

THE CHILDREN'S CABINET, INC

FINANCIAL STATEMENTS

JUNE 30, 2025

The logo consists of a dark blue square with a white border. Inside the square, the letters "HRC" are written in a white, bold, sans-serif font.

HRC

THE CHILDREN'S CABINET, INC.

JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Children's Cabinet, Inc. (the Cabinet) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 financial statements referred to above present fairly, in all material respects, financial position of the Cabinet as of June 30, 2025, 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 Cabinet 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 opinions.

Report on Summarized Comparative Information

The financial statements of the Cabinet as of June 30, 2024 were audited by other auditors whose report dated January 20, 2025, except for Note 6, as to which the date is January 23, 2026, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended June 30, 2024 is derived from those audited financial statements.

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 Cabinet's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

The logo for HRC (The Children's Cabinet) is located in the bottom right corner. It consists of the letters "HRC" in a white, bold, sans-serif font, centered within a dark blue square. The square has a white border and is set against a green background that tapers from the bottom right corner of the page.

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 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cabinet'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 Cabinet'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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Title 45 U.S. *Code of Federal Regulations* Part 75, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2026 on our consideration of the Cabinet's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Houldsworth, Russo & Company, P.C.

Reno, Nevada
February 23, 2026

THE CHILDREN'S CABINET, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

	2025			2024 (Memorandum Only)
	Without Donor Restrictions	With Donor Restrictions	Total	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,926,755	\$ 806,609	\$ 2,733,364	\$ 2,738,736
Investments	1,483,813	-	1,483,813	1,340,013
Grants receivable	4,346,393	-	4,346,393	13,704,593
Prepaid expenses	212,055	-	212,055	157,265
Security deposit	8,500	-	8,500	8,500
	<u>7,977,516</u>	<u>806,609</u>	<u>8,784,125</u>	<u>17,949,107</u>
Noncurrent assets:				
Property, plant, and equipment, net	1,830,451	-	1,830,451	1,977,894
Investment in The Oddie Project	4,597,927	-	4,597,927	6,451,540
Operating lease right-of-use assets	1,149,625	-	1,149,625	461,323
Finance lease right-of-use assets, net	7,061	-	7,061	15,181
Intangible assets	197,900	-	197,900	197,900
	<u>7,782,964</u>	<u>-</u>	<u>7,782,964</u>	<u>9,103,838</u>
Total assets	<u>\$ 15,760,480</u>	<u>\$ 806,609</u>	<u>\$ 16,567,089</u>	<u>\$ 27,052,945</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 73,487	\$ -	\$ 73,487	\$ 323,377
Accrued expenses	1,175,398	-	1,175,398	1,171,470
Childcare subsidies payable	2,400,567	-	2,400,567	10,563,607
Refundable advances	59,779	-	59,779	-
Conditional contributions	161,691	-	161,691	294,189
Operating lease liabilities	490,861	-	490,861	356,002
Finance lease liabilities	5,526	-	5,526	8,145
	<u>4,367,309</u>	<u>-</u>	<u>4,367,309</u>	<u>12,716,790</u>
Long-term liabilities:				
Operating lease liabilities, net of current	669,689	-	669,689	112,149
Finance lease liabilities, net of current	2,154	-	2,154	7,632
	<u>671,843</u>	<u>-</u>	<u>671,843</u>	<u>119,781</u>
Total liabilities	<u>5,039,152</u>	<u>-</u>	<u>5,039,152</u>	<u>12,836,571</u>
Net assets:	<u>10,721,328</u>	<u>806,609</u>	<u>11,527,937</u>	<u>14,216,374</u>
Total liabilities and net assets	<u>\$ 15,760,480</u>	<u>\$ 806,609</u>	<u>\$ 16,567,089</u>	<u>\$ 27,052,945</u>

