

Fresno State Programs for Children, Inc.

2023-24 Annual Report

**Approved by the Board of Directors
September 18, 2024**



Reports of Independent Auditors and
Financial Statements with
Supplementary Information

Fresno State Programs for Children, Inc.

June 30, 2024 and 2023

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Fresno State Programs for Children, Inc.
General Information
For the period July 1, 2023, through June 30, 2024

A Nonprofit Corporation

Child Development Contract Project	No. 10-Q621-00-3-25451
Child Development Contract Project	No. 10-Q621-00-3-25737
Child Development Contract Project	No. 10-Q621-00-3-25754
Federal Grant Project	No. 10-Q621-00-3-13609
Federal Grant Project	No. 10-Q621-00-3-15136
Federal Grant Project	No. 10-Q621-00-3-15554
Child Development Contract Project	No. 10-Q621-00-3-25540
Quality Rating Improvement System Block Grant	No. 121780

Address:

California State University, Fresno Auxiliary Corporations
2771 E Shaw Ave
Fresno, CA 93710-8205
(559) 278-0880

Days of Operations: 236

Schedule of Operation Each Day, Sites II, III, IV:

Opening Time – 7:30 a.m.

Closing Time – 5:30 p.m.

Fresno State Programs for Children, Inc.
Corporate Information
For the Fiscal Year Ended June 30, 2024

Board of Directors

Deborah S. Adishian-Astone	Fresno, California
Dr. Monica Billen	Fresno, California
Dr. Larissa Mercado-López	Fresno, California
Dr. Jessica McKenzie	Fresno, California
Dr. Ruby Sangha-Rico	Fresno, California
Dr. Randy Yerrick (until 12/31/23)	Fresno, California
Dr. Sergio La Porta (began 1/1/24)	Fresno, California
Mehrzad Zarrin	Fresno, California

Corporate Officers

Dr. Randy Yerrick (until 12/31/23)	Chair
Dr. Sergio La Porta (began 1/1/24)	Chair
Dr. Monica Billen	Vice Chair
Deborah S. Adishian-Astone	Treasurer
Dr. Jessica McKenzie	Secretary

Report of Independent Auditors

The Board of Directors
Fresno State Programs for Children, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fresno State Programs for Children, Inc. (Programs for Children), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities 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 Programs for Children as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Programs for Children 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 Programs for Children's ability to continue as a going concern for twelve months' beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Programs for Children'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 Programs for Children'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.

Prior Period Financial Statements

The financial statements of Programs for Children as of and for the year ended June 30, 2023, were audited by other auditors whose report dated September 18, 2023, expressed an unmodified opinion on those financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and other information (collectively supplementary information) are presented for purposes of additional analysis and are 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 supplementary 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 September 18, 2024, on our consideration of Programs for Children's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Programs for Children's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Programs for Children's internal control over financial reporting and compliance.



Fresno, California
September 18, 2024

Financial Statements

Fresno State Programs for Children, Inc.
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 4 and 5)	\$ 3,682,553	\$ 2,846,101
Accounts receivable – grants and contracts	90,749	58,021
Accounts receivable – other, net	549,470	473,007
Prepaid expenses	1,922	1,778
Total current assets	4,324,694	3,378,907
PROPERTY AND EQUIPMENT		
Equipment	226,995	206,014
Less: Accumulated depreciation	(152,988)	(149,988)
PROPERTY AND EQUIPMENT, net	74,007	56,026
TOTAL ASSETS	\$ 4,398,701	\$ 3,434,933
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable (Note 6)	\$ 203,063	\$ 215,227
Deferred revenue	438,207	224,474
Total current liabilities	641,270	439,701
NET ASSETS		
Without donor restrictions		
Undesignated	3,701,134	2,938,935
Board designated, capital reserve (Note 2)	50,000	50,000
With donor restrictions (Note 2)	6,297	6,297
Total net assets	3,757,431	2,995,232
TOTAL LIABILITIES AND NET ASSETS	\$ 4,398,701	\$ 3,434,933

See accompanying notes.

