THE CHILDREN'S CENTER OF THE ANTELOPE VALLEY

INDEPENDENT AUDITOR'S
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

THE CHILDREN'S CENTER OF THE ANTELOPE VALLEY

TABLE OF CONTENTS
JUNE 30, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Children's Center of the Antelope Valley
Lancaster, California

Opinion
We have audited the accompanying financial statements of The Children's Center of the Antelope Valley (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of The Children's Center of the Antelope Valley as of June 30, 2023, and 2022, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Children's Center of the Antelope Valley and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Children's Center of the Antelope Valley's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 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, 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 The Children’s Center of the Antelope Valley 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Children’s Center of the Antelope Valley 's ability to continue as a going concern for a reasonable period of time.

Other 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 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,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material aspects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited The Children's Center of the Antelope Valley's 2022 financial statements, on a comparative basis, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 29,2023. In our 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of The Children's Center of the Antelope Valley'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 the Organization's internal control over financial reporting and compliance.

Thomas & Company CPA PA

Thomas & Company CPA PA
Cooper City, Florida
January 30, 2024

THE CHILDREN'S CENTER OF THE ANTELOPE VALLEY
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30 2023 AND 2022

	2023	2022
ASSETS		
Current Assets		
Cash	$ 663,079	$ 244,718
Accounts Receivable	1,376,420	1,951,862
Investments	633,696	599,884
Prepaid Expenses	18,298	9,694
Other Current Assets	8,440	-
Total Current Assets	**2,699,933**	**2,806,158**
Non-Current Assets		
Property, Plant & Equipment, Net	2,653,255	2,716,987
Finance Lease Asset (ROU)	2,783	-
Other Assets	143,380	143,380
Total Non-Current Assets	**2,799,418**	**2,860,367**
TOTAL ASSETS	**5,499,351**	**5,666,525**
LIABILITIES		
Current Liabilities		
Accounts Payable	114,669	300,232
Deferred Income	139,600	139,600
Accrued Payroll and Payroll Taxes	316,148	300,523
Current portion of Finance Lease Liability	2,971	-
Total Current Liabilities	**573,388**	**740,355**
TOTAL LIABILITIES	**573,388**	**740,355**
NET ASSETS		
Net Assets Without Donor Restrictions		
Unrestricted Net Assets	4,287,179	4,287,386
Board Designated	599,884	599,884
Total Net Assets Without Donor Restrictions	**4,887,063**	**4,887,270**
Net Assets With Donor Restrictions	38,900	38,900
TOTAL NET ASSETS	**4,925,963**	**4,926,170**
TOTAL LIABILITIES AND NET ASSETS	**$ 5,499,351**	**$ 5,666,525**

THE CHILDREN'S CENTER OF THE ANTELOPE VALLEY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30 2023 AND 2022

	WITHOUT DONOR RESTRICTIONS	
	2023	**2022**
PUBLIC SUPPORT		
Special events and fundraising	$ 24,748	$ 60,494
Corporation and foundation donations	374,594	204,476
Individual service organizations and employee fund donations	13,024	10,798
In-kind and non-cash contributions	71,511	314,659
TOTAL PUBLIC SUPPORT	**483,877**	**590,427**
REVENUE		
County financial assistance/grants	6,326,410	6,740,190
Fees for service	296,963	282,553
Investment income	23,823	15,417
Other Income	31,580	725
TOTAL REVENUE	**6,678,776**	**7,038,885**
TOTAL PUBLIC SUPPORT AND REVENUES	**7,162,653**	**7,629,312**
EXPENSES		
Program services	6,573,641	7,185,722
Management and general	572,970	362,753
Fundraising	15,509	7,573
TOTAL EXPENSES	**7,162,120**	**7,556,048**
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	**533**	**73,264**
NET ASSETS - BEGINNING OF YEAR	**4,926,170**	**4,852,906**
Prior year adjustments	**(740)**	**-**
NET ASSETS AT BEGINNING (RESTATED)	**4,925,430**	**4,852,906**
NET ASSETS - END OF YEAR	**$ 4,925,963**	**$ 4,926,170**