See accompanying notes to financial statements

THE CHILDREN'S CABINET, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	2025		2024 (Memorandum Only)	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Support revenues				
Federal grants	\$ 47,434,145	\$ -	\$ 47,434,145	\$ 70,487,085
State and local grants	625,157	-	625,157	286,815
Contributions	1,769,847	363,605	2,133,452	2,384,680
Noncash contributions	265,990	-	265,990	299,668
	<u>50,095,139</u>	<u>363,605</u>	<u>50,458,744</u>	<u>73,458,248</u>
Special events revenue	915,838	-	915,838	644,420
Noncash special events revenue	60,555	-	60,555	148,659
Direct benefits to donors	(179,804)	-	(179,804)	(295,320)
	<u>796,589</u>	<u>-</u>	<u>796,589</u>	<u>497,759</u>
Investment return, net	224,751	-	224,751	270,105
Change in The Oddie Project equity	(1,853,613)	-	(1,853,613)	6,201,540
Other income	68,933	-	68,933	62,955
Net assets released from restriction	308,334	(308,334)	-	-
	<u>308,334</u>	<u>(308,334)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>\$ 49,640,133</u>	<u>\$ 55,271</u>	<u>\$ 49,695,404</u>	<u>\$ 80,490,607</u>
EXPENSES				
Program services	49,937,873	-	49,937,873	70,721,451
Supporting services				
General and administrative	2,134,334	-	2,134,334	2,038,420
Fundraising	311,634	-	311,634	368,198
	<u>2,445,968</u>	<u>-</u>	<u>2,445,968</u>	<u>2,406,618</u>
Total expenses	<u>52,383,841</u>	<u>-</u>	<u>52,383,841</u>	<u>73,128,069</u>
CHANGE IN NET ASSETS	(2,743,708)	55,271	(2,688,437)	7,362,538
NET ASSETS, BEGINNING OF YEAR	<u>13,465,036</u>	<u>751,338</u>	<u>14,216,374</u>	<u>6,853,836</u>
NET ASSETS, END OF YEAR	<u>\$ 10,721,328</u>	<u>\$ 806,609</u>	<u>\$ 11,527,937</u>	<u>\$ 14,216,374</u>

See accompanying notes to financial statements

THE CHILDREN'S CABINET, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	Supporting Services			2024 (Memorandum Only)	
	Program Services	General and Administrative	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 11,128,856	\$ 1,255,164	\$ 200,927	\$ 12,584,947	\$ 11,419,045
Payroll taxes	827,428	91,594	15,004	934,026	845,150
Retirement contributions	179,910	31,058	6,281	217,249	168,311
Employee benefits	948,149	76,550	16,625	1,041,324	984,739
Advertising and public outreach	172,357	18,307	4,665	195,329	60,097
Bank and credit card fees	3,087	48,333	15,105	66,525	38,187
Child care support and subsidies	21,400,703	-	-	21,400,703	25,571,296
Client services and supplies	7,764,375	-	-	7,764,375	11,724,564
Computer support and supplies	319,888	50,637	3,136	373,661	532,366
Contract services	4,871,766	167,610	32,132	5,071,508	18,001,417
Depreciation and amortization	-	155,707	-	155,707	176,939
Donor and volunteer recognition	1,448	2,041	22,945	26,434	9,800
Food for meetings and events	117,841	825	53,056	171,722	107,124
Insurance	99,999	10,547	1,761	112,307	93,113
Miscellaneous	25,072	583	100	25,755	10,545
Occupancy	782,743	71,542	77,542	931,827	761,506
Office supplies and equipment	305,292	131,495	34,615	471,402	458,784
Program supplies	546,505	11,442	1,495	559,442	1,827,464
Scholarships	65,515	-	-	65,515	50,788
Training	119,376	5,363	185	124,924	232,681
Travel and transportation	257,563	5,536	5,864	268,963	349,473
	49,937,873	2,134,334	491,438	52,563,645	73,423,389
Less: direct benefits to donors	-	-	(179,804)	(179,804)	(295,320)
Total expenses	\$ 49,937,873	\$ 2,134,334	\$ 311,634	\$ 52,383,841	\$ 73,128,069

