

- b) *With Donor Restrictions* are the net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions of the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All contributions are considered available for general use, unless specifically restricted by donor or subject to other legal restrictions.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

CHILDREN'S NETWORK OF SOLANO COUNTY

Notes to the Financial Statements

June 30, 2024

(With Summarized Comparative Financial Information for the Year Ended June 30, 2023)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, local, and foundation contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization has received cost-reimbursable grants totaling \$195,289 and \$553,239 that have not been recognized as of June 30, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred. As of June 30, 2024, and 2023, 3,467 and \$241,375, respectively, have been received in advance under the Organization's federal, state, and local contracts and grants.

In-kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2024 and 2023, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been detailed in the statement of functional expenses and are summarized on a functional basis in the statement of activities. Program and supporting services are charged with their direct expenses. Certain categories of expenses are attributed to both program and supporting services. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include personnel and occupancy costs, among other expenses; which are allocated on the basis of estimates of time and effort, square footage basis, as well as other methods as determined from time-to-time by management.

Advertising Costs

All advertising costs are expensed as incurred and totaled \$410 and \$169 for the years ended June 30, 2024 and 2023, respectively.

CHILDREN'S NETWORK OF SOLANO COUNTY

Notes to the Financial Statements

June 30, 2024

(With Summarized Comparative Financial Information for the Year Ended June 30, 2023)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Tax Status

The Organization is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and related California code sections. The Organization is considered a public charity and has been classified as an Organization that is not a private foundation under IRC Section 170(b)(1)(a)(vi).

Management has processes presently in place to ensure maintenance of the Organization's tax-exempt statuses; to identify and report unrelated business income; to determine the filing and tax obligations for which the Organization has nexus; and to identify and evaluate other matters that may be considered tax positions. Management has evaluated the tax positions and related income tax contingencies and do not believe that any material uncertain tax positions exist that require recognition or disclosure in the financial statements.

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could vary from those estimates under different assumptions or conditions.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and equivalents with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year financial statement presentation. Any reclassifications made have had no impact on previously reported net assets.

CHILDREN'S NETWORK OF SOLANO COUNTY
Notes to the Financial Statements
June 30, 2024

(With Summarized Comparative Financial Information for the Year Ended June 30, 2023)

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2024 and 2023:

| | 2024 | 2023 |
|--|------------|------------|
| Cash | \$ 332,389 | \$ 496,587 |
| Contributions receivable | 628,544 | 283,770 |
| Less those financial assets unavailable for general expenditures within one year due to: Contractual or donor-imposed restrictions: Restricted by donor for purpose | | |
| Financial assets available to meet cash needs | (578,218) | (216,500) |
| for general expenditures within one year | \$ 382,715 | \$ 563,857 |

The Organization tries to maintain a liquid cash balance in checking and money market accounts in an amount necessary to meet anticipated expenditures for at least the next 60 days. Cash in excess of this may be invested in short-term investments. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of \$100,000, which could be drawn upon if needed.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of June 30, 2024 and 2023:

| | 2024 | 2023 |
|--------------------------------|------------|-------------|
| Unconditional promises to give | \$ 628,544 | \$ 283,770 |
| Less: unamortized discount | - | - |
| Contributions receivable, net | \$ 628,544 | \$ 283,770 |
| | 2024 | 2023 |
| Amounts due in: | \$ | \$ |
| Less than one year | 628,544 | 283,770 |
| One to five years | - | - |
| Total contributions receivable | \$ 628,544 | \$ 283,7070 |

The discount rate applied is 3%.

CHILDREN'S NETWORK OF SOLANO COUNTY
Notes to the Financial Statements
June 30, 2024

(With Summarized Comparative Financial Information for the Year Ended June 30, 2023)

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2024 and 2023:

| | 2024 | 2023 |
|-----------------------------------|-----------|-----------|
| Furniture and fixtures | \$ 18,984 | \$ 22,743 |
| Equipment | 6,505 | 6,505 |
| Total property and equipment | 25,489 | 29,248 |
| Less: accumulated depreciation | (25,489) | (27,106) |
| Total property and equipment, net | \$ - | \$ 2,142 |

Total depreciation expense amounted to \$1,426 and \$2,034 for the year ended June 30, 2024 and 2023, respectively.

