

THE CHILDREN'S CABINET, INC.  
(A NONPROFIT ORGANIZATION)

REPORTING PACKAGE

JUNE 30, 2024

THE CHILDREN'S CABINET, INC.  
JUNE 30, 2024

---

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-19
SUPPLEMENTARY INFORMATION	20
Schedule of Expenditures of Federal Awards	21-23
Notes to the Schedule of Expenditures of Federal Awards	24
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	25
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 <i>Government Auditing Standards</i>	26-27
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	28-30
REPORTING REQUIREMENTS	31
Schedule of Findings and Questioned Costs	32-33



**BARNARD VOGLER & CO.**

Certified Public Accountants

100 West Liberty St.  
Suite 1100  
Reno, NV 89501

775.786.6141  
775.323.6211  
bvccpas.com

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
The Children's Cabinet, Inc.  
Reno, Nevada

### ***Report on the Audit of the Financial Statements***

#### ***Opinion***

We have audited the financial statements of The Children's Cabinet, Inc. (Cabinet), which comprise the statements 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Children's Cabinet, Inc. 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.

#### ***Other Matter***

A significant change was made to the originally issued financial statements due to correcting an error in the presentation of the investment in the Oddie Project, which materially affects the financial statements. We conducted additional procedures regarding this matter, and based on those procedures, believe that the adjustment made by management is appropriate. There is no change in our opinion as a result of the additional testing we performed.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and if applicable, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Children's Cabinet, Inc. 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 Cabinet, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditors' 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Children's Cabinet, Inc.'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 Cabinet, Inc.'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 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 (Uniform Guidance), 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Report on Summarized Comparative Information***

We have previously audited The Children's Cabinet, Inc.'s June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2024. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respect, with the audited consolidated 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 20, 2025, on our consideration of The Children's Cabinet, Inc.'s internal control over financial reporting and on our tests of their 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 the Cabinet'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 Cabinet's internal control over financial reporting and compliance.

Barnard Vogler & Co.

Reno, Nevada  
January 20, 2025, except for Note 6,  
as to which the date is January 23, 2026



THE CHILDREN'S CABINET, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2024  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)

	2024			2023 (Memorandum Only)
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash, cash equivalents, and restricted cash	\$ 1,987,398	\$ 751,338	\$ 2,738,736	\$ 3,291,018
Investments	1,340,013	-	1,340,013	920,687
Grants and contract receivable	13,704,593	-	13,704,593	19,064,001
Prepaid expenses	157,265	-	157,265	1,270
Security deposit	8,500	-	8,500	8,500
Total current assets	<u>17,197,769</u>	<u>751,338</u>	<u>17,949,107</u>	<u>23,285,476</u>
<b>NONCURRENT ASSETS</b>				
Property, plant and equipment, net	1,977,894	-	1,977,894	1,938,225
Investment in Oddie Project	6,451,540	-	6,451,540	125,000
Operating leases right-of-use asset	461,323	-	461,323	948,177
Finance leases right-of-use asset, net of accumulated amortization	15,181	-	15,181	10,743
<b>OTHER ASSETS</b>				
Intangible assets	197,900	-	197,900	197,900
Total noncurrent assets	<u>9,103,838</u>	<u>-</u>	<u>9,103,838</u>	<u>3,220,045</u>
Total assets	<u>\$ 26,301,607</u>	<u>\$ 751,338</u>	<u>\$ 27,052,945</u>	<u>\$ 26,505,521</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 10,886,984	\$ -	\$ 10,886,984	\$ 17,329,561
Accrued compensated absences	268,514	-	268,514	244,682
Accrued expenses	902,956	-	902,956	853,204
Conditional promises to give	294,189	-	294,189	150,879
Deferred grant income	-	-	-	102,299
Current portion of operating lease	356,002	-	356,002	491,981
Current portion of finance lease	8,145	-	8,145	4,342
Total current liabilities	<u>12,716,790</u>	<u>-</u>	<u>12,716,790</u>	<u>19,176,948</u>
<b>NONCURRENT LIABILITIES</b>				
Operating lease liability, net of current portion	112,149	-	112,149	468,180
Finance lease liability, net of current portion	7,632	-	7,632	6,557
Total long term liabilities	<u>119,781</u>	<u>-</u>	<u>119,781</u>	<u>474,737</u>
Total liabilities	12,836,571	-	12,836,571	19,651,685
<b>NET ASSETS</b>				
Without donor restrictions				
Investment in property, plant and equipment, net	1,977,894	-	1,977,894	1,938,225
Investment in intangible assets	197,900	-	197,900	197,900
Designated for reserve	3,919,836	-	3,919,836	2,093,420
Undesignated	7,369,406	-	7,369,406	1,402,393
With donor restrictions				
Purpose restrictions	-	751,338	751,338	1,221,898
Total net assets	<u>13,465,036</u>	<u>751,338</u>	<u>14,216,374</u>	<u>6,853,836</u>
Total liabilities and net assets	<u>\$ 26,301,607</u>	<u>\$ 751,338</u>	<u>\$ 27,052,945</u>	<u>\$ 26,505,521</u>