See accompanying notes to financial statements

THE CHILDREN'S CABINET, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	2025	2024 (Memorandum Only)
Cash flow from operating activities:		
Change in net assets	\$ (2,688,437)	\$ 7,362,538
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	147,443	253,713
Amortization of operating lease right-of-use assets	475,380	486,851
Amortization of financing lease right-of-use assets	8,120	6,952
Net realized and unrealized gains on investments	(121,460)	(210,218)
Change in The Oddie Project equity	1,853,613	(6,201,540)
Donated stock	(91,570)	(128,450)
(Increase) decrease in operating assets		
Grants receivable	9,358,200	5,359,408
Prepaid expenses	(54,790)	(155,995)
Increase (decrease) in operating liabilities		
Accounts payable	(249,890)	(191,364)
Funds held on behalf of Kellogg	-	(7,337)
Accrued expenses	3,928	73,584
Childcare subsidies payable	(8,163,040)	(6,251,213)
Refundable advances	59,779	(102,299)
Conditional contributions	(132,498)	143,310
Operating lease liabilities	(471,283)	(491,980)
Net cash used in operating activities	(66,505)	(54,040)
Cash flows from investing activities:		
Proceeds from the sales of investments	780,464	790,385
Purchases of investments	(711,234)	(863,887)
Investment in The Oddie Project	-	(125,000)
Purchase of property and equipment	-	(293,382)
Net cash provided by (used in) investing activities	69,230	(491,884)
Cash flows from financing activities:		
Payments on finance leases	(8,097)	(6,358)
Net cash used in financing activities	(8,097)	(6,358)
Net change in cash and cash equivalents	(5,372)	(552,282)
Cash and equivalents, beginning of year	2,738,736	3,291,018
Cash and equivalents, end of year	\$ 2,733,364	\$ 2,738,736

See accompanying notes to financial statements

THE CHILDREN'S CABINET, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	2025	2024 (Memorandum Only)
Supplemental disclosures:		
ROU assets obtained from operating lease liabilities	\$ 1,163,682	\$ -
ROU assets obtained from finance lease liabilities	\$ -	\$ 11,152
Cash paid for interest	\$ 463	\$ 594

See accompanying notes to financial statements

THE CHILDREN'S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – The Children's Cabinet, Inc. (the Cabinet) was incorporated on December 18, 1985, as a nonprofit corporation, and was granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code on October 20, 1986. The Cabinet's mission is to keep children safe and families together by providing services and resources to address unmet needs in collaboration with public and private partners. Originally established in Northern Nevada, the Cabinet now provides services statewide, with four offices in Washoe County, two offices in Clark County, and one office each in Carson City and Elko County.

The Cabinet operates under a coordinated service delivery model designed to connect individuals and families to available resources regardless of their initial point of contact. The organization delivers services through more than 40 programs serving children, youth, and families throughout Nevada.

Program services include early childhood education and family support, childcare resource and referral services, childcare subsidy administration, provider training, quality improvement initiatives, community outreach, and systems-building efforts. The Cabinet also provides family counseling services, case management, school- and community-based support, and outreach services for runaway and homeless youth, including a 24-hour crisis response line. Additional programs include Redfield Academy, an onsite high school serving credit-deficient youth; YouthBuild, a workforce development and education program; and emergency assistance services, including food, clothing, and other basic needs support.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation – The Cabinet presents its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the FASB ASC, the Cabinet is required to report information regarding its financial position and changes in financial position activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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 Cabinet 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 Cabinet. These net assets may be used at the discretion of the Cabinet's management and board of directors.

Cash and Cash Equivalents – The Cabinet considers financial instruments with a fixed maturity date of less than three months to be cash equivalents.

Investments – Investments consist of equity securities 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 return, net, in the accompanying statement of activities. Donated securities are reported at their estimated fair values at the date of donation.

THE CHILDREN'S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grants Receivable – Grants receivable consists of amounts due from grantors for reimbursement of expenses incurred under the grants. The Cabinet follows the policy of writing off receivables when they are deemed no longer collectible. In the opinion of management, all grants receivable at year-end are considered fully collectible and no allowance is deemed necessary.

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 Cabinet 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, 2025.

Intangible Assets – The intangible asset consists of mineral rights donated to the Cabinet 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.

Revenue Recognition – The Cabinet recognizes revenue from contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with or without donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets without donor restrictions. Investment return, net, is recognized consistent with these policies.

Conditional contributions, which include cost-reimbursable federal and state grants, are recognized when the conditions upon which they depend are substantially met. For federal and state grants, amounts received are recognized as revenue when the Cabinet 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.

