

CARPINTERIA CHILDREN'S PROJECT
FINANCIAL STATEMENTS

JUNE 30, 2024

CARPINTERIA CHILDREN'S PROJECT

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MELISSA PETERSEN & COMPANY

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Carpinteria Children's Project

Opinion

I have audited the accompanying financial statements of Carpinteria Children's Project (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carpinteria Children's Project 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Carpinteria Children's Project and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Carpinteria Children's Project's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 Carpinteria Children's Project'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Carpinteria Children's Project's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Summarized Comparative Information

I have previously audited Carpinteria Children's Project's 2023 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated May 16, 2024. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Santa Barbara, California
April 17, 2025

CARPINTERIA CHILDREN'S PROJECT
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>ASSETS</u>		<u>2024</u>		<u>2023</u>
Current Assets					
Cash and cash equivalents		\$	1,400,017	\$	1,435,189
Contracts and grants receivable (Note 3)			45,507		67,744
Other assets			23,448		13,075
Total Current Assets			<u>1,468,972</u>		<u>1,516,008</u>
Property and equipment			<u>27,145</u>		<u>5,660</u>
Total Assets		\$	<u><u>1,496,117</u></u>	\$	<u><u>1,521,668</u></u>
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities					
Accounts payable and accrued expenses		\$	57,156	\$	56,245
Accrued payroll and related expenses			83,123		70,041
Total Current Liabilities			<u>140,279</u>		<u>126,286</u>
Net Assets Without Donor Restrictions (Note 5)			1,315,005		1,395,382
Net Assets With Donor Restrictions (Note 6)			<u>40,833</u>		<u>-</u>
Total Liabilities and Net Assets		\$	<u><u>1,496,117</u></u>	\$	<u><u>1,521,668</u></u>

The accompanying notes are an integral part of this financial statement

CARPINTERIA CHILDREN'S PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	Unrestricted	Temporarily Restricted	2024	2023
Support				
Contributions	\$ 81,704	\$ 51,500	\$ 133,204	\$ 126,847
In-Kind Contributions (Note 7)	121,989	-	121,989	145,923
Foundation grants	838,194	-	838,194	893,176
Special events (net of expenses of \$2,629 in 2023 and \$14,950 in 2022)	64,485	-	64,485	48,495
Total Support	1,106,372	51,500	1,157,872	1,214,441
Revenue				
Government agency contracts	331,720	-	331,720	319,885
Tuition income	541,006	-	541,006	398,667
Other income	61,405	-	61,405	4,816
Total Revenue	934,131	-	934,131	723,368
Net assets released from restrictions				
Expiration of program restrictions	10,667	(10,667)	-	-
Total Support and Revenue	2,051,170	40,833	2,092,003	1,937,809
Expenses				
Program Services	1,468,759	-	1,468,759	1,465,323
Supporting Services				
Administrative	625,364	-	625,364	535,494
Fundraising	37,424	-	37,424	40,776
Total Supporting Services	662,788	-	662,788	576,270
Total Expenses	2,131,547	-	2,131,547	2,041,593
Change in Net Assets	(80,377)	40,833	(39,544)	(103,784)
Net Assets at Beginning of Year	1,395,382	-	1,395,382	1,499,166
Net Assets at End of Year	\$ 1,315,005	\$ 40,833	\$ 1,355,838	\$ 1,395,382