Fresno State Programs for Children, Inc.
Statements of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
State apportionment	\$ 1,555,205	\$ -	\$ 1,555,205
Federal funds	284,668	-	284,668
University contributions (Note 9)	31,560	-	31,560
Foundation grant support (Note 9)	136,682	-	136,682
Day care fees (Note 11)	294,527	-	294,527
Student body fees	695,956	-	695,956
Interest income	96,505	-	96,505
Donations	25	-	25
Miscellaneous	144,510	-	144,510
	<u>3,239,638</u>	<u>-</u>	<u>3,239,638</u>
Total revenues and other support			
EXPENSES			
Program expenses – child care	2,324,299	-	2,324,299
Management and general	153,140	-	153,140
	<u>2,477,439</u>	<u>-</u>	<u>2,477,439</u>
Total expenses (Note 10)			
CHANGE IN NET ASSETS	762,199	-	762,199
NET ASSETS, beginning of year	<u>2,988,935</u>	<u>6,297</u>	<u>2,995,232</u>
NET ASSETS, end of year	<u>\$ 3,751,134</u>	<u>\$ 6,297</u>	<u>\$ 3,757,431</u>

See accompanying notes.

Fresno State Programs for Children, Inc.
Statements of Activities (Continued)
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
State apportionment	\$ 1,299,362	\$ -	\$ 1,299,362
Federal funds	423,965	-	423,965
University contributions	31,560	-	31,560
Foundation grant support	218,098	-	218,098
Day care fees	274,967	-	274,967
Student body fees	661,699	-	661,699
Interest income	28,657	-	28,657
Miscellaneous	29,328	-	29,328
	<u>2,967,636</u>	<u>-</u>	<u>2,967,636</u>
EXPENSES			
Program expenses – child care	2,026,830	-	2,026,830
Management and general	143,012	-	143,012
	<u>2,169,842</u>	<u>-</u>	<u>2,169,842</u>
CHANGE IN NET ASSETS	797,794	-	797,794
NET ASSETS, beginning of year	<u>2,191,141</u>	<u>6,297</u>	<u>2,197,438</u>
NET ASSETS, end of year	<u><u>\$ 2,988,935</u></u>	<u><u>\$ 6,297</u></u>	<u><u>\$ 2,995,232</u></u>

See accompanying notes.

Fresno State Programs for Children, Inc.
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 762,199	\$ 797,794
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	9,210	15,894
(Increase) decrease in:		
Accounts receivable - grants, contracts, and other	(109,191)	182,796
Prepaid expenses	(144)	(139)
Increase (decrease) in:		
Accounts payable	(12,164)	39,473
Deferred revenue	213,733	64,410
	863,643	1,100,228
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(27,191)	(30,280)
	(27,191)	(30,280)
NET INCREASE IN CASH AND CASH EQUIVALENTS	836,452	1,069,948
CASH AND CASH EQUIVALENTS, beginning of year	2,846,101	1,776,153
CASH AND CASH EQUIVALENTS, end of year	\$ 3,682,553	\$ 2,846,101

See accompanying notes.

Fresno State Programs for Children, Inc. Notes to Financial Statements

Note 1 – General Information

Fresno State Programs for Children, Inc. (Programs for Children or the Corporation) is a not-for-profit organization whose specific purpose is to provide child care services primarily for college students, faculty, staff and local community members in three sites at California State University, Fresno (the University).

Programs for Children incorporated as a nonprofit public benefit corporation on December 3, 1996, and began operations on July 1, 1999. It is a tax-exempt corporation under section 501(c)(3) of the Internal Revenue Code.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The financial statements are prepared on the accrual basis of accounting.

Basis of presentation – Resources are classified for accounting and reporting purposes into two classes of net assets according to externally imposed restrictions:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Programs for Children's management and the board of directors. At June 30, 2024 and 2023, the board has designated \$50,000 for capital reserves.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Programs for Children or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Corporation had \$6,297 net assets with donor restrictions for the years ended June 30, 2024 and 2023, respectively.

Fund accounting – Programs for Children receives revenues from state and federal grants for program operations. To ensure observance of limitations placed on the use of resources available to Programs for Children, the accounts are maintained in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established in accordance to their nature and purpose.

Cash and cash equivalents – Cash and cash equivalents consist of demand deposit accounts and money market funds with financial institutions. Programs for Children considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents.

Concentrations of credit risk – Financial instruments that potentially subject Programs for Children to concentrations of credit risk consist principally of cash and cash equivalents. Programs for Children maintains its cash and cash equivalents in various bank accounts which are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. The cash and cash equivalent accounts of Programs for Children have been placed with high credit quality financial institutions. Programs for Children has not experienced, nor does it anticipate, any losses with respect to such accounts.