THE CHILDREN'S CENTER OF THE ANTELOPE VALLEY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023				2022			
	WITHOUT DONOR RESTRICTIONS							
		Supporting Services				Supporting Services		
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
PERSONNEL EXPENSES								
Wages and Salaries	$ 3,833,083	$ 333,312	$ -	$ 4,166,395	$ 3,878,708	$ 229,584	$ -	$ 4,108,292
Employee Benefits	178,555	15,526	-	194,081	168,259	1,249	-	169,508
Payroll Taxes	313,879	27,294	-	341,173	323,499	17,406	-	340,905
Total Personnel Expenses	**4,325,517**	**376,132**	**-**	**4,701,649**	**4,370,466**	**248,239**	**-**	**4,618,705**
OPERATING EXPENSES								
Conferences, Travel and Training	$ 71,944	6,256	-	78,200	66,751	10,555	-	77,306
Depreciation	182,851	15,900	-	198,751	176,498	-	-	176,498
Insurance	64,847	5,639	-	70,486	66,669	1,929	-	68,598
Occupancy	84,845	7,378	-	92,223	89,604	13,310	-	102,914
Contract and Outside Services	1,246,087	108,355	-	1,354,442	1,581,316	56,123	50	1,637,489
Client support and supplies	266,222	23,150	-	289,372	339,614	3,868	-	343,482
Telephone	28,205	2,453	-	30,658	29,896	2,911	-	32,807
Advertising and Outreach	205,724	18,032	1,640	225,396	366,593	2,828	5,434	374,855
Office and Other Operating Expenses	59,046	5,182	546	64,774	68,687	11,279	348	80,314
Bad Debt	10,148	882	-	11,030	2,256	6,227	1,250	9,733
Miscellaneous	11,364	993	55	12,412	2,169	5,484	491	8,144
Interest	236	20	-	256	-	-	-	-
Other Expenes	6,364	1,707	13,268	21,339	25,203	-	-	25,203
Amortization expense	10,241	891	-	11,132	-	-	-	-
Total Operating Expenses	**2,248,124**	**196,838**	**15,509**	**2,460,471**	**2,815,256**	**114,514**	**7,573**	**2,937,343**
Total Functional Expenses	**$ 6,573,641**	**$ 572,970**	**$ 15,509**	**$ 7,162,120**	**$ 7,185,722**	**$ 362,753**	**$ 7,573**	**$ 7,556,048**

THE CHILDREN'S CENTER OF THE ANTELOPE VALLEY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 533	$ 73,264
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	198,751	176,498
In-kind contributions	-	(200,752)
Non cash items - Interest expense	256	-
Non cash items - Accumulated depreciation	11,132	-
(Increase)/Decrease in Accounts Receivables	575,442	(780,015)
(Increase)/Decrease in Prepaid Expenses	(8,604)	(1,079)
(Increase)/Decrease in Other Assets	(8,440)	-
(Increase)/Decrease in Long-Term Accounts Receivable	-	157,621
Increase/(Decrease) in Accounts payable	(185,563)	123,904
Increase/(Decrease) in Deferred income	-	(322,566)
Increase/(Decrease) in Accrued payroll and payroll taxes	15,625	12,072
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**599,132**	**(761,053)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(135,019)	(364,870)
Proceeds from sale of investments	-	200,752
Purchase of Investments	(33,812)	(73,868)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	**(168,831)**	**(237,986)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Finance Lease	(11,940)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(11,940)**	**-**
NET INCREASE/(DECREASE) IN CASH	**418,361**	**(999,039)**
CASH AT THE BEGINNING OF YEAR	**244,718**	**1,243,757**
CASH AT THE END OF YEAR	**$ 663,079**	**$ 244,718**

Note 1 - Organization and Nature of Activities

The Children's Center of the Antelope Valley (the "Center") (the "Organization"), Founded in 1988 by a group of doctors and community leaders, is a private, non-profit healthcare organization located in Lancaster, California. It was incorporated under the laws of the State of California, that provides a continuum of services to child victims of abuse, children at risk of abuse, and their families who live in the Antelope Valley. The Center offers innovative, comprehensive prevention, intervention and treatment services and is the coordinating agency of multiple community partnerships involving both public and private agencies. The primary sources of the organization's revenue come from state and county grant contracts.

Programs

Clinical Department
Focusing on the therapeutic needs of children and their families, the clinical program consists of individual, group and family therapies. Measurable outcomes are monitored through a variety of modalities.