The accompanying notes are an integral part of this financial statement

CARPINTERIA CHILDREN'S PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Administrative	Fundraising	2024 Total	2023 Total
Salaries and wages	\$ 964,297	\$ 303,806	\$ 112	\$ 1,268,215	\$ 1,184,981
Payroll taxes	70,915	22,273	-	93,188	84,548
Employee benefits	152,750	72,587	2,370	227,707	274,705
Total salary and related expenses	1,187,962	398,666	2,482	1,589,110	1,544,234
Advertising	337	5,219	29,147	34,703	19,016
Bank charges	-	2,060	1,665	3,725	3,496
Education and training	11,898	19,317	382	31,597	29,594
Insurance	-	55,171	-	55,171	46,319
Office expense	10,456	16,717	2,994	30,167	27,790
Office supplies	2,751	5,965	-	8,716	6,180
Outside services	11,390	16,168	-	27,558	28,628
Printing, postage and copy	-	375	754	1,129	1,430
Professional services	-	88,642	-	88,642	59,198
Program expenses	119,771	2,338	-	122,109	119,144
Rent	117,278	-	-	117,278	133,850
Repairs and maintenance	-	-	-	0	1,556
Taxes, licenses & permits	1,251	1,801	-	3,052	3,662
Telephone	2,285	11,181	-	13,466	13,010
Travel	1,015	1,744	-	2,759	3,446
Total Expenses Before Depreciation	1,466,394	625,364	37,424	2,129,182	2,040,553
Depreciation	2,365	-	-	2,365	1,040
Total Expenses	\$ 1,468,759	\$ 625,364	\$ 37,424	\$ 2,131,547	
Total Year Ended June 30, 2023	\$ 1,465,323	\$ 535,494	\$ 40,776		\$ 2,041,593

CARPINTERIA CHILDREN'S PROJECT
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (39,544)	\$ (103,784)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,365	1,040
Changes in		
Contracts and grants receivable	22,237	88,188
Other assets	(10,373)	25,936
Accounts payable and accrued expenses	911	(93,464)
Accrued payroll and related expenses	13,082	28,425
Self-funded unemployment liability	-	-
Net Cash Used by Operating Activities	<u>(11,322)</u>	<u>(53,659)</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	<u>(23,850)</u>	<u>(1,500)</u>
Net Cash Used by Investing Activities	<u>(23,850)</u>	<u>(1,500)</u>
Net Decrease in Cash	(35,172)	(55,159)
Cash and Cash Equivalents, Beginning of Year	<u>1,435,189</u>	<u>1,490,348</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,400,017</u>	<u>\$ 1,435,189</u>

CARPINTERIA CHILDREN'S PROJECT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

Carpinteria Children's Project prepares Carpinteria Valley children to enter kindergarten ready for success, regardless of the challenges they face, and promotes access to a strong network of resources Carpinteria families need to thrive. The Organization provides direct services in early childhood education and family support. When other gaps in available services arise, the Organization reaches out to other resources in the county to fill them.

Carpinteria Children's Project is a voluntary health and welfare organization qualifying under Internal Revenue Code Section 501(c)(3). The Organization is generally exempt from federal and state income taxes and is not considered a private foundation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations. The financial activity of the Organization is classified into net asset categories as follows:

Net Assets Without Donor Restrictions: Those net assets and activities which represent the portion of expendable funds available to support general operations. These net assets are received without donor-imposed restrictions. A portion of these net assets may be designated by the Board of Directors for specific purposes. Restricted contributions that are received and used in the same period are recorded as net assets without donor restrictions.

Net Assets With Donor Restrictions: Those net assets, contributions and other increases of funds temporarily subject to donor-imposed restrictions. The restrictions are temporary in that they are expected to expire with the passage of time or be satisfied and removed by actions of the Organization that fulfill donor stipulations. The Organization has not received any net assets that are permanent in nature and must therefore be maintained in perpetuity.

Basis of Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis.

CARPINTERIA CHILDREN'S PROJECT

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, including demand deposits and money market accounts.

Property and Equipment

The Organization records property and equipment at cost if purchased or at fair market value at time of contribution if donated and depreciates these assets using the straight-line method over their estimated useful lives. Assets with a cost of \$500 or more and useful life of more than one year are capitalized.

Donated Goods and Services

The Organization receives donated goods for use in its various programs. The Organization records these donations at their estimated fair market value.

The Organization relies on volunteers to perform certain services for some of its programs. Because these services do not meet specified criteria for recognition as income and expense, the value of these services has not been included in the Statement of Activities.

Donated Facilities

The Organization receives rent-free facilities for use in its various programs. The Organization records the donated facility and corresponding rent expense at its estimated fair market value based on what similar space is leased for at their location, on a square footage basis.

Donated Financial Instruments

The Organization occasionally receives donated stocks. The Organization has a policy of selling these stocks immediately upon receipt and recording the in-kind contribution at the market price.