Fresno State Programs for Children, Inc. Notes to Financial Statements

Another concentration of credit risk consists of accounts receivable (grants, contracts and other). For the year ended June 30, 2024, accounts receivable are primarily from California State University, Fresno, totaling approximately 71%. For the year ended June 30, 2023, accounts receivable were primarily from California State University, Fresno, totaling approximately 85%.

Accounts receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management reviews the collectability of the receivables on an ongoing basis and \$1,177 and \$1,177 have been reserved for credit losses for the years ended June 30, 2024 and 2023, respectively.

Property and equipment – Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The equipment useful lives range from three to ten years. Programs for Children's policy is to capitalize renewals and betterments acquired for greater than \$5,000 and expense normal repairs and maintenance as incurred. Fully depreciated assets, which have economic value, are retained on the books although fully depreciated.

Revenue recognition – *State apportionment, federal funds, university contributions, student body fees, and foundation grant support* - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Day care fees – revenue is recognized in the year services are provided and performance obligations are satisfied.

Investment income – investment income is presented net of investment expenses and is classified without donor restrictions in the statements of activities.

Miscellaneous revenue – revenue is recognized in the period the revenue has been earned. The terms vary depending on the nature of the obligation.

Contribution of nonfinancial assets – Contributed fixed assets are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. There was none recorded for the years ended June 30, 2024 and 2023.

Fresno State Programs for Children, Inc.

Notes to Financial Statements

Deferred revenue – Deferred revenues arise when resources are received by Programs for Children before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenses. In subsequent periods, when revenue recognition criteria are met and when Programs for Children has a legal claim to the resources, the liability for deferred revenues is removed from the statements of financial position and revenue is recognized.

Employer sponsored retirement plan – On January 23, 2019, the Board of Directors approved a retirement plan conversion. Programs for Children completed this transition from 401(k) to 403(b). Programs for Children’s 403(b) plan covers eligible employees meeting age and length of service requirements. Eligible employees contribute to the plan with salary deferrals. Programs for Children matches the first 5% of employee deferrals. Contributions to the plan for the years ended June 30, 2024 and 2023, respectively, totaled \$10,087 and \$6,717 and are included in employee benefits.

Functional expenses – The costs of providing various programs and other activities have been summarized on a functional basis in Note 10 – Expenses by Natural/Functional Classification. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis as defined in Note 10.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 – Liquidity and Availability

The following represents the Corporation’s financial assets at June 30, 2024 and 2023:

	2024	2023
Financial assets at year end		
Cash and cash equivalents	\$ 3,682,553	\$ 2,846,101
Accounts receivable – grants and contracts	90,749	58,021
Accounts receivable – other, net	549,470	473,007
Total financial assets	4,322,772	3,377,129
Less amounts not available to be used within one year		
Net assets with donor restrictions	6,297	6,297
Total amounts not available	6,297	6,297
Financial assets available to meet general expenditures over the next twelve months	\$ 4,316,475	\$ 3,370,832

Fresno State Programs for Children, Inc. Notes to Financial Statements

Programs for Children's goal is generally to maintain financial assets equal to 30% of the budgeted operating expenses for next fiscal year. The minimum requirement is \$782,652 and \$644,620 for the fiscal years ended June 30, 2024 and 2023, respectively. As part of its liquidity plan, excess cash is invested in short-term investments including money market and State of California Local Agency Investment Fund (LAIF) accounts.

Note 4 – Cash and Cash Equivalents

Cash and cash equivalents at the years ended June 30 consisted of the following:

	2024	2023
Deposits		
Cash in bank	\$ 388,275	\$ 245,106
Restricted cash in bank	6,297	6,297
Money market	2,421,617	1,760,156
Total deposits	2,816,189	2,011,559
Cash in State of California Local Agency Investment Fund	866,364	834,542
Total cash and cash equivalents	\$ 3,682,553	\$ 2,846,101

Programs for Children maintains some of its cash in the State of California Local Agency Investment Fund. The state pools these funds with those of other organizations and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is remitted quarterly to Programs for Children. Any investment losses are proportionately shared by all funds in the pool.