Relative Support Services (RSS)
Sponsored by the Department of Children and Family Services (DCFS), this program provides extensive resources and support for other grandparents & other relative caregivers that are raising children due to biological parents losing custody or being incapable of taking care of their own children.

Domestic Violence Support Services (DVSS)
Sponsored by Los Angeles County Department of Public Social Services (DPSS). This program provides extensive resources with specially trained case workers who provide a network of support to help those experiencing Domestic Violence to overcome barriers and become self-sufficient. To be eligible for services, participants must be receiving or be eligible for CalWORKs and GAIN, GR or GROW programs.

DOORS
Outreach and engagement efforts for justice involved and/or justice impacted families. Families will be connected to legal, support groups, classes, medical, and mental health and more.

RICMS
Intensive case management for those justice involved and/or recently released from jail. This programs assist individuals with re-entering back into society.

Home Up
Assisting homeless transitional age youth who have been exposed to substance abuse through counseling, case management, and temporary housing.

Drop-In
Transitional age youth (16-25) are eligible to stop by our office and get linked to various resources such as case management, an employment specialist, and a dedicated therapist. Daily food, showers, and the ability to use on-site washer and dryers.

Note 1 - Organization and Nature of Activities (Cont.)

INN2
Capacity building program that assists youth and/or justice impacted families that have been affected by COVID.

Dance/Music/Technology
Creative and supportive programs for children and youth, where they are able to have fun dancing, creating music, and being exposed to technology while connecting their mind and body.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation
The accompanying financial statements have been prepared on the accrual Basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net Assets available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally not considered "restricted" under GAAP, though for internal reporting, the Organization tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board designated.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that are more restrictive than the Organization's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor's.

With Donor Restrictions – Donor-imposed restrictions are released when the restriction expires, that is when the stipulated purpose for which was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates those resources be maintained in perpetuity. As of June 30, 2023, and 2022, the Center had net assets with donor restrictions totaling $38,900 and $38,900, respectively.

Use of Estimates
The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents
For purposes of the Statement of Cash Flows, the Center considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Note 2 - Summary of Significant Accounting Policies (Cont.)

Investments
The Center reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Accounts Receivable
Accounts receivable as of June 30, 2023, and 2022 consisted of grant receivables, and are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expenses and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. For the years ended June 30, 2023, and 2022, no allowance for doubtful accounts had been accrued as all amounts are expected to be collectible. See Note 4 below for more detail.

Property, Equipment, and Improvements
All purchased property and equipment are valued at cost when purchased and at their estimated fair market value on the date received if donated. A capitalization threshold of $5,000 is used. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulation regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center temporarily reclassifies restricted net assets to unrestricted net assets at that time. Property and equipment are being depreciated using the straight-line method over the following estimated useful lives as follows:

Asset Class	Estimated Useful Lives
Buildings	5-40 years
Autos	5-10 years
Furniture, Fixtures & Equipment	5-15 years

Deferred Revenue
During the year ended June 30, 2022, the Center received advances on its contracts with California Community Foundation and the Community Health Councils totaling $139,600. It is expected that these amounts will be repaid to the grantors either through direct repayment or through reductions in amounts paid to the Center for services rendered under the contracts.

Contributions, Support and Expenses
The Organization adheres to FASB ASC 958, which requires among other things the immediate recognition as support (income) all unconditional contributions received and makes an important distinction between restrictions and conditions. The Organization accounts for its government grants in a manner similar to exchange transactions. Contributions received and unconditional promises to

Note 2 - Summary of Significant Accounting Policies (Cont.)

Contributions, Support and Expenses (Cont.)

give are measured at their fair values and are reported as an increase in net assets. The Children's Center of the Antelope Valley reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose of restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activity as net assets released from restrictions. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Revenue Recognition - Contributions

Contributions, which include conditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization's governmental contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. The organization reports contributions as increases in net assets with donor restrictions if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released and reclassified to net assets without donor restrictions. The Organization records contributions with donor-imposed restrictions as contributions without donor-imposed restrictions when the restrictions are met during the reporting periods.