See accompanying notes

THE CHILDREN'S CABINET, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	2024			2023 (Memorandum Only)
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE</b>				
Public and governmental support, revenue and reclassifications				
Grants, contracts, and contributions	\$ 71,366,053	\$ 255,784	\$ 71,621,837	\$ 129,111,462
Other contributions and donations	1,396,687	-	1,396,687	1,094,325
Noncash contributions	299,668	-	299,668	40,950
Program income and fees	140,056	-	140,056	10,374
	<u>73,202,464</u>	<u>255,784</u>	<u>73,458,248</u>	<u>130,257,111</u>
Total public and governmental support, revenue and reclassifications				
Special events revenue	231,505	-	231,505	281,380
Contributions at event	561,574	-	561,574	477,117
Special events expense	(295,320)	-	(295,320)	(210,930)
	<u>497,759</u>	<u>-</u>	<u>497,759</u>	<u>547,567</u>
Net special event income				
Other income	62,955	-	62,955	409,239
Net assets released due to satisfaction of program restriction	726,344	(726,344)	-	-
	<u>74,489,522</u>	<u>(470,560)</u>	<u>74,018,962</u>	<u>131,213,917</u>
Total revenue				
<b>EXPENSES</b>				
Program services				
Supporting early education and development	65,745,823	-	65,745,823	124,974,099
Family and youth interventions	4,975,628	-	4,975,628	3,957,430
Total program services	70,721,451	-	70,721,451	128,931,529
Supporting services				
General and administrative	2,038,420	-	2,038,420	1,733,034
Fundraising	368,198	-	368,198	372,422
Total supporting services	2,406,618	-	2,406,618	2,105,456
	<u>73,128,069</u>	<u>-</u>	<u>73,128,069</u>	<u>131,036,985</u>
Total expenses				
Other income				
Net investment income	6,471,645	-	6,471,645	135,900
CHANGE IN NET ASSETS	7,833,098	(470,560)	7,362,538	312,832
NET ASSETS, BEGINNING OF YEAR	5,631,938	1,221,898	6,853,836	6,541,004
NET ASSETS, END OF YEAR	<u>\$ 13,465,036</u>	<u>\$ 751,338</u>	<u>\$ 14,216,374</u>	<u>\$ 6,853,836</u>

See accompanying notes

**THE CHILDREN'S CABINET, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)**

	2024				2023			2023 (Memorandum Only)
	Supporting Early Education and Development	Program Services Family and Youth Interventions	Total Program Services	General and Administrative	Fundraising	Supporting Services	Total Expenses	
Salaries	\$ 7,346,327	\$ 2,888,266	\$ 10,234,593	\$ 1,014,555	\$ 173,397	\$ 1,187,952	\$ 9,570,100	
403b retirement match	97,713	44,973	142,686	21,969	3,656	25,625	-	
Life insurance	15,392	5,982	21,374	2,847	381	3,228	19,169	
Health insurance expense	593,996	248,102	842,098	57,693	11,872	69,565	855,361	
Payroll taxes	544,542	215,887	760,429	71,731	12,991	84,722	745,381	
Worker's comp insurance / NES	30,428	14,093	44,521	3,422	529	3,951	47,744	
Total personnel costs	8,628,398	3,417,303	12,045,701	1,172,217	202,826	1,375,043	11,237,755	
Advertising	10,081	4,276	14,357	11,824	665	12,489	87,090	
Bank charges	6,843	2,607	9,450	22,083	-	22,083	17,996	
Board expense	-	-	-	19,846	-	19,846	8,480	
Child care subsidies	25,432,635	1,305	25,433,940	-	-	-	16,793,499	
Child care provider support	137,356	-	137,356	-	-	-	-	
Client services - bus passes & taxi cabs	16,217	5,419	21,636	-	-	-	14,891	
Client services - GED	-	1,027	1,027	-	-	-	1,089	
Client services - medical services	-	-	-	-	-	-	467	
Client services - rent	21,781	207,177	228,958	22,264	-	22,264	133,096	
Client services - general admin	11,113,097	65,140	11,178,237	11,580	-	11,580	87,647,885	
Client services - gift cards	33,950	8,811	42,761	38,217	-	38,217	19,125	
Client services - field trips & outings	265	2,160	2,425	-	-	-	1,061	
Client services - tuition	136,157	33,389	169,546	-	-	-	50,751	
Client services - utility support	-	6,967	6,967	946	-	946	5,187	
Computer equipment expense	164,662	55,351	220,013	6,538	-	6,538	126,946	
Computer internet service	108,095	34,862	142,957	9,933	1,100	11,033	127,601	
Computer software expense	78,597	54,397	132,994	12,133	6,699	18,832	114,901	
Contract counselors	-	218,066	218,066	-	-	-	141,859	
Contract services	16,489,081	192,102	16,681,183	186,234	-	186,234	10,451,656	
Contract services - non-technology - excluding admin fee	309,567	-	309,567	107,637	-	107,637	261,907	
Contract services - technology	98,342	45,830	144,172	31,105	2,460	33,565	140,020	
Copier	30,037	3,629	33,666	20,572	26	20,598	45,916	
Credit card charges	2,425	2,175	4,600	825	1,230	2,055	5,729	
Depreciation/Amortization	6,714	-	6,714	170,225	-	170,225	122,071	
Disposal services	4,287	9,957	14,244	8,467	80	8,547	16,067	
Donor recognition	-	-	-	275	7,501	7,776	1,508	
Dues & subscriptions	15,536	4,698	20,234	3,608	759	4,367	12,899	