Note 5 – Fair Value Measurements

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting Standards Codification 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest propriety to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant observable input (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Fresno State Programs for Children, Inc.
Notes to Financial Statements

Level 3 – Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounts cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
At June 30, 2024				
Cash and cash equivalents	\$ 3,682,553	\$ -	\$ -	\$ 3,682,553
Total	<u>\$ 3,682,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,682,553</u>
At June 30, 2023				
Cash and cash equivalents	\$ 2,846,101	\$ -	\$ -	\$ 2,846,101
Total	<u>\$ 2,846,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,846,101</u>

Note 6 – Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at years ending June 30 consisted of the following:

	<u>2024</u>	<u>2023</u>
Accounts payable – contracts		
CDE and CDSS	\$ 15,536	\$ 75,781
Accounts payable – other	49,813	24,935
Accrued salaries and benefits	106,332	84,174
Accrued compensated absences	31,382	30,337
Total	<u>\$ 203,063</u>	<u>\$ 215,227</u>

Included in accounts payable contracts are unspent California Department of Social Services (CDSS) funds. The amounts will be remitted to the CDSS only after the CDSS has closed the years' contracts and has notified Programs for Children to repay the funds.

Note 7 – Leases

Programs for Children has entered into a facility lease with California State University, Fresno, effective July 1, 2021, as follows:

Use of space within the Education, Family/Food Sciences, and the Home Management Buildings, 5005 N. Maple Avenue, expiring June 30, 2026. Subsequent to the expiration date, the lease terms will be month-to-month if there is expressed or implied consent from the University. The use of space is considered a contribution of nonfinancial asset to Programs for Children but the value was determined to be insignificant and no value was recorded for the years ending June 30, 2024 and 2023.

Fresno State Programs for Children, Inc.

Notes to Financial Statements

Reimbursement of University resources has been set forth by the Memorandum of Understanding (MOU). Based on the terms set forth by the MOU, Programs for Children paid to the University \$0 and \$0, respectively, for administration fees, and \$0 and \$0, respectively, for facilities/maintenance fees, for each of the years ended June 30, 2024 and 2023.

Note 8 – Contingencies

Programs for Children has received California Department of Education (CDE) and California Department of Social Services funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, it is believed that any required reimbursements will not be material. Programs for Children did receive approximately 56% and 60% of its revenues from State and Federal contracts as of June 30, 2024 and 2023, respectively. A reduction in the amounts obtained from contracts could impact the operations of Programs for Children.

Claims and litigation – Programs for Children, during its normal course of business, may be subject from time to time to disputes and legal proceedings against it or may be indirectly impacted by litigation against the California State University (CSU) or the University. This includes recent claim(s) against the CSU asserting that students who were enrolled in Spring 2020 are entitled to prorated refunds of Campus Fees as a result of transitioning to online instruction in response to the COVID-19 pandemic. Management, with the support of CSU counsel, believes that Programs for Children has a valid defense against the lawsuits and will rigorously defend its position. Both management and legal counsel do not expect the ultimate outcome of any current claims or lawsuits to have a material adverse effect on Programs for Children's financial statements.

Note 9 – Related-parties

Programs for Children had transactions with the University during the year ended June 30 as follows:

An allocation was received from the University's Division of Student Affairs to supplement Programs for Children operations of \$31,560 and \$31,560 for the years ended June 30, 2024 and 2023, respectively.

Student Body Fee income allocated to Programs for Children was \$695,956 and \$661,699 for the years ended June 30, 2024 and 2023, respectively.

Programs for Children had a receivable from the University of \$387,785 and \$354,896 for the years ended June 30, 2024 and 2023, respectively.

In addition to the University, Programs for Children is related to California State University, Fresno Association (Association); the Agricultural Foundation of California State University, Fresno (the Agricultural Foundation); and the Fresno Foundation (the Foundation) due to common management of the entities. Programs for Children had the following transactions with the Association and the Foundation during the years ended June 30, 2024 and 2023:

Pursuant to a management services agreement, Programs for Children pays administrative fees to the Association for management services. The administrative fees for the years ended June 30, 2024 and 2023, were \$82,215, based on services rendered.

Fresno State Programs for Children, Inc. Notes to Financial Statements

A grant allocation for salary reimbursement was received by Programs for Children from the Foundation in the amount of \$136,682 and \$218,098 for the years ended June 30, 2024 and 2023, respectively.

Note 10 – Expenses by Natural/Functional Classification

The accompanying statement of activities reports certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable and systematic basis that is consistently applied by management in the preparation of its annual financial statements. All of the expenses Programs for Children are directly allocated to the functional categories by cost center. Such methodologies are deemed by management to be reasonable and appropriate and reflective of the functional purpose of each cost incurred for the respective reporting period.