Revenues from federal, state, and local agencies are generally considered to be conditional contributions with conditions pertaining to measurable performance related barriers, and limits on the conduct of the activity for specific qualifying expenses. Conditions for Federal, state, and local agency grants are generally considered to be met by a cost reimbursement basis. Conditions under the cost reimbursement contracts are met based on the payment by the Organization of qualifying expenditures which will require reimbursements to the Organization of costs incurred, which are allowable under the respective contracts. Cost reimbursement basis agreements will generally have a maximum limit on the amount of revenue that can be charged under the contract. The Organization will record refundable grant advances if the money received for contract advances and monthly charges exceed the revenue recognized based on meeting the conditions.

Other Sources of Revenue

Fundraising Revenue is not a contract and does not fall under the scope of ASC 606. Interest, Dividend, and other interest income also does not fall under the scope of ASC 606. The items mentioned above are treated as revenue when received or a single moment when the risk and rewards transfer to the Center.

Functional Allocation of Expenses

The costs of providing various programs and other activities of the organization have been summarized on a functional basis in the Statements of Activities and by natural classification in the Statements of Functional Expenses. All indirect expenses (principally building rent, building maintenance and repairs, depreciation, salaries, employee benefits and payroll taxes, legal and audit

Note 2 - Summary of Significant Accounting Policies (Cont.)

Functional Allocation of Expenses (Cont.)
fees, printing, postage, dues and subscriptions, utilities, telephone and office supplies) have been allocated among the program and supporting services based on a reasonable basis that is consistently applied. Personnel expenses are allocated on the basis of estimated time and effort. The remaining allocated expenses are allocated based on the average percentage of employees, building square footage, and revenue.

New Accounting Standards Update
In February 2016, the FASB issued ASU No. 2016-02, Leases. ASU No. 2016-02 requires a lessee to recognize a liability to make lease payments and an asset representing its right to use the underlying asset for the lease term in the statement of financial position for both operating and capital (finance) leases. Topic 842 was subsequently amended by ASU 2018-01, Easement practical expedient for Transition to Topic 842; ASU 2018-10, codification Improvements to Topic 842; Leases and ASU No. 2018-11, Target Improvements. The new standard establishes a right-of-use (ROU) model that requires lessees to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. The Organization adopted the new standard on July 1, 2022, and has used that as the date of the initial application. Consequently, financial information will not be updated, and the disclosures required under the new standard will not be provided for periods before the adoption date. See Note 12 for additional information.

The adoption of the new lease standards resulted in the following change to the net assets as of July 1, 2022:

	2023	2022
Net Assets at Beginning of Year	$ 4,926,170	$ 4,852,906
Prior Period Adjustment (Lease implementation)	(740)	-
Net Assets at Beginning of Year (Restated)	**$ 4,925,430**	**$ 4,852,906**

The effect of the adoption is a decrease in 2022 net assets by $740 and a recording of Finance Lease Assets by $13,915 and Finance Lease Liabilities by $14,655

The retrospective method of transition requires disclosing the effect of applying the new guidance on each item included in the financial statements. Following are the line items from the balance sheet as of July 1, 2022, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance.

Note 2 - Summary of Significant Accounting Policies (Cont.)

New Accounting Standards Update (Cont.)

STATEMENT OF FINANCIAL POSITION

	Amounts that would have been Reported	Effects of applying New Guidance	As Reported
Non-Current Assets			
Finance Lease Asset (ROU)	$ -	$ 13,915	$ 13,915
Non-Current Liabilities			
Finance Lease Liability	-	14,655	14,655
Net Assets At Beginning Of Year	**$ 4,926,170**	**$ (740)**	**$ 4,925,430**

The following are the line items from the statement of activities and the statement of cash flows for the year ended June 30, 2023, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts that would have been reported under the new guidance:

STATEMENT OF ACTIVITIES

	Amounts that would have been Reported	Effects of applying New Guidance	As Reported
Contract and Outside Services	$ 1,366,382	$ (11,940)	$ 1,354,442
Interest	-	256	256
Amortization expense	-	11,132	11,132
Change in Net Assets	**$ 1,085**	**$ (552)**	**$ 533**

STATEMENT OF CASHFLOWS

	Amounts that would have been Reported	Effects of applying New Guidance	As Reported
Change in Net Assets	$ 1,085	$ (552)	$ 533
Adjustment to reconcile change in net assets to net cash provided by operating activities			
Add: Non cash items - interest expense	-	256	256
Add: Non cash items - accumulated depreciation	-	11,132	11,132
Increase/(Decrease) in Finance Lease liability	$ -	$ (11,940)	$ (11,940)

Note 3 – Cash and Cash Equivalents

All cash and certificates of deposit are deposited into institutions that are insured or collateralized by the Federal Deposit Insurance Center (FDIC). Under FDIC guidelines each depositor's accounts are insured at an aggregate of $250,000. As of the report date, the Organization had balances more than federally insured limits. Management believes the organization is not exposed to any significant credit risk in cash.

