

Fresno State Programs for Children, Inc.

2024-25 Annual Report

**Approved by the Board of Directors
September 16, 2025**

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
CAMPUS CHILDREN'S CENTER/EARLY EDUCATION CENTER
TABLE OF CONTENTS
JUNE 30, 2025 AND 2024

	<u>PAGE</u>
General Information - Unaudited	i
Corporate Information - Unaudited	ii
Report of Independent Auditors	1
Financial Statements:	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	7
Notes to the Financial Statements	8
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 <i>Government Auditing Standards</i>	17
Schedule of Findings and Questioned Costs	19
Summary Schedule of Prior Audit Findings	20
Schedule of Net Position	21
Schedule of Revenues, Expenses and Changes in Net Position	22
Other Information	23

GENERAL INFORMATION

Fresno State Programs For Children, Inc.

Child Development Contract Project No. 10-Q621-00-3-13257

Child Development Contract Project No. 10-Q621-00-3-13254

Child Development Contract Project No. 10-Q621-00-3-15540

Federal Grant Project No. 10-Q621-00-3-25136

Federal Grant Project No. 10-Q621-00-3-24568

Child Development Contract Project No. 10-Q621-00-3-25451

Child Development Contract Project No. 10-Q621-00-3-25737

Quality Rating Improvement System Block Grant No. 121780

Nonprofit Corporation

Address:

California State University, Fresno Auxiliary Corporations
2771 E Shaw Avenue
Fresno, California 93710-8205
(559) 278-0800

For the period July 1, 2024 through June 30, 2025

Days of Operation: 235

Schedule of Operation Each Day:

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, 2025

BOARD OF DIRECTORS

Dr. Monica Billen	Fresno, California
Nicole Lane	Clovis, California
Dr. Sergio La Porta	Fresno, California
Dr. Larissa Mercado-López	Fresno, California
Dr. Jessica McKenzie	Fresno, California
Dr. Ruby Sangha-Rico	Fresno, California
Mehrzaad Zarrin	Fresno, California

CORPORATE OFFICERS

Dr. Sergio La Porta	Chair
Dr. Monica Billen	Vice Chair
Nicole Lane	Treasurer
Dr. Jessica McKenzie	Secretary

CORPORATE DATA

Executive Offices	2771 East Shaw Avenue Fresno, California 93710-8205 Telephone (559) 278-0800
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Auditors	Baker Tilly US, LLP 255 East River Park Circle, Suite 220 Fresno, California 93720 Telephone (559) 389-5700 baker.tilly.com
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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 statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits 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 audits. 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 one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other information-for inclusion in the California State University Financial Statements (supplementary information) is 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 15, 2025, 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.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Fresno, California
September 15, 2025

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS	<u>2025</u>	<u>2024</u>
Current Assets:		
Cash and Cash Equivalents (Note 4)	\$ 4,469,711	\$ 3,682,553
Accounts Receivable - Contracts	7,484	90,749
Accounts Receivable - Other, Net (Note 2)	130,994	549,470
Prepaid Expenses	<u>2,264</u>	<u>1,922</u>
Total Current Assets	<u>4,610,453</u>	<u>4,324,694</u>
Fixed Assets:		
Equipment (Note 2)	290,240	226,995
Less: Accumulated Depreciation	<u>(167,646)</u>	<u>(152,988)</u>
Total Fixed Assets	<u>122,594</u>	<u>74,007</u>
TOTAL ASSETS	<u><u>\$ 4,733,047</u></u>	<u><u>\$ 4,398,701</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses (Note 6)	\$ 252,066	\$ 203,063
Deferred Revenue (Note 2)	<u>595,176</u>	<u>438,207</u>
Total Current Liabilities	<u>847,242</u>	<u>641,270</u>
Net Assets:		
Without Donor Restrictions (Note 2)		
Undesignated	3,829,508	3,701,134
Board Designated, Capital Reserve	50,000	50,000
With Donor Restrictions (Note 2)	<u>6,297</u>	<u>6,297</u>
Total Net Assets	<u>3,885,805</u>	<u>3,757,431</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,733,047</u></u>	<u><u>\$ 4,398,701</u></u>

See accompanying notes.