The following is a detailed list of expenses by natural/functional classification for the years ended June 30:

	2024			2023		
	Program	General/Admin	Total	Program	General/Admin	Total
Certificated salaries						
Teachers	\$ 895,140	\$ -	\$ 895,140	\$ 784,475	\$ -	\$ 784,475
Supervisors	150,648	-	150,648	134,165	-	134,165
Classified salaries						
Instructional aides	269,667	-	269,667	305,312	-	305,312
Clerical	79,112	-	79,112	76,388	-	76,388
Other	211,754	-	211,754	170,116	-	170,116
Administration fees	-	153,140	153,140	-	143,012	143,012
Depreciation	9,210	-	9,210	15,894	-	15,894
Employee benefits	399,537	-	399,537	328,046	-	328,046
Food services						
Food	71,666	-	71,666	60,594	-	60,594
Personnel	69,095	-	69,095	67,143	-	67,143
Other food expense	1,631	-	1,631	944	-	944
Instructional supplies	66,404	-	66,404	28,894	-	28,894
Other supplies	23,053	-	23,053	28,188	-	28,188
Travel/Training	1,154	-	1,154	1,407	-	1,407
Telephone	-	-	-	1,474	-	1,474
Other operating expenses	76,228	-	76,228	23,790	-	23,790
Totals	<u>\$ 2,324,299</u>	<u>\$ 153,140</u>	<u>\$ 2,477,439</u>	<u>\$ 2,026,830</u>	<u>\$ 143,012</u>	<u>\$ 2,169,842</u>

Note 11 – Disaggregation of Revenue and Contracts with Customers

Revenues from performance obligations satisfied at a point in time consist of revenue recognized from child care fees – parent fees. Performance obligations – child care fees were \$294,527 and \$274,967 for the years ended June 30, 2024 and 2023, respectively. Revenue is disaggregated by timing of satisfaction of performance obligations.

Fresno State Programs for Children, Inc. Notes to Financial Statements

Note 12 – Contract Balances

Contract assets includes accounts receivable from child care fees – parent fees. Contract assets were \$11,055 and \$11,179 for the years ended June 30, 2024 and 2023, respectively.

Note 13 – Subsequent Events

Management has evaluated and concluded that there are no subsequent events that have occurred from June 30, 2024, through the date the financial statements were available to be issued at September 18, 2024, that would require additional disclosure or adjustment.

Note 14 – Uncertain Tax Positions

Income taxes – Programs for Children is exempt from Federal and State of California income tax under IRC section 501(c)(3) and California Revenue and Taxation Code Section 23701(d), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Programs for Children has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Programs for Children has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Generally accepted accounting principles provide accounting and disclosures guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Supplementary Information

Fresno State Programs for Children, Inc.
Child Care Food Programs – Centers
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2024

Program Name	Federal Assistance Living	Program or Award Amount	Revenue Recognized	Expenditures
Federal Awards				
U.S. Department of Agriculture				
Pass-through California Department of Education				
Child and Adult Care Food Program 06105-CACFP-10-NP-CS	10.558	\$ 85,516	\$ 85,516	\$ 85,516
Total U.S. Department of Agriculture		85,516	85,516	85,516
U.S. Department of Health and Human Services				
Pass-through California Department of Social Services				
Child Care and Development (CCDF) Cluster				
Child Development Programs CCTR-3046 13609	93.596	127,683	127,683	127,683
Child Development Programs CCTR-3046 15554	93.575	12,774	12,774	12,774
Child Development Programs CCTR- 3046 15136	93.575	58,695	58,695	58,695
COVID-19 American Rescue Plan Act	93.575	51,768	51,768	51,768
Total Child Care and Development (CCDF) Cluster		250,920	250,920	250,920
Total U.S. Department of Health and Human Services		250,920	250,920	250,920
Pass-through Department of Education				
COVID-19 American Rescue Plan Act	93.575	69,271	69,271	69,271
Total California Department of Education		69,271	69,271	69,271
Total Federal Assistance		<u>\$ 405,707</u>	<u>\$ 405,707</u>	<u>\$ 405,707</u>
State Awards				
California Department of Social Services				
Child Development Programs CCTR-3046 25540		\$ 617,521	\$ 617,521	\$ 617,521
Total California Department of Social Services		617,521	617,521	617,521
California Department of Education				
Quality Rating and Improvement System Block Grant 121780		103,725	38,205	38,205
Child Development Programs CSPP-3077 25451		899,479	899,479	899,479
Total California Department of Education		1,003,204	937,684	937,684
Total State Assistance		<u>\$ 1,620,725</u>	<u>\$ 1,555,205</u>	<u>\$ 1,555,205</u>

See accompanying notes to the supplementary information.