Note 4 - Receivables

The Center's policy is to classify accounts receivable that it does not expect to collect within one year as long-term accounts receivable. Such amounts typically consist of amounts held back by grantors until final audit may be completed and final amounts owed under the contract may be determined. The amounts reported reflect the amounts the Center expects to collect under the terms of the contract and are expected to be collectible.

Receivables on June 30, 2023, and 2022 consisted of the following:

	2023	2022
Total Federal and County Sources	$ 1,355,577	$ 1,940,907
Local sources	144,729	134,037
Private Sources	17,753	14,134
Miscellaneous Receivables	1,741	6,164
Total Grants and Accounts Receivable	1,519,800	2,330,455
Less: Long-Term Accounts Receivable		
Local source Long Term Accounts Receivable 2020-2021	(40,935)	(40,935)
Local source Long Term Accounts Receivable 2021-2022	(102,445)	(102,445)
Total Accounts Grants and Accounts Receivable	**$ 1,376,420**	**$ 1,951,862**

Note 5- Property and Equipment

	Balance July 1,2022	Addition	Deletion	Balance June 30, 2023
Land	$ 708,084	$ -	$ -	$ 708,084
Buildings and improvements	3,110,761	121,539	83,584	3,148,715
Autos	161,567	45,453	-	207,020
Furniture, fixtures, and equipment	248,926	10,299	10,290	248,935
Capitalized Costs	91,820	-	-	91,820
Totals	**4,321,159**	**177,292**	**93,874**	**4,404,574**
Accumulated depreciation	1,604,171	198,751	51,603	1,751,319
Net Property, Plant and Equipment	**$2,716,987**	**$(21,459)**	**$ 42,271**	**$ 2,653,255**

Note 5- Property and Equipment (Cont.)

Property and equipment acquired with funds provided through grants and other contracts may or may not be restricted for use. Upon termination of the grant or other contract, the organization may or may not be required to relinquish property and equipment acquired with grant or contract funds at the discretion of the grantor or contracting entity and ownership may then revert back to the County. Depreciation expenses for the years ended June 30, 2023, and 2022, were $198,751 & $176,498, respectively.

Note 6 - Income Taxes

The Organization is exempt from Federal Income taxes under Section 501 (c) 3 of the Internal Revenue Code and is not a private foundation, accordingly no provision for income taxes is provided. Accordingly, no provision for income taxes is required for the Organization during the year ended June 30, 2023. Additionally, Topic 740 provides guidance on measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. In accordance with the disclosure requirements, the Organization's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense and other expense, respectively. On June 30, 2023, the Organization did not have any uncertain tax positions and thus has not recognized any interest or penalties in these financial statements.

Note 7 - Support and Revenue

Financial resources are provided by government, local agency grants and public support revenues. The Children's Center of the Antelope Valley is dependent upon public support for its operation and the timeliness in which the grants are collected is essential to meet the normal cash flow needs. For financial statement purposes, revenue is recognized either pro rata based on the periods covered by the grants or based on expenses incurred for reimbursable grants, dependent on the type of the grant. Deferred support represents cash received in advance of the related expenditure.

Note 8 – Investments

The fair value of financial instruments has been determined through quoted market values to approximate the amounts recorded in the statement of financial position. Investments in marketable securities consist of the following on June 30, 2023 and 2022:

	2023		2022	
	Cost	**Fair Market Value**	**Cost**	**Fair Market Value**
Certificate of Deposit	$ -	$ -	$ -	$ -
Index Linked Annuity	250,000	273,489	250,000	260,527
Fidelity Government Money Market Fund	349,474	360,207	339,074	339,357
Total	**$599,474**	**$ 633,696**	**$ 589,074**	**$ 599,884**

Note 8 – Investments (Cont.)