See accompanying notes

**THE CHILDREN'S CABINET, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)**

	2024				2023		
	Program Services		General and Administrative	Supporting Services	(Memorandum Only)		
	Supporting Early Education and Development	Family and Youth Interventions	Total Program Services	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Fingerprints, background verification and sheriff's cards	6,818	5,473	12,291	523	73	596	8,923
Food	19,934	85,423	105,357	1,768	-	1,768	106,982
Insurance	59,680	23,844	83,524	8,139	1,449	9,588	72,380
Janitorial service	45,753	26,205	71,958	10,894	661	11,555	57,600
Legal expense	-	100	100	22,072	-	22,072	30,677
Miscellaneous	1,894	23,710	25,604	5,367	125,785	131,152	1,273
Employee incentive	-	-	-	12,343	-	12,343	13,252
Office equipment	44,581	5,588	50,169	6,071	-	6,071	33,894
Office supplies	43,324	6,897	50,221	14,253	281	14,534	60,378
Admin cost expense	-	-	-	2,426	-	2,426	-
Postage	13,369	4,510	17,879	4,305	1,746	6,051	33,683
Printing	54,780	2,289	57,069	4,150	2,121	6,271	90,759
Program supplies	1,557,099	120,291	1,677,390	2,653	1,216	3,869	1,539,502
Public education & awareness	1,714	16,182	17,896	10,690	4,665	15,355	4,169
Rent expense - storage	4,267	-	4,267	-	-	-	5,496
Rental expenses - offices & other	488,807	13,977	502,784	-	-	-	483,978
Repairs & maintenance - building	22,148	18,041	40,189	25,343	648	25,991	150,422
Repairs & maintenance - computers	1,237	155	1,392	56	-	56	8,448
Repairs & maintenance - equipment	418	5,786	6,204	270	-	270	5,053
Scholarships	-	50,788	50,788	-	-	-	53,648
Security	7,263	5,674	12,937	3,989	172	4,161	25,581
Special events supplies	-	1,718	1,718	4,944	353	5,297	2,956
Taxes & licenses	204	52	256	1,666	-	1,666	84,601
Telephone	5,937	496	6,433	6,331	317	6,648	24,148
Telephone - staff cell phones	62,082	34,125	96,207	4,859	1,043	5,902	69,609
Training	191,180	34,844	226,024	5,407	1,250	6,657	157,608
Transportation - cabinet van	-	1,656	1,656	-	-	-	1,100
Travel	245,696	82,074	327,770	10,020	803	10,823	252,646
Travel - car rental	8,525	432	8,957	265	-	265	10,221
Utilities	10,212	28,545	38,757	9,227	128	9,355	48,604
Utilities expense - water & sewer	4,778	-	4,778	3,755	303	4,058	11,862
Volunteer expenses	-	105	105	105	1,838	1,943	80
<b>Total expenses</b>	<b>\$ 65,745,823</b>	<b>\$ 4,975,628</b>	<b>\$ 70,721,451</b>	<b>\$ 2,038,420</b>	<b>\$ 368,198</b>	<b>\$ 2,406,618</b>	<b>\$ 73,128,069</b>
							<b>\$ 131,036,985</b>

THE CHILDREN'S CABINET, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023 (Memorandum Only)
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 7,362,538	\$ 312,832
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation/Amortization	253,713	119,179
Amortization right-of-use asset, operating lease	486,851	453,807
Amortization right-of-use asset, finance lease	6,952	2,893
Net realized and unrealized (gains) losses on investments	(210,218)	(93,856)
Increase in Oddie Project	(6,201,540)	-
Donated assets	(128,450)	-
(Increase) decrease in:		
Grants and contract receivable	5,359,408	(1,247,992)
Prepaid expenses	(155,995)	183,364
Increase (decrease) in:		
Accounts payable	(6,442,577)	1,219,279
Funds held on behalf of Kellogg	(7,337)	-
Accrued compensated balances	23,832	58,433
Accrued expenses	49,752	156,879
Conditional promises to give	143,310	(2,573)
Deferred grant income	(102,299)	(81,451)
Operating lease liability	(491,980)	(441,853)
Net cash provided (used) by operating activities	(54,040)	638,941
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	790,385	176,369
Investment in Oddie Project	(125,000)	(125,000)
Purchase of investments	(863,887)	(365,874)
Purchase of property and equipment	(293,382)	(293,382)
Net cash provided (used) by investing activities	(491,884)	(607,887)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on finance leases	(6,358)	(2,707)
Net cash provided (used) by investing activities	(6,358)	(2,707)
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	(552,282)	28,347
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH BEGINNING OF YEAR</b>	3,291,018	3,262,671
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH END OF YEAR</b>	\$ 2,738,736	\$ 3,291,018
<b>SUPPLEMENTAL CASH FLOW DATA</b>		
Cash paid during the year for interest	\$ 594	\$ 284
Right-of-use assets obtained in exchange for operating lease liabilities	\$ -	\$ 1,401,984
Right-of-use assets obtained in exchange for finance lease liabilities	\$ 11,152	\$ 14,109

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

---

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: The Children's Cabinet, Inc. (Organization) was incorporated on December 18, 1985, as a non-profit corporation under Nevada Revised Statutes Section 81.290, et seq., and received tax exempt status on October 20, 1986. The Organization was established to keep children safe and families together by offering services and resources that address unmet needs through a unique and effective cooperative effort between the private sector and governmental agencies of Northern Nevada. These services and resources include the following:

Supporting Early Education and Development (SEED) - this department utilizes Federal and State funds from various sources to provide early childhood programming across Nevada. In 15 of Nevada's 17 counties, this department provides childcare resources and referrals to assist parents in their search for childcare and administers childcare subsidies to parents who are low income and working, in job training, or actively seeking employment. Quality enhancement services are provided statewide. These programs include parent and early learning provider training, community outreach and education, early childhood system building and support, quality rating and improvement system, onsite coaching for licensed childcare, and early childhood support network, which provides substitute childcare providers to licensed childcare facilities.