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Programs for Children, Inc. of California State University, Fresno

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 Fresno State Programs for Children, Inc. (Programs for Children), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2024.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Programs for Children'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Finding and Response as item 2024-001.

Programs for Children's Response to the Finding

Programs for Children's response to the finding identified in our audit is described in the accompanying Schedule of Finding and Response. Programs for Children's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Fresno, California
September 18, 2024

Fresno State Programs for Children, Inc.
Schedule of Findings and Responses
Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted?

Yes No

Section II – Financial Statement Findings

No matters were reported.

Section III – Findings and Questioned Costs for State Awards

FINDING 2024-001 – REPORTABLE COMPLIANCE MATTER

Programs: CHILD CARE AND DEVELOPMENT PROGRAMS: CSPP-3077 & CCTR-3046

Criteria: Attendance records should be maintained adequately including appropriate tracking of excused and unexcused absences to properly support billings to the California Department of Education (CDE).

Condition: Based on our testing of attendance records, we noted the following conditions:

- i. CSPP-3077: Five children had more than the allowed 10 days “in best interest” absence that claimed for attendance in the contract period, potentially over-claiming 52 days of attendance.
- ii. CCTR-3046: Three children had more than the allowed 10 days “in best interest” absence that claimed for attendance in the contract period, potentially over-claiming 24 days of attendance.

Context: We selected a random sample of twenty-five (25) children and examined the attendance records maintained for each selected.

Effect: Attendance amounts reported to the CDE could be charged incorrectly.

- i. CSPP-3077: Overstatement of attendance – fifty-two (52) days.
- ii. CCTR-3046: Overstatement of attendance – twenty-four (24) days.

Cause: The policy for “in best interest” is not strictly enforced.

Recommendation: Programs for Children should provide training to refresh personnel on attendance documentation requirements prior to the start of each semester, and management should review attendance documentation before CDE forms are completed and attendance is claimed. The “in best interest” policy should be reviewed by management and enforced.

Fresno State Programs for Children, Inc.
Schedule of Findings and Responses
Year Ended June 30, 2024

Views of Responsible Officials: Given there is no CDE guidance in effect that allows for any type of enrollment impacts when an enrolled child exceeds 10 days used “in best interest”, enforcement options are limited. Additionally, for the testing sample, many of the children/families experienced extenuating events/circumstances during the year that included court and custody issues, medical issues, and transportation limitations.

Programs for Children has taken corrective actions related to this. The staff responsible for attendance documentation has been retrained and additional review processes will be put into place for management to review prior to submission of CDE forms. Additionally, the program will implement additional communication efforts to families, so they are aware of the number of days used and any alternative options available to them.

Fresno State Programs for Children, Inc.
Schedule of Prior Audit Findings
Year Ended June 30, 2024

No matters were reported.

Fresno State Programs for Children, Inc.
Schedule of Net Position –
For Inclusion in the California State University Financial Statements
June 30, 2024

Assets:	
Current assets:	
Cash and cash equivalents	\$ 394,572
Short-term investments	3,287,981
Accounts receivable, net	640,219
Prepaid expenses and other current assets	1,922
Total current assets	<u>4,324,694</u>
Noncurrent assets:	
Capital assets, net	74,007
Total noncurrent assets	<u>74,007</u>
Total assets	<u>4,398,701</u>
Liabilities:	
Current liabilities:	
Accounts payable	65,349
Accrued salaries and benefits	106,332
Accrued compensated absences, current portion	2,500
Total current liabilities	<u>174,181</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	28,882
Unearned revenues	438,207
Total noncurrent liabilities	<u>467,089</u>
Total liabilities	<u>641,270</u>
Net position:	
Net investment in capital assets	74,007
Expendable:	
Others	6,297
Unrestricted	3,677,127
Total net position	<u>\$ 3,757,431</u>

Fresno State Programs for Children, Inc.
Schedule of Revenues, Expenses, and Changes in Net Position –
For Inclusion in the California State University Financial Statements
June 30, 2024