Contributed Facilities and Services – The Cabinet reports gifts of property, plant, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Cabinet receives donated services from unpaid volunteers who assist in fundraising, programming, and special projects. Generally accepted accounting principles require that the Cabinet 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.

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, payroll taxes, retirement contributions, and employee benefits, which are allocated on the basis of estimates of time and effort. All other expenses are directly allocated.

Advertising – The Cabinet expenses the costs of all advertising campaigns and promotions as they are incurred.

Income Tax Status – The Cabinet 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.
- It has determined that there are no material uncertain tax positions that require recognition in the financial statement.

Leases – The Cabinet determines if an arrangement contains a lease at inception. An arrangement contains a lease if there are identified assets and the right to control the use of an identified asset is conveyed for a period of time in exchange for consideration. Control over the use of the identified asset means the lessee has both the right to obtain substantially all of the economic benefit from the use of the asset and the right to direct the use of the asset.

For leases with terms greater than twelve months, the right-of-use (ROU) assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Lease terms include options to extend the lease when it is reasonably certain that such option will be exercised. For operating leases, lease expense is recognized on a straight-line basis over the expected lease term. For finance leases, the right-of-use asset depreciates on a straight-line basis over the shorter of the lease term or useful life of the right-of-use asset. The lease liability accretes interest based on the interest method using the discount rate determined at lease commencement. For leases that do not provide an implicit rate, the Cabinet uses a risk-free rate based on the information available at commencement date in determining the present value of the lease payments. The Cabinet's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

THE CHILDREN’S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Instruments and Credit Risk – Deposit concentration risk is managed by placing cash with financial institutions believed by the Cabinet 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 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.

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

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 Cabinet's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Date of Management’s Review – Subsequent events have been evaluated through February 23, 2026, which is the date the financial statements were available to be issued.

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Cabinet receives grant and contribution revenues and considers contributions without donor restrictions or internal designations to be available to meet cash needs for general expenditures. The Cabinet manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Cabinet’s financial assets available within one year of June 30, 2025 for general expenditures are as follows:

Cash and cash equivalents	\$ 2,733,364
Investments	1,483,813
Grants receivable	4,346,393
	<u>8,563,570</u>
Restricted by donors with purpose restrictions	(806,609)
Designated reserve by Board of Trustees (Board)	(562,907)
	<u>\$ 7,194,054</u>

THE CHILDREN’S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 3. INVESTMENTS AND FAIR VALUE

In accordance with FASB ASC, the following are quantitative disclosures about the fair value measurements of assets and liabilities. Fair value measurements are categorized on three levels:

Level 1: Quoted prices in active market for identical securities

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, repayment spreads, credit risk, etc.).

Level 3: Quantitative unobservable inputs are third party pricing information without adjustment.

The inputs and methodology used for valuing the Cabinet’s financial assets and liabilities are not indicators of the risks associated with those instruments. The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,112,215	\$ -	\$ -	\$ 1,112,215
Mutual funds	<u>371,598</u>	<u>-</u>	<u>-</u>	<u>371,598</u>
Total assets	<u>\$ 1,483,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,483,813</u>

NOTE 4. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following at June 30, 2025:

Building, improvements, and land improvements	\$ 3,644,189
Machinery and equipment	300,606
Software	14,064
Furniture and fixtures	<u>10,001</u>
Depreciable assets	3,968,860
Less: accumulated depreciation	<u>(2,397,683)</u>
	1,571,177
Land	<u>259,274</u>
Total property, plant, and equipment, net	<u>\$ 1,830,451</u>

NOTE 5. INVESTMENT IN THE ODDIE PROJECT

The Cabinet, together with the Food Bank of Northern Nevada (Food Bank) formed The Oddie Project on May 2, 2024. The Oddie Project is a Nevada nonprofit corporation that is exempt from income tax under IRC Section 501(a) as an organization described in IRC Section 501(c)(25). 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 comprises state, regional, and local government funding as well as other public and private donors.