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
State Apportionment	\$ 1,631,636	\$ -	\$ 1,631,636
Federal Funds	289,119	-	289,119
University Contributions (Note 9)	31,560	-	31,560
Foundation Grant Support (Note 9)	58,311	-	58,311
Day Care Fees - Parent Fees	254,213	-	254,213
Student Body Fees (Note 9)	436,168	-	436,168
Interest Income	129,505	-	129,505
Donations	50	-	50
Miscellaneous	15	-	15
	<u>2,830,577</u>	<u>-</u>	<u>2,830,577</u>
Total Revenues and Other Support			
	<u>2,830,577</u>	<u>-</u>	<u>2,830,577</u>
Expenses:			
Program Expenses - Child Care	2,540,492	-	2,540,492
Management and General	161,711	-	161,711
	<u>2,702,203</u>	<u>-</u>	<u>2,702,203</u>
Total Expenses (Note 10)			
	<u>2,702,203</u>	<u>-</u>	<u>2,702,203</u>
Change in Net Assets	128,374	-	128,374
Net Assets, Beginning of Year	3,751,134	6,297	3,757,431
	<u>3,751,134</u>	<u>6,297</u>	<u>3,757,431</u>
Net Assets, End of Year	\$ 3,879,508	\$ 6,297	\$ 3,885,805
	<u>\$ 3,879,508</u>	<u>\$ 6,297</u>	<u>\$ 3,885,805</u>

See accompanying notes.

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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 - Parent Fees	294,527	-	294,527
Student Body Fees (Note 9)	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 CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 128,374	\$ 762,199
Adjustments to Reconcile Change in Net Assets to Net cash from Operating Activities		
Depreciation and Amortization	14,659	9,210
(Increase)/Decrease In:		
Accounts Receivable	501,740	(109,191)
Prepaid Expenses	(342)	(144)
Increase/(Decrease) In:		
Accounts Payable and Accrued Expenses	49,003	(12,164)
Deferred Revenue	156,969	213,733
	<u>850,403</u>	<u>863,643</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	<u>(63,245)</u>	<u>(27,191)</u>
Net Cash Used by Investing Activities	<u>(63,245)</u>	<u>(27,191)</u>
Net Increase in Cash and Cash Equivalents	787,158	836,452
Cash and Cash Equivalents at Beginning of Year	<u>3,682,553</u>	<u>2,846,101</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 4,469,711</u></u>	<u><u>\$ 3,682,553</u></u>

See accompanying notes.

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 – GENERAL INFORMATION

Fresno State Programs for Children, Inc. (Programs for Children) 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.

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.

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.

Donor restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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 with their nature and purpose.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. At June 30, 2025 and 2024, cash and equivalents included \$3,120,620 and \$2,896,812, respectively, held in a commercial bank, of which \$250,000 was insured by the Federal Deposit Insurance Corporation (FDIC).

Programs for Children participates in the State of California's Local Agency Investment Fund (LAIF), a non-Securities and Exchange Commission registered investment pool. Programs for Children is able to withdraw amounts from LAIF on demand without penalty.

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 that, at times, may exceed federally insured limits. Programs for Children's cash and cash equivalent accounts 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.

Another concentration of credit risk consists of accounts receivable. For the fiscal year ended June 30, 2025, accounts receivable are primarily from California State University, Fresno, totaling approximately 85%. For the fiscal year ended June 30, 2024, accounts receivable were primarily from California State University, Fresno, totaling approximately 71%.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Allowance for doubtful accounts in the amount of \$1,177 has been established for both years ending June 30, 2025 and 2024, respectively.

Fixed Assets

Fixed assets 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.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

State apportionment, federal funds, university contributions, student body fees, donations, and foundation grant support - All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor or granting agency. 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 the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a 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. Programs for Children had \$6,297 net assets with donor restrictions for both the years ended June 30, 2025 and 2024, respectively.

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

Interest 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.

Student Fees – Student fees are collected by the University and allocated to Programs for Children. Revenue is recognized in the period the revenue has been earned.

Contribution of Nonfinancial Assets

Contributed nonfinancial 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, 2025 and 2024.