Family and Youth Interventions (FYI) - this department includes family counseling, case management, runaway and homeless youth outreach, safe place, onsite high school, and workforce development programs. Family counseling is provided at no charge to families with children/youth between the ages of birth and twenty-four. Case management is a component of many programs and may include home visits, school visits and onsite services. Runaway and homeless youth outreach is conducted throughout the community providing resources, including information on our safe place program. Safe place is a 24/7 phone/text number that youth who find themselves in an unsafe situation can contact for immediate access to a Children's Cabinet case manager. The Cabinet's onsite high school is Redfield Academy, a high school for youth that are severely credit deficient. They receive intensive case management and academic support to meet their educational goals. Youth Build is a workforce development program that reengages youth with education and provides construction education and certifications. An onsite food pantry provides families with access to food, hygiene products, and other basic necessities. Additional programs in FYI allow for the full spectrum of wraparound services such as a clothing closet, and emergency assistance.

Basis of Accounting: The Organization presents its financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America, which recognizes revenue as earned and expenses as incurred.

Financial Statement Presentation: The Organization reports information regarding its financial position and activities according to two classes of net assets:

- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by action of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations 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 the Organization's management and board of directors.

THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

---

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Cash, Cash Equivalents, and Restricted Cash: The Organization considers financial instruments with a fixed maturity date of less than three months to be cash equivalents.

Investments: Investments consist of stocks and mutual funds held in a brokerage account with readily determinable fair values which are reported at their fair value with realized and unrealized gains and losses included as investment income in the accompanying statement of activities. Donated securities are reported at their estimated fair values at the date of donation.

Grants and Contract Receivable: Grants and Contracts receivable for the year ending June 30, 2024 and 2023 consisted of amounts due from grantors of \$13,704,593 and \$19,064,001, respectively. In establishing an allowance for credit losses, the Organization's management perform periodic credit evaluations of their customers' financial condition and, generally, requires no collateral from their customers. Management additionally assesses the collectability of receivables at least annually and determines if past due amounts are likely to be collectible in the future. The maximum losses the Organization would incur if a customer failed to pay would be limited to the carrying value after any allowances provided. The Organization follows the policy of writing off receivable when they are deemed no longer collectible. In the opinion of management, all grants receivable at June 30, 2024 are considered fully collectible and no allowance for credit losses is deemed necessary.

Allowance for Credit Losses: The Organization's financial assets subject to credit risk primarily consist of receivables from grants, contributions, program services, special event revenue, and other revenue. Management regularly evaluates the collectability of receivables and considers credit risk to be minimal due to the nature of the counterparties, which include government agencies, foundations, and established donors with a history of timely payment. Based on this evaluation and historical experience, the Organization has determined that no allowance for doubtful accounts is necessary at June 30, 2024. Receivables are reviewed periodically, and any potential losses would be recognized if circumstances change.

Property, Plant and Equipment: Purchased property, plant and equipment is recorded at cost. Contributed property is recorded at fair value at the date of donation. Additions and improvements with costs exceeding \$5,000 are considered for capitalization, whereas costs of maintenance and repairs are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated lives of three to thirty-nine years. Renewals and betterments that materially extend the lives of assets are capitalized.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2024.

Intangible Assets: The intangible asset consists of mineral rights donated to the Organization which was originally recorded at the estimated fair value based upon a subsequent lease agreement with a third party as discussed in Note 6. This asset has a projected indefinite period of benefit and, therefore, is not amortized. Management annually assesses qualitative factors to determine if circumstances indicate that it is more likely than not that the asset's value has been impaired. In the event such impairment would be considered likely, an impairment assessment is performed, and the value may be adjusted.

THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

---

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Revenue Recognition: The Organization recognizes revenue based on the guidance in ASC 606, Revenue from Contracts with Customers (Topic 606). Topic 606 outlines a single comprehensive model for organizations to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advance in the statement of financial position.

The Organization recognizes revenue from childcare and tuition services at the time the service is provided. The Organization records special events revenue equal to the fair value of direct benefits to donors when the event takes place, and contribution income for the excess received when received.

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

Consequently, at June 30, 2024, contributions of \$294,189, have not been recognized in the accompanying statement of activities because the condition(s) on which they depend has not yet been met.

Contributed Facilities and Services: The Organization reports gifts of furniture and equipment as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restriction support.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the acquired long-lived assets are placed in service.

The Organization receives donated services from unpaid volunteers who assist in fundraising, programming, and special projects. Generally accepted accounting principles require that the Organization recognize revenue and related expense for services if the services received created or enhanced nonfinancial assets or require specialized skills. Contributed services that do not meet these criteria will not be recognized. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

Accrued Compensated Absences: Employees of the Organization are entitled to paid vacation depending on job classification, length of service and other factors. Accrued compensated absences represent the Organization's liability for the cost of unused employee vacation at year-end.

THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

---

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Deferred Program, Grant, and Lease Income: Deferred revenue consists of funds received for fundraising events occurring in the subsequent year, funds received in advance for a grant, and royalties received for a mineral lease related to mineral rights held by the Organization. Funds held for clients are included in cash and cash equivalents. The funds held for clients are not invested in any marketable security portfolio thus no interest, gains, or losses are recognized.

Net Assets: At June 30, 2024, the Organization has net assets with donor restrictions which are restricted for specific purposes totaling \$433,694.