THE CHILDREN'S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 5. INVESTMENT IN THE ODDIE PROJECT

The total cost of the project is expected to be \$16 million. The Food Bank and the 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 Cabinet's financial statements based on its investment and is adjusted annually for its share of profits and loss proportionate to its beneficial interest less any dividends received. The following is a summary of The Oddie Project's unaudited statements of financial position and activities for the year ended June 30, 2025:

Summarized Statement of Financial Position (Unaudited)

Assets:	
Cash and cash equivalents	\$ 1,651,275
Receivables	81,184
Property and equipment, net	7,386,090
Other assets	82,163
Total assets	\$ 9,200,712
Liabilities	\$ 4,857
Net assets	9,195,855
Total liabilities and net assets	\$ 9,200,712

Summarized Statement of Activities (Unaudited)

Support and revenues:	
Rent and common area maintenance fees (CAM) income	\$ 299,770
Grant income and contributions	44,990
Interest income	166,433
Total support and revenues	511,193
Expenses:	
Return of grant funds	3,800,468
Property maintenance and utilities	157,595
Depreciation and amortization	110,339
General and administrative	26,435
Interest expense	114,683
Property taxes	8,898
Total expenses	4,218,418
Change in net assets	(3,707,225)
Net assets, beginning of year	12,903,080
Net assets, end of year	\$ 9,195,855

The Cabinet has recognized an investment of \$4,597,927 and a change in the equity of The Oddie Project of (\$1,853,613) for its 50% share of The Oddie Project's net assets at June 30, 2025.

THE CHILDREN'S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 6. INTANGIBLE ASSETS

The Cabinet 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. The associated intangible mineral rights asset is reviewed for impairment annually. As of June 30, 2025, no impairment was indicated.

NOTE 7. LEASES

The Cabinet conducts its operations from facilities in Reno, Elko, and Las Vegas that are lease under operating lease agreements expiring at various dates through September 2026. Additionally, the Cabinet has copier leases under finance lease agreements expiring at various dates through October 2026. As of June 30, 2025, assets recorded under finance leases were \$24,788 and accumulated amortization associated with finance leases was \$17,727. Certain leases provide for increases in future minimum annual rental payments.

Total lease costs for the year ended June 30, 2025 are as follows:

Operating lease costs	\$ 497,134
Finance lease costs:	
Interest expense	463
Amortization of ROU assets	<u>8,263</u>
	<u>\$ 505,860</u>

Weighted average remaining lease term:

Operating leases	20 months
Finance leases	27 months

Weighted average discount rate:

Operating leases	3.5%
Finance leases	3.8%

Future minimum payments under lease obligations are as follows at year-end:

	Operating Leases	Finance Leases
2026	\$ 515,874	\$ 5,946
2027	406,064	1,928
2028	<u>356,968</u>	<u>-</u>
Total future minimum lease payments	1,278,906	7,874
Less amount representing imputed interest	<u>(118,356)</u>	<u>(194)</u>
	<u>\$ 1,160,550</u>	<u>\$ 7,680</u>

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent contributions and other inflows of assets whose use by the Cabinet is limited by donor-imposed stipulations that either expire by the passage of time or are fulfilled and removed by actions of the Cabinet pursuant to those stipulations

THE CHILDREN'S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2025 are restricted for the following purposes and periods and held in cash and cash equivalents:

Subject to expenditure for specific purposes:

Administration	\$ 70,718
One Cabinet programs	<u>735,891</u>
	<u>\$ 806,609</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, 2025:

Satisfaction of purpose restrictions	
Administration	\$ 23,811
One Cabinet programs	<u>284,523</u>
	<u>\$ 308,334</u>

NOTE 9. BOARD DESIGNATED NET ASSETS

The Board of Trustees (Board) has designated net assets without donor restrictions for reserve funds totaling \$562,907 at year-end which are held in cash and investments.

NOTE 10. CONCENTRATION OF CREDIT RISK

The Cabinet has concentrated its custodial credit risk by maintaining deposits in financial institutions which at most times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The loss would represent the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance. The Cabinet has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

NOTE 11. RETIREMENT PLAN

The Cabinet offers a voluntary salary reduction plan under Internal Revenue Code Section 403(b) to all employees at hire. The Cabinet contributes matching amounts of up to 3% of participants compensation and a \$0.50 on the dollar matching contribution on participant contributions between 3% and 5% of participants compensation. During the year ended June 30, 2025, the Cabinet's contributions to the retirement plan totaled \$217,249.