Deferred Revenue

Deferred revenues arise when contributions or grants are received by Programs for Children and the terms are conditional, meaning the resources could be returned if certain measurable barriers are not met. In subsequent periods, when conditions are met, the liability for deferred revenues is removed from the Statement 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) during fiscal year 2019-20. 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 year ended June 30, 2025 and 2024, respectively, totaled \$13,246 and \$10,087 and are included in employee benefits.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in Note 10 – Expenses by Natural Classification/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.

Leases

Programs for Children determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term if material. Operating expense is recognized on a straight-line basis over the lease term. Programs for Children does not report ROU assets and lease liabilities for short-term leases (leases with a term of 12 months or less). Instead, the payments of those leases are reported as lease expense on a straight-line basis over the lease term. There were no leases with a term of 12 months or more at June 30, 2025 and 2024.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The following represents Programs for Children's financial assets at June 30, 2025 and 2024:

Financial assets at year end:	2025	2024
Cash and cash equivalents	\$ 4,469,711	\$ 3,682,553
Accounts receivable - contracts	7,484	90,749
Accounts receivable - other, net	130,994	549,470
Total financial assets	4,608,189	4,322,772
Less amounts not available to be used within one year:		
Net assets with donor restrictions	6,297	6,297
	6,297	6,297
Financial assets available to meet general expenditures over the next twelve months	\$ 4,601,892	\$ 4,316,475

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 \$847,450 and \$782,652 for the fiscal years ended June 30, 2025 and 2024, 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 June 30 consisted of the following:

	<u>2025</u>	<u>2024</u>
Deposits:		
Cash in Bank	\$ 646,087	\$ 388,275
Restricted Cash in Bank	6,297	6,297
Money Market	2,910,604	2,421,617
Pooled Funds:		
Cash in State of California Local Agency Investment Fund	<u>906,723</u>	<u>866,364</u>
Total	<u>\$ 4,469,711</u>	<u>\$ 3,682,553</u>

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.

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. ASC 820 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.

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.

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NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

The table below presents the balance of assets measured at fair value on a recurring basis at June 30:

<u>2025</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and Cash Equivalents	\$ 4,469,711	\$ 4,469,711	\$ -	\$ -
Totals	<u>\$ 4,469,711</u>	<u>\$ 4,469,711</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2024</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and Cash Equivalents	\$ 3,682,553	\$ 3,682,553	\$ -	\$ -
Totals	<u>\$ 3,682,553</u>	<u>\$ 3,682,553</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	<u>2025</u>	<u>2024</u>
Accounts Payable - Contracts		
California Department of Education (CDE) and California		
Department of Social Services (CDSS)	\$ 64,697	\$ 15,536
Accounts Payable - Other	40,831	49,813
Accrued Salaries and Benefits	106,035	106,332
Accrued Compensated Absences	40,503	31,382
Total	<u>\$ 252,066</u>	<u>\$ 203,063</u>

Included in accounts payable contracts are over collected 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 ended June 30, 2025 and 2024.

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 in administration fees, and \$0 for facilities/maintenance fees for both years ended June 30, 2025 and 2024.

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NOTE 8 – CONTINGENCIES

Programs for Children has received California Department of Education 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 the terms of the grants, it is believed that any required reimbursements will not be material. Programs for Children did receive approximately 68% and 56% of its revenues from State and Federal contracts as of June 30, 2025, and June 30, 2024, 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 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 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 California State University, Fresno (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 for the years ended June 30, 2025 and 2024, respectively.

Student Body Fee income allocated to Programs for Children was \$436,168 and \$695,956 for the years ended June 30, 2025 and 2024, respectively.

Programs for Children had a receivable from the University of \$111,371 and \$387,785 for the years ended June 30, 2025 and 2024, respectively.

Facility Lease for use of the University premises effective July 1, 2021 through June 30, 2026. 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 for administration fees and \$0 for facilities/maintenance fees for each of the years ended June 30, 2025 and June 30, 2024.

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, 2025 and 2024:

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, 2025 and 2024 were \$90,767 and \$82,515, respectively, based on services rendered.

NOTE 9 – RELATED PARTIES (Continued)

A grant allocation for salary reimbursement was received by Programs for Children from the Foundation in the amounts of \$58,311 and \$136,682 for the years ended June 30, 2025 and 2024, respectively.