Income Taxes: The Organization is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3) as a non-profit organization. Holdings are exempt from federal income taxes under the provisions of IRC Section 501(c)(3). Management annually reviews its tax positions, which are summarized as follows:

- It has not engaged in activities that would jeopardize its tax-exempt status.
- It has not engaged in any activities that would result in unrelated business income tax, except as it relates to catering during special events and rental of personal property during such events.
- It has determined that there are no material uncertain tax positions that require recognition in the financial statement.

Functional Allocation of Expenses: The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee taxes, employee benefits, and other costs, which are allocated on the basis of estimates of time and effort.

Financial Instruments and Credit Risk: Deposit concentration risk is managed by placing cash with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with grants and contracts receivable are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from government agencies.

Advertising: The Organization expenses the costs of all advertising campaigns and promotions as they are incurred. Total advertising costs incurred for the year ended June 30, 2024 were \$26,846.

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, the 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.

THE CHILDREN'S CABINET, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2024

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (Continued)

*Accounting Pronouncement Adopted:* Effective July 1, 2023, the Organization adopted ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which amended the FASB's guidance on the impairment of financial instruments. The existing incurred loss model was replaced with a current expected credit loss (CECL) model for both originated and acquired financial instruments carried at amortized cost and off-balance sheet credit exposures. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost. Financial assets are now presented at the net amount expected to be collected through an allowance for credit losses. Expected credit losses on off-balance sheet credit exposures are now recognized through a liability. With the exception of purchased financial assets with a more than insignificant amount of credit deterioration since origination, for which the initial allowance will be added to the purchase price of the assets, the initial allowance on financial assets subject to the scope (whether originated or acquired) is now recognized through credit loss expense. This resulted in the Organization's recording no increase or decrease to net assets using the cumulative effect adjustment method. Contributions receivable are excluded from application of Topic 326.

*Memorandum Only – Total Columns:* Total columns in the financial statements are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

*Reclassifications:* Certain prior year amounts may have been reclassified to conform to the current year financial statement presentation.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The organization's financial assets available within one year of the financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 2,738,736
Investments	1,340,013
Grants and contract receivable	<u>13,704,593</u>
	17,783,342
Less: Amounts not available for general expenditures within one year due to:	
Restricted by donors with purpose restrictions	(433,694)
Designated for reserve by Board	<u>(3,919,836)</u>
	<u>\$ 13,429,812</u>

THE CHILDREN'S CABINET, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2024

NOTE 3 - CONCENTRATION OF REVENUE

The Organization is significantly dependent on certain state contracts and federal grants. The Organization's ability to continue operations is significantly dependent upon this revenue. Most of the contracts and grants are subject to spending restrictions. If it were ultimately determined by the contractor or the grantor that the funds had not been expended for the purposes intended, the Organization could be liable for a refund of part or all of such funds.

NOTE 4 - INVESTMENTS AND FAIR VALUE

Generally accepted accounting principles require disclosures regarding fair value measurements that establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 inputs are not available. The Organization has no investments valued using Level 2 or 3 inputs at June 30, 2024.

*Level 1 Fair Value Measurements*

The fair values of corporate bonds, government bonds, foreign bonds and mutual funds are based on quoted market prices, when available.

The following is a summary of investments at fair value for the year ended June 30, 2024:

Equity securities	
Domestic	
Stocks	\$ 999,845
Mutual funds	340,168
	<u>1,340,013</u>
	<u>\$ 1,340,013</u>

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30, 2024:

Fixed assets being depreciated	
Building and improvements	\$ 3,602,278
Land improvements	41,911
Furniture and fixtures	10,001
Solar panels	172,267
Software	14,064
Machinery and equipment	128,339
	<u>3,968,860</u>
Less accumulated depreciation	<u>(2,250,240)</u>
	1,718,620
Fixed assets not being depreciated	
Land	259,274
	<u>\$ 1,977,894</u>

Depreciation expense totaled \$170,225 for the year ended June 30, 2024.

THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

NOTE 6 - INVESTMENT IN ODDIE PROJECT

The Children's Cabinet, together with the Food Bank of Northern Nevada, Inc. (Food Bank) (a Nevada nonprofit corporation exempt from income tax and recognized as a public charity under IRC Section 501(c)(3)) formed the Oddie Project on May 2, 2024. The Oddie Project is a Nevada nonprofit corporation that is exempt from income tax and recognized as a public charity under IRC Section 501(a) as an organization described in IRC Section 501(c)(25) and its sole purpose is to acquire, own, manage, and lease certain real property in Washoe County, Nevada. The Oddie Project acquired a retail mall in Sparks, Nevada, a 7.5 acre parcel which includes 65,107 square feet of built-up space with the intent to renovate and revitalize the space to provide facilities for community-based services, including childcare, and workforce training. Funding for the acquisition of the property is comprised of state, regional, and local government funding as well as other public and private donors. The total cost of the project is expected to be \$16 million. The Food Bank and The Children's Cabinet each hold a 50% beneficial interest in The Oddie Project. Accordingly, the investment in The Oddie Project is recognized on the equity basis of accounting whereby the investment is valued on The Children's Cabinet financial statements based upon its investment, which is adjusted annually for its share of profits and loss proportionate to its beneficial interest less any dividends received. The Oddie Project reports its financial information on the cash basis of accounting. Following is a summary of the Oddie Project's unaudited statements of financial position and activities for the year ended June 30, 2024:

Summary Statement of Financial Position

	<u>Unaudited</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 5,250,932
Other current assets	139,755
Property and equipment, net	7,496,430
Other assets	<u>15,963</u>
Total assets	\$ <u>12,903,080</u>
<b>Liabilities</b>	
	\$ - -
<b>Net Assets</b>	<u>12,903,080</u>
Total liabilities and net assets	\$ <u>12,903,080</u>