NOTE 6 – LINE OF CREDIT

The Organization has a \$100,000 revolving line of credit with a bank. Advances on the credit line are payable on demand. The line of credit is secured by chattel paper, accounts receivable, and equipment. The line of credit was most recently renewed on May 10, 2024. The Organization had no outstanding balance as of June 30, 2024 and 2023.

NOTE 7 – LEASES

The Organization leases office facilities under an operating leasing arrangement. Rent expense of \$24,600 was charged to operating expense for the years ended June 30, 2024 and 2023. The operating lease began on June 1, 2021 and terminates on May 31, 2026. The terms of the lease agreement include a monthly base rent of \$2,050 and \$1,950 for the year ended June 30, 2024 and 2023, respectively. Future minimum rental payments are as follows:

| Year ended June 30, | Total |
|--|-----------|
| 2025 | \$ 25,900 |
| 2026 | 24,750 |
| Thereafter | - |
| Total | 50,650 |
| Less imputed interest | (891) |
| Net present value of future lease payments | \$ 49,759 |

CHILDREN'S NETWORK OF SOLANO COUNTY

Notes to the Financial Statements

June 30, 2024

(With Summarized Comparative Financial Information for the Year Ended June 30, 2023)

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|---|-------------------|-------------------|
| Subject to expenditure for a specified purpose: | | |
| Basic needs | \$ 151,000 | \$ 1,000 |
| Parent and community engagement | 412,828 | 107,996 |
| Children's programs | - | 80,654 |
| Strategic communications plan | <u>14,390</u> | <u>26,850</u> |
| Total net assets with donor restrictions | \$ <u>578,218</u> | \$ <u>216,500</u> |

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

| | <u>2024</u> | <u>2023</u> |
|---|-------------------|-------------------|
| Satisfaction of purpose restrictions: | | |
| Basic needs | \$ - | \$ 28,338 |
| Parent and community engagement | 72,225 | 56,514 |
| Children's programs | 80,654 | 97,098 |
| Strategic communications plan | <u>12,460</u> | <u>25,000</u> |
| Total net assets released from donor restrictions | \$ <u>165,339</u> | \$ <u>206,950</u> |

NOTE 9 – COMMITMENTS AND CONTINGENCIES

In addition, the Organization has been awarded certain grants and contracts and are subject to financial and compliance requirements of the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although management does not expect such amounts, if any, to materially affect the financial statements.

CHILDREN'S NETWORK OF SOLANO COUNTY
Notes to the Financial Statements
June 30, 2024

(With Summarized Comparative Financial Information for the Year Ended June 30, 2023)

NOTE 10 – CONCENTRATIONS

For the year ended June 30, 2024, approximately 34% of total revenue was provided by two funding sources. In addition, as of June 30, 2024, approximately 80% of contributions receivable was due from two funding sources.

For the year ended June 30, 2023, approximately 61% of total revenue was provided by three funding sources. In addition, as of June 30, 2023, approximately 95% of contributions receivable was due from three funding sources.

NOTE 11 – RETIREMENT PLAN

The Organization has established a benefit policy called Flex Comp under Internal Revenue Code Section 125, otherwise known as a Cafeteria Plan. The plan maintains a contributory retirement program which is available to employees and allows the participants to make tax deferred annuity contributions. The Organization makes matching contributions to the retirement plan of 1% of salary for participating employees. Total costs were \$1,713 and \$1,132 for the years ended June 30, 2024 and 2023, respectively.

NOTE 12 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 12, 2024, the date the financial statements are available to be issued, and is not aware of any other subsequent events which would require recognition or disclosure in the financial statements.