Investment return consists of investment income and unrealized gains and losses on investments. As of June 30, 2023, and 2022 the Center had net investment earnings of $23,823 and $15,417, respectively.

Note 9 – In-Kind Contribution

In September 2020, the Financial Accounting Standards Board ("FASB') issued an ASU 2020-07, Not- For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statements of activities, and to disclose information regarding each type of contributed nonfinancial asset. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2022, and for interim reporting periods beginning after June 15, 2022. The organization adopted this pronouncement during the year ended June 30, 2023. The Center receives donated materials and supplies to assist in programs, operations, and fundraising events. The value of the contribution income and expenses was estimated and recognized in the accompanying financial statements based on the fair value of the items donated. The Center's policy related to gifts-in- kind is to utilize the assets given to carry out the mission of the Center. If an asset is provided that does not allow the Center to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

For the years ended June 30, 2023, and 2022, the Center also received donated professional services and has elected to include the value of these donations at their estimated fair market value within contract/outside services expenses. The estimated fair market value of those services is based on the standard billing rate as indicated by those professionals multiplied by the number of hours of service donated.

The MPR facilities usage represents the fair market rental value of the Center's facility for which the Center has allowed other organizations to use its facilities without charge. Materials and banquet costs donated by the Center are valued at the fair market value indicated by the donor unless the value indicated is clearly unreasonable based of the Center's comparison of the stated value of the item donated to the cost to purchase similar types of items elsewhere.

All gifts-in-kind received by the Center for the years ended June 30, 2023, and 2022 were considered without donor restrictions and able to be used by the Center as determined by the board of directors and management.

The value of donated materials and services included as contributions in the financial statements and the corresponding expenses for the year ended June 30, 2023 are as follows:

Note 9 – In-Kind Contribution (Cont.)

Contributions of Nonfinancial Assets

Nonfinancial Asset	30-Jun-23	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Rent (In-Kind)	$ 600	All program activities and administration	Without Donor Restrictions	The Center estimated the fair value of the contributed facility based on rent per square foot, using the property appraiser value, this value is comparable to other properties with similar square footage in the area.
Services (In-Kind)	3,850	All program activities and administration	Without Donor Restrictions	The Center estimated the fair value of the services based on prior year experience for costs and published quotes
Program Supplies (In-Kind)	$ 67,061	All program activities and administration	Without Donor Restrictions	The Center estimated the fair value of the contributed items based on current prices. This value is compared to comparable other items in the market.

Note 10 – Contingencies and Concentrations

Concentrations

The Center's contracts with the Los Angeles County Department of Mental Health (LACDMH) comprised approximately 71% of the Center's revenues during both the years ending June 30, 2023, and 2022, respectively. A significant decrease in funding or the loss of a contract with LACDMH could have a significant negative effect on the Center's financial condition.

Contingencies

The Center is currently undergoing a lawsuit which alleges negligence by the Center regarding an employee. As of June 30, 2023, the case was in deposition and discovery. An insurance attorney is representing the Center. There is no proof of any negligence nor is there any specified dollar amount. On January 4, 2024, the case has been settled with the insurance attorney representing the Center, for $282,000. This amount was fully covered by the insurance. The Center had no additional liability outside of insurance coverage.

Note 11 – Liquidity

The following reflects the Center's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date.

		2023		2022
Financial assets at year-end	$	2,825,015	$	2,939,844
Less: long-term accounts receivable		(143,380)		(143,380)
Less: net assets with donor restrictions		(38,900)		(38,900)
Less: board designated net assets		(599,884)		(599,884)
Financial assets available to meet cash needs for general expenditures within one year	**$**	**2,042,851**	**$**	**2,157,680**

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Center invests cash in excess of requirements in short-term investments. Included in board designated net assets shown above is a fund established by the governing board totaling $599,884 on both June 30, 2023 and 2022, respectively, that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

Note 12 – Leases

The Organization has elected the hindsight practical expedient to determine the lease term for existing contracts as of the adoption date. Under FASB ASC Topic 842, Leases, lessees that are not public business entities are permitted to use a practical expedient that allows them to make an accounting policy election to use a risk-free rate as the discount rate for all leases. These practical expedients are applied to the class of underlying leased assets which are not owned including real estate, rental equipment and vehicles given their physical nature and similar characteristics of these assets. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Variable lease payments are payments that cannot be forecasted and based on specific milestones unrelated to the fixed costs associated with the lease. The Organization's lease agreements do not contain any variable lease payments