Summary Statement of Activities

	<u>Unaudited</u>
<b>Support and revenue</b>	
Grant income and contributions	\$ 12,221,600
Rent and CAM income	<u>304,586</u>
Total support and revenue	12,526,186
<b>Expenses</b>	
Property maintenance and utilities	108,958
Depreciation and amortization	170,107
General and administrative	43,104
Property taxes	<u>50,869</u>
Total expenses	<u>373,038</u>
Change in net assets	12,153,148
Net assets, beginning of year	<u>749,932</u>
Net assets, end of year	\$ <u>12,903,080</u>

The Children's Cabinet has recognized an investment of \$6,451,540 and net investment income of \$6,201,540 for its 50% share of the Oddie Project's net assets at June 30, 2024.

THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

NOTE 7 - LESSOR COMMITMENT

The Organization leased mineral rights to a third party under a three-year lease that expired in June 2022. The lease is continuing based on automatic renewal provisions contained within the lease while the property continues to produce.

NOTE 8 - LEASE COMMITMENTS

The Organization conducts its operations from facilities in Reno, Elko, and Las Vegas that are leased under operating lease agreements.

The Las Vegas facilities, two copier leases were entered into on July 6, 2022 and January 6, 2023, and expire in July 2025 and January 2026, respectively. Obligations under these finance leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments, with interest at 3.78% and 2.95% respectively.

During the year, one new copier lease in Reno was entered into on October 27, 2023 and expires in October 2026. Obligations under this finance lease have been recorded in the accompanying financial statements at the present value of future minimum lease payments, with interest at the

The components of the Organization's lease cost were as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Operating lease cost		
Operating lease costs	\$ 504,681	\$ 473,472
Short-term lease cost	4,213	16,002
Total operating lease cost	<u>508,894</u>	<u>489,474</u>
Finance lease cost		
Amortization of property and equipment	6,952	2,893
Interest expense	594	284
Total finance lease cost	<u>7,546</u>	<u>3,177</u>
Total operating and finance lease cost	<u>\$ 516,440</u>	<u>\$ 492,651</u>

The assumptions underlying the calculation of the organization's right-of-use assets and lease liabilities are as follows for the year ended June 30:

	<u>2024</u>	
	<u>Operating</u>	<u>Finance</u>
Real estate and other leases		
Weighted average remaining lease term	1.31	1.72
Weighted average discount rate	2%	4%
	<u>2023</u>	
	<u>Operating</u>	<u>Finance</u>
Real estate and other leases		
Weighted average remaining lease term	2.12	1.88
Weighted average discount rate	2%	3%

THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

NOTE 8 - LEASE COMMITMENTS (Continued)

The following is a maturity analysis of the annual undiscounted cash flows of the lease liabilities as of June 30, 2024:

	<u>Operating</u>	<u>Finance</u>
2025	\$ 359,017	\$ 8,508
2026	104,040	5,941
2027	8,670	1,999
2028	-	-
2029	-	-
Thereafter	-	-
Future minimum lease payments	<u>471,727</u>	<u>16,448</u>
Less: amounts representing interest	<u>(3,576)</u>	<u>(671)</u>
Present value of minimum lease payments	468,151	15,777
Less: Current portion	<u>(356,002)</u>	<u>(8,145)</u>
Lease liabilities - Less current portion	<u>\$ 112,149</u>	<u>\$ 7,632</u>

Interest expense related to this finance lease amounted to \$594 for the year ended June 30, 2024. Amortization expense attributable to assets capitalized under this finance lease was \$6,952 for the year ended June 30, 2024.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or period:

Subject to expenditure for specified	
Administration	\$ 94,529
Supporting early education and development	149,507
Family and youth interventions	507,302
Fundraising	-
	<u>\$ 751,338</u>

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

Satisfaction of purpose restrictions	
Administration	\$ 249,858
Supporting early education and development	326,263
Family and youth interventions	150,223
Fundraising	-
	<u>\$ 726,344</u>

THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024

---

NOTE 10 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about significant changes in deferred revenue for the year ended June 30, 2024:

Deferred grant income, beginning of year	\$ 102,299	
decrease in deferred revenue due to cash received during the period		<u>(102,299)</u>
Deferred grant income, end of year	<u>\$</u>	<u>-</u>

NOTE 11 - RELATED PARTIES

In the normal course of business and given the level of the Organization's Board of Trustees within the community, the Organization sometimes obtains grants from employers or governments with whom certain Board members are associated or employed. The Organization has conflict of interest policies in place and believes that all transactions are appropriate in the ordinary course of business.

For the year ended June 30, 2024 The Children's Cabinet Foundation contributed \$216,000 for general operations. In addition, the Organization did not contribute any amounts to the Children's Cabinet Foundation.

NOTE 12 - IN-KIND CONTRIBUTIONS

For the year ended June 30, 2024, in-kind contributions recognized within the statement of activities included the following:

Contract services - technology	\$ 9,665	
Venue space	15,000	
Contract services	35,022	
Advertising	2,000	
Personal property	<u>237,981</u>	
	<u>\$</u>	<u>299,668</u>

The services above are provided by specially trained professionals who assist on various needs, are used in program supporting services and are recognized at fair value based on current rate and similar professional services. The above includes \$148,659 used at fundraising events.