The amounts due to the Association from Programs for Children for miscellaneous expenses were \$3,227 and \$0 for the years ended June 30, 2025 and June 30, 2024, 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 for 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:

	2025			2024		
	Program	General/ Admin	Total	Program	General/ Admin	Total
Certificated Salaries:						
Teachers	\$ 948,526	\$ -	\$ 948,526	\$ 895,141	\$ -	\$ 895,141
Supervisors	165,564	-	165,564	150,648	-	150,648
Classified Salaries:						
Instructional Aides	263,491	-	263,491	269,667	-	269,667
Clerical	81,222	-	81,222	79,112	-	79,112
Other	346,325	-	346,325	211,754	-	211,754
Administration Fees	-	161,711	161,711	-	153,140	153,140
Depreciation	14,659	-	14,659	9,210	-	9,210
Employee Benefits	381,563	-	381,563	399,536	-	399,536
Food Services:						
Food	74,394	-	74,394	71,666	-	71,666
Personnel	76,176	-	76,176	69,095	-	69,095
Other Food Expense	930	-	930	1,631	-	1,631
Instructional Supplies	44,262	-	44,262	66,404	-	66,404
Other Supplies	26,175	-	26,175	23,053	-	23,053
Travel/Training	645	-	645	1,154	-	1,154
Telephone	1,200	-	1,200	-	-	-
Other Operating Expenses	115,360	-	115,360	76,228	-	76,228
Totals	<u>\$ 2,540,492</u>	<u>\$ 161,711</u>	<u>\$ 2,702,203</u>	<u>\$ 2,324,299</u>	<u>\$ 153,140</u>	<u>\$ 2,477,439</u>

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NOTE 11 – DISAGGREGATION OF REVENUE AND CONTRACTS WITH CUSTOMERS

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended June 30:

	2025	2024
Performance Obligations Satisfied at a Point in time:		
Child Care Fees	\$ 254,213	\$ 294,527
Total	\$ 254,213	\$ 294,527

Revenues from performance obligations satisfied at a point in time consist of revenue recognized from child care fees – parent fees. Revenue is disaggregated by timing of satisfaction of performance obligations.

NOTE 12 – CONTRACT BALANCES

Contract assets includes accounts receivable from child care fees – parent fees. Contract assets were as follows for the years ended June 30, 2025 and 2024:

	6/30/2025 Closing Balance	6/30/2024 Closing Balance	7/1/2023 Closing Balance
Contract Assets:			
Contract Accounts Receivable	\$ 7,484	\$ 90,749	\$ 58,021
Total	\$ 7,484	\$ 90,749	\$ 58,021

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there are no subsequent events that have occurred from June 30, 2025 through the date the financial statements were available to be issued at September 15, 2025, 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 in 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 disclosure 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 Programs for Children returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

SUPPLEMENTAL INFORMATION
FOR CALIFORNIA STATE UNIVERSITY, FRESNO

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, 2025, 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 15, 2025.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Fresno, California
September 15, 2025

FRESNO STATE UNIVERSITY AUXILIARY CORPORATIONS
PROGRAMS FOR CHILDREN
SCHEDULE OF FINDING AND RESPONSE

June 30, 2025

None noted.

FRESNO STATE UNIVERSITY AUXILIARY CORPORATIONS

PROGRAMS FOR CHILDREN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2024

FINDING 2024-001 – REPORTABLE COMPLIANCE MATTER

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

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

- i. CSPP-3077: Zero 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: Zero 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.

Current Year Status:

Corrected.

Schedule of Net Position

June 30, 2025

(for inclusion in the California State University Financial Statements)

Assets:

Current assets:

Cash and cash equivalents	\$ 652,384
Short-term investments	3,817,327
Accounts receivable, net	138,478
Prepaid expenses and other current assets	2,264
Total current assets	4,610,453

Noncurrent assets:

Capital assets, net	122,594
Total noncurrent assets	122,594
Total assets	4,733,047

Liabilities:

Current liabilities:

Accounts payable	105,528
Accrued salaries and benefits	106,035
Accrued compensated absences, current portion	2,500
Total current liabilities	214,063

Noncurrent liabilities:

Accrued compensated absences, net of current portion	38,003
Unearned revenues	595,176
Total noncurrent liabilities	633,179
Total liabilities	847,242

Net position:

Net investment in capital assets	122,594
Expendable:	
Others	6,297
Unrestricted	3,756,914
Total net position	\$ 3,885,805

See report of independent auditors

Schedule of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2025
(for inclusion in the California State University Financial Statements)

Revenues:

Grants and contracts, noncapital:

Federal	\$ 289,119
State	1,631,636
Nongovernmental	58,311
Sales and services of auxiliary enterprises, gross	254,213
Other operating revenues	436,168
Total operating revenues	<u>2,669,447</u>

Expenses:

Operating expenses:

Auxiliary enterprise expenses	2,687,545
Depreciation and amortization	14,658
Total operating expenses	<u>2,702,203</u>
Operating income (loss)	<u>(32,756)</u>

Nonoperating revenues (expenses):

Gifts, noncapital	31,560
Investment income (loss), net	129,505
Other nonoperating revenues (expenses)	65
Net nonoperating revenues (expenses)	<u>161,130</u>
Income (loss) before other revenues (expenses)	<u>128,374</u>
Increase (decrease) in net position	128,374

Net position:

Net position at beginning of year	3,757,431
Net position at end of year	<u><u>\$ 3,885,805</u></u>

See report of independent auditors

Fresno State Programs for Children, Inc.
Other Information
June 30, 2025
(for inclusion in the California State University)

1 Cash and cash equivalents:

Current cash and cash equivalents	\$ 652,384
Total	\$ 652,384

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ 2,910,604		2,910,604
State of California Local Agency Investment Fund (LAIF)	906,723		906,723
Total investments	3,817,327	—	3,817,327
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ 3,817,327	-	3,817,327

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	\$ 2,910,604	2,910,604			
State of California Local Agency Investment Fund (LAIF)	906,723	-	-	-	906,723
Total investments	\$ 3,817,327	2,910,604	—	—	906,723

2.3 Investments held by the University under contractual agreements:

Nothing to Report

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2024 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2025
Non-depreciable/Non-amortizable capital assets:									
Construction work in progress (CWIP)	-				-	34,423			34,423
Total non-depreciable/non-amortizable capital assets	-	-	-	-	-	34,423	-	-	34,423
Depreciable/Amortizable capital assets:									
Personal property:									
Equipment	226,995				226,995	28,822			255,817
Total depreciable/amortizable capital assets	226,995	-	-	-	226,995	28,822	-	-	255,817
Total capital assets	226,995	-	-	-	226,995	63,245	-	-	290,240
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Personal property:									
Equipment	(152,988)				(152,988)	(14,658)			(167,646)
Total accumulated depreciation/amortization	(152,988)	-	-	-	(152,988)	(14,658)	-	-	(167,646)
Total capital assets, net excluding ROU assets	\$ 74,007	-	-	-	74,007	48,587	-	-	122,594
Total capital assets, net including ROU assets									122,594

See report of independent auditors

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	\$ 14,658
Total depreciation and amortization	\$ 14,658

4 Long-term liabilities:

	Balance June 30, 2024	Prior Period Adjustments/Recla ssifications	Balance June 30, 2024 (Restated)	Additions	Reductions	Balance June 30, 2025	Current Portion	Noncurrent Portion
1. Accrued compensated absences	31,382		31,382	9,121	-	40,503	2,500	38,003
Total long-term liabilities						\$ 40,503	\$ 2,500	\$ 38,003

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

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

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 256,580
Payments to University for other than salaries of University personnel	42,470
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	(3,227)
Other amounts (payable to) University	-
Accounts receivable from University	111,371
Other amounts receivable from University	-

8 Restatements Nothing to Report

9 Natural classifications of operating expenses: Nothing to Report

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Auxiliary enterprise expenses	1,881,304	381,563	—	—		424,678		2,687,545
Depreciation and amortization							14,658	14,658
Total operating expenses	\$ 1,881,304	381,563	-	-	-	424,678	14,658	2,702,203

No pension plan reported N/A

10 Deferred outflows/inflows of resources: Nothing to Report

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	65
Total other nonoperating revenues (expenses)	65

See report of independent auditors