The Organization also elected the short-term leases of practical expedients permitted under the transition guidance within the new standard, which allowed the Organization to elect not to record "short-term" leases on the balance sheet. These practical expedients are applied to the class of underlying leased assets including real estate, rental equipment and vehicles given their physical

Note 12 – Leases (Cont.)

nature and similar characteristics of these assets. As per FASB ASC 842, a short-term lease is a lease that, at the commencement date, has a 'lease term' of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. Although short-term leases are in the scope of Topic 842, a simplified form of accounting is permitted. A lessee can elect, by class of underlying asset, not to apply the recognition requirements of Topic 842 and instead to recognize the lease payments as lease cost on a straight-line basis over the lease term.

Long-term Leases

Finance Lease
As of June 30, 2023, the organization had the following Finance Leases.
The contract details are as follows:

1. On July 11, 2018, the Center entered into a contract with an agency to lease a equipment for a term of 63 months with the final payment scheduled for October 9, 2023. The monthly lease payments under the contract equal $995 plus applicable state and local taxes. The contract includes an end of term purchase option equal to the fair market value of the leased equipment. The LOC rate used to discount the future cash flows as of the implementation date is 2.75%.

The leases do not provide an implicit interest rate and as such, The Children's Center of the Antelope Valley calculates the lease liability at lease commencement or remeasurement date as the present value of unpaid lease payments using risk-free rates. The risk-free rate is the theoretical rate of return that would be received on an investment with zero risk.

US Treasury rates are commonly used as risk-free rates and consequently estimates it would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term, based on information available at the time of commencement or remeasurement. The remaining weighted average lease term for the finance leases is 0.25 years. The weighted-average discount rate for the finance leases is 2.75%. The Organization is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities.

The following is an analysis of the leased assets

Finance Lease Asset:	**2023**
Recognized during the year	$ 13,915
Accumulated Amortization	11,132
Finance Lease Asset (ROU), Net	**$ 2,783**

Note 12 – Leases (Cont.)

The following is an analysis of the finance lease cost:

Finance Lease Cost:	**2023**
Amortization of Right-of-Use Assets	$ 11,132
Interest on Lease Liabilities	256
Total Finance Lease Cost	**$ 11,388**

The following is a schedule by years of future minimum payments required under the lease:

Year ending June 30,	**Amount**
2024	$ 2,985
Total Lease Payments	2,985
Less: Imputed Interest	14
Present Value of Lease Obligation	**$ 2,971**

Note 13 - Investments and Fair Value of Financial Instruments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has ability to access.

Level 2 – Inputs to the valuation methodology include: A) quoted prices for similar assets or liabilities in active markets; B) quoted prices for identical or similar assets or liabilities in inactive markets; C) input other than quoted prices that are observable for the asset or liability; D) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 13 - Investments and Fair Value of Financial Instruments (Cont.)

The assets or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Common stocks - Valued at the closing price reported on the active market on which the securities are traded.

Certificates of deposit– Valued at amortized cost, which approximates fair value.

Indexed annuities – Valued using the quoted market price of the underlying investments less applicable charges.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Center’s assets at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Index Linked Annuity	$ -	$ 273,489	$ -	$ 273,489
Government Money Market Fund	360,207	-	-	360,207
Total	**$ 360,207**	**$ 273,489**	**$ -**	**$ 633,696**

Note 14 – Subsequent Events

ASC Topic 855, Subsequent Events, establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued.

On January 4, 2024, the Center settled the case that had been in deposition and discovery, Refer Note 10 Contingencies and Concentrations.

For the year ended June 30, 2023, The Children’s Center of the Antelope Valley has evaluated all other subsequent events through January 30, 2024, which is the date the financial statements were available to be issued, and concluded no additional subsequent events have occurred that would require recognition or disclosure in these financial statements that have not already been accounted for.