All donated contributions received during the years ended June 30, 2024 were unrestricted.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 23, 2026 which represents the date the financial statements were available to be issued. However, these financial statements have been updated to correct an error in the originally issued financial statements.

Subsequent to the issuance of our report dated January 20, 2025, the investment in Oddie Project and related investment income were adjusted for the balance in that investment at June 30, 2024. The accompanying financial statements have been restated to reflect the correction of the error.

## SUPPLEMENTARY INFORMATION

THE CHILDREN'S CABINET, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass-through Grantor/ Program Title	Federal Assistance Listing	Pass-through Grantor Identifying Number	Award Period	Federal Expenditures
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Direct Program				
Maternal and Child Health Federal Consolidated Programs	93.110	N/A	8/1/23-7/31/24	\$ 230,065
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	99SWC-NV22-1058	9/30/23-9/29/24	43,680
Basic Center Grant	93.623	N/A	9/30/23-9/29/24	240,508
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	N/A	9/30/23-9/29/24	123,064
Subtotal Direct Program				<u>637,317</u>
Passed through State of Nevada Department of Health and Human Services, Division of Welfare and Support Services				
Child Care and Development Fund Cluster	93.575	CC230151	7/1/22-9/30/23	280,335
Child Care and Development Block Grant	93.575	CC240121	7/1/22-9/30/23	334,994
	93.575	CC230154	7/1/22-9/30-24	34,699,641
	93.575	CC2401	7/1/23-6/30/24	24,587,875
Subtotal Assistance Listing 93.575/Division of Welfare and Support Services				<u>59,902,845</u>
Passed through State of Nevada Department of Education, Office of Early Learning & Development				
Child Care and Development Fund Cluster				
Child Care and Development Block Grant	93.575	23-794-89000	7/1/23-6/30/24	5,395,459
Subtotal Assistance Listing 93.575/Child Care and Development Fund Cluster				<u>65,298,304</u>
Passed through State of Nevada Department of Health and Human Services, Division of Child and Family Services				
Chafee Education and Training Vouchers Program (ETV)	93.599	93599-23-002	10/1/22-9/30/23	77,148
	93.599	93599-23-002	7/1/23-6/30/24	130,696
Subtotal Assistance Listing 93.599				<u>207,844</u>
Every Student Succeeds Act/Preschool Development Grants	93.434	24-795-95000	10/1/23-12/30/24	89,324
	93.434	24-795-95000	10/1/23-12/30/24	110,418
Subtotal Assistance Listing 93.434				<u>199,742</u>
Subtotal Division of Child & Family Services				407,586
Passed through State of Nevada Department of Health and Human Services, Division of Public and Behavioral Health				
Maternal and Child Health Services Block Grant to the States	93.994	SG 26400	10/1/23-9/30/24	41,142
	93.994	SG 25739	10/1/22-9/30/23	17,366
Subtotal Assistance Listing 93.994				<u>58,508</u>
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	SG 26392	9/30/23-9/29/24	380,765
	93.870	SG 25661	12/1/21-9/30/24	117,271
Subtotal Assistance Listing 93.870				<u>498,036</u>
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	SG 26129	1/25/23-7/31/23	540,672
Subtotal Division of Public and Behavioral Health				<u>1,097,216</u>

THE CHILDREN'S CABINET, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass-through Grantor/ Program Title	Federal Assistance Listing	Pass-through Grantor Identifying Number	Award Period	Federal Expenditures
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Total U.S. Department of Health and Human Services				\$ 67,440,423
UNITED STATES DEPARTMENT OF EDUCATION				
Passed through State of Nevada				
Department of Education				
Twenty-First Century Community Learning Centers	84.287	23-772-95000	7/1/22-9/30/24	213,400
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U	23-743-95000	11/14/22-9/30/24	142,117
Subtotal Nevada Department of Education				<u>355,517</u>
Passed through Washoe County School District				
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U	PO 130960	7/1/23-6/30/24	249,000
Subtotal Assistance Listing 84.425U				<u>391,117</u>
Total U.S. Department of Education				604,517
UNITED STATES DEPARTMENT OF JUSTICE				
Passed through State of Nevada Department of Health and Human Services, Division of Child & Family Services				
Crime Victim Assistance	16.575	16575-21-004	10/1/23-7/31/24	96,095
UNITED STATES DEPARTMENT OF LABOR				
Direct Program				
YouthBuild	17.274	N/A	6/1/23-9/30/26	367,184
UNITED STATES DEPARTMENT OF AGRICULTURE				
Passed through Nevada System of Higher Education, University of Nevada Reno				
Supplemental Nutrition Assistance Program Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	UNR 23-31	10/1/22-9/30/23	9,069

THE CHILDREN'S CABINET, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass-through Grantor/ Program Title	Federal Assistance Listing	Pass-through Grantor Identifying Number	Award Period	Federal Expenditures
<b>UNITED STATES DEPARTMENT OF TREASURY</b>				
Passed through State of Nevada Department of Health and Human Services, Division of Child and Family Services				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	21027-22-029	2/1/24-6/30/24	\$ 58,630
	21.027	21027-22-019	1/1/23-9/30/24	392,725
Subtotal Division of Child and Family Services				<u>451,355</u>
Passed through State of Nevada Department of Health and Human Services, Division of Welfare and Support Services				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	CC240155	7/1/23-12/31/26	657,062
Passed through City of Reno				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	CK-68118	10/25/23-11/30/26	60,000
Passed through Nevada System of Higher Education, University of Nevada Reno				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	UNR-23-79	8/23/23-12/1/24	137,415
Subtotal Assistance Listing 21.027/ Total U.S. Department of Treasury				<u>1,305,832</u>
<b>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</b>				
Passed through United Way of Northern Nevada and the Sierra				
Emergency Food and Shelter National Board Program	97.024	Phase 39/40	11/1/21-3/31/23	55,584
	97.024	Phase 39/40	11/1/21-3/31/23	15,000
	97.024	Phase 41	11/1/21-3/31/23	8,222
Total U.S. Department of Homeland Security				<u>78,806</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u><u>\$ 69,901,926</u></u>

THE CHILDREN'S CABINET, INC.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

---

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of The Children's Cabinet, Inc. under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of The Children's Cabinet, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

No federal financial assistance has been provided to a subrecipient.