Taxes

The Organization has been granted tax exempt status by the Internal Revenue Service and the Franchise Tax Board under section 501(c)(3) and 23071d, respectively. The Organization is not considered a private foundation.

CARPINTERIA CHILDREN'S PROJECT

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized by function in the Statement of Functional Expenses. Direct costs are charged directly to the appropriate program. Joint costs such as insurance, rent and facility maintenance are allocated by using the direct costs of each program. The allocations are based on current data.

NOTE 3: ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES

Management believes that all receivables, including all contract receivables, will be fully collectible and therefore no allowance for those receivables has been recorded.

NOTE 4: SELF FUNDED UNEMPLOYMENT LIABILITY

The Organization has chosen a self-funded unemployment plan in lieu of the state-run unemployment insurance program. The Organization has committed to keeping sufficient cash reserves on hand to cover future claims. As the potential liability is not readily determinable, no liability has been recorded at June 30, 2024 or June 30, 2023.

NOTE 5: NET ASSETS WITHOUT DONOR RESTRICTIONS

At June 30, 2024, the Organization's Board of Directors has set aside \$420,833 of current assets as a board-designated operating reserve. Expenditures made out of reserve funds must be approved in advance by the Board of Directors.

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2024, the Organization had \$40,833 in net assets that were restricted by the donor for leasehold improvements. At June 30, 2023 they had \$32,500 of net assets with donor restrictions, which were restricted to be used for educational purposes in the following fiscal year.

CARPINTERIA CHILDREN'S PROJECT

NOTES TO FINANCIAL STATEMENTS

NOTE 7: IN-KIND CONTRIBUTIONS

The Organization operates out of space leased free of charge from Carpinteria Unified School District. The Organization has estimated the value of this benefit to be \$117,278 and \$133,580 for the years ended June 30, 2024 and 2023, respectively. The estimated value is based on the market rate for comparable spaces in the immediate area. In addition, the Organization received in-kind donations to support its program and fundraising events in the amount of \$4,711 and \$14,950 for the years ended June 30, 2024 and 2023, respectively. These donations were primarily food and supplies provided for various program and fundraising events. The value of these in-kind donations was estimated at what the cost would have been to purchase similar items.

NOTE 8: ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Significant estimates used in preparing these financial statements include:

- Allocation of certain expenses by function
- Allowance for uncollectible contracts, grants and pledges receivable
- Value of in-kind donations

It is at least reasonably possible that the significant estimates used will change within the next year.

NOTE 9: CONCENTRATION OF RISK

A significant portion of the Organization's revenues and contracts and grants receivable come from diverse sources of Federal, State of California and local government grants and contracts. These revenues and grants are earned by the Organization based on its services to clients in Santa Barbara County.

CARPINTERIA CHILDREN'S PROJECT

NOTES TO FINANCIAL STATEMENTS

NOTE 10: CONTINGENCIES

The Organization received funds from a number of contracts with various governmental agencies. These contracts are subject to audit by the corresponding oversight Organization as to allowable costs paid with these funds and as to the share of costs contributed by the Organization. The Organization could be liable up to the full amount of government funds expended should costs charged to the projects be disallowed. Management believes that they have not charged to grants any material amounts that would be disallowed and have therefore not recorded an allowance for these amounts.

NOTE 11: RETIREMENT PLAN

The Organization has adopted a 403(b)-retirement plan. Employees contributions to that plan are matched by the Organization up to 2% of the employee's salary. In addition, at the end of the year management may make an additional discretionary contribution to employee's retirement plans. The Organization contributed \$32,768 and \$28,012 to the retirement plan in the years ended June 30, 2024 and 2023, respectively.

NOTE 12: LIQUIDITY AND AVAILABLE RESOURCES

The Organization has \$1,469,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting substantially of cash and cash equivalents of \$1,400,000, receivables of \$46,000 and other assets of \$23,000. Of these financial assets, \$41,000 are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expense, which are, on average, approximately \$354,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 17, 2025, which is the date that the financial statements were issued. Management has determined that no subsequent events requiring disclosure or significantly impacting disclosure have occurred.