THE CHILDREN'S CENTER OF THE ANTELOPE VALLEY

COMPLIANCE PORTION

FOR THE YEAR ENDED JUNE 30, 2023

THE CHILDREN'S CENTER OF THE ANTELOPE VALLEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal /State Agency/ State Project	AL Number	Contract / Grant Number	Expenditures	Transfers to Subrecipients
FEDERAL PROGRAMS				
Department of Health and Human Services				
Passed Through Department of Children and Family Services				-
Temporary Assistance for Needy Families	**93.558**	**15-0001-24**	**$ 334,513**	
Passed Through Department of Public Health				
Foster Care Title IV-E	**93.658**	**PH-004269**	**96,959**	
Passed Through Community Health Councils				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	**93.323**	**PH-004537**	**474,637**	-
Department of Treasury				
Passed Through Department of Public Health	**21.027**	**PH-004937**	**76,266**	
Corona Virus State And Local Fiscal Recovery Funds				
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 982,375**	-

THE CHILDREN'S CENTER OF THE ANTELOPE VALLEY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2023

Note A-Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal and state award programs of The Children's Center of the Antelope Valley, for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards, Audits of States, Local Governments, and Non-Profit Organizations. Because this schedule presents only a selected portion of the operation of the Children's Center of the Antelope Valley, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Children's Center of the Antelope Valley.

Note B-Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, Cost principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Federal Indirect Rate

The center used a negotiated rate of ten percent with the grantors for this program.

Independent Auditors' Report 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
The Children's Center of the Antelope Valley
Lancaster, California

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 The Children's Center of the Antelope Valley (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 January 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Children's Center of the Antelope Valley'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 The Children's Center of the Antelope Valley's internal control. Accordingly, we do not express an opinion on the effectiveness of the Children's Center of the Antelope Valley'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 Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Children’s Center of the Antelope Valley’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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas & Company CPA PA

Thomas & Company CPA PA
Cooper City, Florida
January 30, 2024

THOMAS & COMPANY, C.P.A., P.A.
Certified Public Accountants and Business Consultants

Independent Auditor's Report on Compliance for Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance

To the Board of Directors
The Children's Center of the Antelope Valley
Lancaster, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Children's Center of the Antelope Valley's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of The Children's Center of the Antelope Valley's major federal programs for the year ended June 30, 2023. The Children's Center of the Antelope Valley's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Children's Center of the Antelope Valley complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Children's Center of the Antelope Valley and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Children's Center of the Antelope Valley's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Children's Center of the Antelope Valley's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Children's Center of the Antelope Valley's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirement referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance The Children's Center of the Antelope Valley's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material noncompliance, 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 Children's Center of the Antelope Valley's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Children's Center of the Antelope Valley's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Children's Center of the Antelope Valley's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on The Children's Center of the Antelope Valley's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Children's Center of the Antelope Valley's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thomas & Company CPA PA

Thomas & Company CPA PA
Cooper City, Florida
January 30, 2024

THE CHILDREN'S CENTER OF THE ANTELOPE VALLEY
SCHEDULE OF FINDING AND QUESTIONED COSTS
JUNE 30, 2023

SUMMARY OF AUDITOR'S RESULTS

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued :				**Unmodified**
Internal Control over Financial Reporting:				
- Significant deficiency(ies) identified?		Yes	X	No
- Material weakness(ies) identified?		Yes	X	No
- Non Compliance material to financial statement noted?		Yes	X	No

Federal Program

Type of Auditor's Report Issued on Compliance for Major Programs				**Unmodified**
Internal Control over Major Federal Programs				
- Significant deficiency(ies) identified?		Yes	X	No
- Material weakness(ies) identified?		Yes	X	No
Any Audit findings disclosed that are required to be reported in accordance with 2 CFR		Yes	X	No

Identification of Major Programs

Department	**AL /CFDA**	**Program Name**
Department of Health and Human Services	93.558	Department of Children and Family Services Temporary Assistance for Needy Families
Department of Health and Human Services	93.658	Department of Public Health Foster Care Title IV-E

Dollar threshold used to distinguish between Type A and Type B programs :				**$750,000**
Auditee qualified as low-risk auditee?		Yes	X	No

Section II-Financial Statement findings

The audit disclosed no matters that are reportable

Section III – Major Federal Awards Programs – Findings and questioned costs

The audit disclosed no matters that are reportable.

Section IV – Financial Statement findings – Summary of prior Audit Findings

No prior Audit findings

Section V – Major Federal Awards Programs – Summary of prior Audit Findings

No prior audit findings were reported.

Section VI - Management letter

Management letter issued.