Revenues:	
Operating revenues:	
Grants and contracts, noncapital:	
Federal	\$ 284,668
State	1,555,205
Nongovernmental	136,682
Sales and services of auxiliary enterprises, gross	294,527
Other operating revenues	695,956
Total operating revenues	<u>2,967,038</u>
Expenses:	
Operating expenses:	
Auxiliary enterprise expenses	2,468,229
Depreciation and amortization	9,210
Total operating expenses	<u>2,477,439</u>
Operating income (loss)	<u>489,599</u>
Nonoperating revenues (expenses):	
Gifts, noncapital	31,560
Investment income (loss), net	96,505
Other nonoperating revenues (expenses)	144,535
Net nonoperating revenues (expenses)	<u>272,600</u>
Increase (decrease) in net position	762,199
Net position:	
Net position at beginning of year	<u>2,995,232</u>
Net position at end of year	<u>\$ 3,757,431</u>

Fresno State Programs for Children, Inc.
Other Information –
For Inclusion in the California State University Financial Statements
Year Ended June 30, 2024

1 Cash and cash equivalents:

Current cash and cash equivalents	\$ 394,572
Total	\$ 394,572

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ 2,421,617	\$	2,421,617
State of California Local Agency Investment Fund (LAIF)	866,364		866,364
Total investments	3,287,981	—	3,287,981
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ 3,287,981	-	3,287,981

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 2,421,617	2,421,617			
State of California Local Agency Investment Fund (LAIF)	866,364	-	-	-	866,364
Total investments	\$ 3,287,981	2,421,617	—	—	866,364

2.3 Investments held by the University under contractual agreements: Nothing to report

Fresno State Programs for Children, Inc.
Other Information –
For Inclusion in the California State University Financial Statements
Year Ended June 30, 2024

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2023 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2024
Non-depreciable/Non-amortizable capital assets:									
Construction work in progress (CWIP)	30,280				30,280			(30,280)	-
Total non-depreciable/non-amortizable capital assets	30,280	-	-	-	30,280	-	-	(30,280)	-
Depreciable/Amortizable capital assets:									
Personal property:									
Equipment	175,734				175,734	20,981		30,280	226,995
Total depreciable/amortizable capital assets	175,734	-	-	-	175,734	20,981	-	30,280	226,995
Total capital assets	206,014	-	-	-	206,014	20,981	-	-	226,995
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Personal property:									
Equipment	(149,988)				(149,988)	(9,210)	6,210		(152,988)
Total accumulated depreciation/amortization	(149,988)	-	-	-	(149,988)	(9,210)	6,210	-	(152,988)
Total capital assets, net excluding ROU assets	\$ 56,026	-	-	-	56,026	11,771	6,210	-	74,007
Total capital assets, net including ROU assets									74,007

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets

\$ 9,210
\$ 9,210

4 Long-term liabilities:

	Balance June 30, 2023	Prior Period Adjustments/Recla ssifications	Balance June 30, 2023 (Restated)	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
1. Accrued compensated absences	30,337		30,337	1,045		31,382	2,500	28,882
Total long-term liabilities						\$ 31,382	\$ 2,500	\$ 28,882

5 Future minimum payments schedule - leases, SBITA, P3: Nothing to report

6 Future minimum payments schedule - Long-term debt obligations: Nothing to report

Fresno State Programs for Children, Inc.
Other Information –
For Inclusion in the California State University Financial Statements
Year Ended June 30, 2024

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	269,667
Payments to University for other than salaries of University personnel	\$	22,162
Payments received from University for services, space, and programs	\$	31,560
Gifts-in-kind to the University from discretely presented component units	\$	-
Gifts (cash or assets) to the University from discretely presented component units	\$	-
Accounts (payable to) University	\$	(432)
Other amounts (payable to) University	\$	-
Accounts receivable from University	\$	387,785
Other amounts receivable from University	\$	-

8 Restatements: Nothing to report

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Auxiliary enterprise expenses	\$ 1,675,416	\$ 399,536	\$ -	\$ -		\$ 393,277		\$ 2,468,229
Depreciation and amortization							9,210	9,210
Total operating expenses	\$ 1,675,416	399,536	-	-	-	393,277	9,210	2,477,439

No pension plan reported

N/A

10 Deferred outflows/inflows of resources: Nothing to report

Other nonoperating revenues (expenses)

Other nonoperating revenues	\$ 144,535
Total other nonoperating revenues (expenses)	\$ 144,535