NOTE 3 - INDIRECT COST RATE

The Organization has an approved indirect cost rate and not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



**BARNARD VOGLER & CO.**  
Certified Public Accountants

100 West Liberty St.  
Suite 1100  
Reno, NV 89501

26

775.786.6141  
775.323.6211  
bvccpas.com

**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 Trustees  
The Children's Cabinet, Inc.  
Reno, Nevada

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 Cabinet, Inc. (a 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, and have issued our report thereon dated January 20, 2025 except for Note 6 as to which is dated January 23, 2026.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Children's Cabinet, Inc.'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 Cabinet, Inc.'s internal control. Accordingly, we do not express an opinion on The Children's Cabinet, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of finding described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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.

**Report on Compliance and Other Matter**

As part of obtaining reasonable assurance about whether The Children's Cabinet, Inc.'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.

Bernard Voyler & Co.

Reno, Nevada  
January 20, 2025, except for Finding 2024-001  
as to which is dated January 23, 2026





**BARNARD VOGLER & CO.**  
Certified Public Accountants

100 West Liberty St.  
Suite 1100  
Reno, NV 89501

28

775.786.6141  
775.323.6211  
bvccpas.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Trustees  
The Children's Cabinet, Inc.  
Reno, Nevada

**Report on Compliance for Each Major Federal Program**

We have audited The Children's Cabinet, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Children's Cabinet, Inc.'s major federal programs for the year ended June 30, 2024. The Children's Cabinet, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Opinion on Each Major Federal Program**

In our opinion, The Children's Cabinet, Inc. 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 their major federal programs for the year ended June 30, 2024.

**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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Cabinet, Inc. 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 Cabinet, Inc.'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 Cabinet, Inc.'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 Cabinet, Inc.'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 GAAS, 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 requirements 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 about The Children's Cabinet, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Cabinet, Inc.'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 Cabinet, Inc.'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 Cabinet, Inc.'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.

### **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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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.

*Barnard Vogler & Co.*

Reno, Nevada  
January 20, 2025



REPORTING REQUIREMENTS

THE CHILDREN'S CABINET, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024

---

SECTION I: SUMMARY OF AUDITORS' RESULTS

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No

**Identification of Major Programs:**

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing</u>
Child Care and Development Fund Cluster/Child Care and Development Block Grant	93.575
Dollar threshold for distinguishing Type A and B programs was \$2,097,058.	
Auditee qualified as low-risk auditee?	Yes

THE CHILDREN'S CABINET, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2024

---

SECTION II: FINANCIAL STATEMENT FINDINGS

**Finding 2024-001**

**Material Weakness in Internal Control over Financial Reporting – Error Not Discovered in a Timely Manner**

*Condition:* Subsequent to issuance of the financial statements, originally dated January 20, 2025, it was discovered that the Children's Cabinet had not adjusted the value of the investment in the Oddie Project. This resulted in the asset and related investment income being understated.

*Criteria:* Values for all assets and liabilities should be reconciled to supporting documentation.

*Effect or Potential Effect:* The increased risk for a material misstatement, not identified or corrected in a timely manner.

*Cause:* This was an initial year of adjustment and is not expected to recur.

*Recommendation:* Develop and implement a process to identify and reconcile new and unusual accounts and related balances at least annually.

*Views of Responsible Officials and Planned Corrective Action:* The accounting treatment of The Children's Cabinet's investment in the Oddie Project was revised due to a change in the interpretation of generally accepted accounting principles applicable to the transaction. Following extensive due diligence and based on the information available at the time, management initially concluded that the transaction should be recorded as a programmatic investment on the Statement of Financial Position. As the audit progressed and additional considerations were evaluated, it was determined that certain funding received from third parties should be accounted for as pass-through funding to the Oddie Project and therefore should not be recognized as revenue by The Children's Cabinet. Accordingly, the recorded investment in the Oddie Project reflects only the funds contributed directly by the organization.

The Children's Cabinet and the Food Bank of Northern Nevada partnered on the Oddie Project as an equal joint venture. The Food Bank's auditor reached a different conclusion and recorded the Food Bank's portion as a programmatic investment on its Statement of Financial Position, recognizing the corresponding amount as revenue.

To promote consistent and comparable accounting treatment of the shared investment between both parties, and in response to the auditor's finding, The Children's Cabinet has elected to restate its financial statements for the fiscal year ended June 30, 2024. This accounting adjustment did not affect the general operations of The Children's Cabinet and had no impact on the organization's ability to deliver programs and services during the period.

To mitigate the risk of similar issues in future periods, management will proactively coordinate with partners and reconcile shared accounting considerations in advance of audit completion, including alignment on the appropriate accounting treatment prior to the issuance of audited financial statements.

SECTION III: FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARD PROGRAMS

None

SECTION IV: SUMMARY OF PRIOR AUDIT FINDINGS

None