NOTE 12. RELATED PARTIES

In the normal course of business and given the level of the Cabinet's Board of Trustees (Board) involvement 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. Total contributions from Board members, directly were \$311,871 during the year ended June 30, 2025.

THE CHILDREN'S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 12. RELATED PARTIES

The Cabinet is related to The Children's Cabinet Foundation (Foundation), a supporting organization, by common management and a non-majority interest in the Board of the Foundation. For the year ended June 30, 2025, the Foundation contributed \$216,000 for general operations to the Cabinet. In addition, the Cabinet did not contribute any amounts to the Foundation.

NOTE 13. NONCASH CONTRIBUTIONS

Noncash (in-kind) contributions consist of the following at June 30, 2025:

Program supplies	\$ 153,127
Program services	<u>112,863</u>
	265,990
Special events venue, supplies, and audiovisual rental	<u>60,555</u>
	<u>\$ 326,545</u>

Contributed program supplies and program services are recognized at fair value based on current rates for similar supplies and services. Special events venue, supplies, and audiovisual rentals are recognized based on discounted fair value prices supplied by the contributing vendor.

INDEPENDENT AUDITOR’S 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) (the Cabinet), which comprise the statement of financial position as of June 30, 2025, 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 February 23, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cabinet’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 determination of 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 Cabinet'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 Cabinet's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Houldsworth, Russo & Company, P.C.

Reno, Nevada
February 23, 2026

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Children’s Cabinet, Inc.’s (the Cabinet) 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 Cabinet’s major federal programs for the year ended June 30, 2025. The Cabinet’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 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 its major federal programs for the year ended June 30, 2025.

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* and Title 45 U.S. *Code of Federal Regulations* Part 75, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS 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 Cabinet 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 Cabinet’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 Cabinet’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 Cabinet'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 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 Cabinet'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 Cabinet'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 Cabinet'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 Cabinet'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 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.

Houldsworth, Russo & Company, P.C.

Reno, Nevada
February 23, 2026

THE CHILDREN'S CABINET, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Grantor and Program Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Total Federal Expenditures	Passed through to Subrecipients
<u>United States Department of Justice</u>				
<i>Passed through State of Nevada</i>				
Crime Victim Assistance	16.575	16575-21-004	19,168	-
Crime Victim Assistance	16.575	16575-23-040	55,531	-
Total United States Department of Justice			74,699	-
<u>United States Department of Labor</u>				
YouthBuild	17.274	N/A	432,136	-
Total United States Department of Labor			432,136	-
<u>United States Department of the Treasury</u>				
<i>Passed through State of Nevada</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	CC240155	79	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	21027-22-019	148,226	-
<i>Passed through University of Nevada, Reno</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	UNR-23-79	10,962	-
Total United States Department of the Treasury			159,267	-
<u>United States Department of Education</u>				
<i>Passed through State of Nevada</i>				
Twenty-First Century Community Learning Centers	84.287	25-772-95000	173,021	-
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U	23-743-95000	69,950	-
<i>Passed through Washoe County School District</i>				
Stronger Connections Grant Program	84.424F	N/A	249,000	-
Total United States Department of Education			491,971	-

See notes to schedule of expenditures of federal awards.

THE CHILDREN'S CABINET, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Grantor and Program Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Total Federal Expenditures	Passed through to Subrecipients
<u>United States Department of Homeland Security</u>				
<i>Passed through United Way of Northern Nevada and the Sierra</i>				
Emergency Food and Shelter National Board Program	97.024	589600-021	8,222	-
Total United States Department of Labor			8,222	-
<u>United States Department of Health and Human Services</u>				
Maternal and Child Health Federal Consolidated Programs	93.110	N/A	286,382	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	207,570	-
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	N/A	124,088	-
Family Violence Prevention and Services/Discretionary	93.592	N/A	105,450	-
Basic Center Grant	93.623	N/A	193,382	-
<i>Passed through University of Nevada, Las Vegas</i>				
Maternal and Child Health Federal Consolidated Programs	93.136	GR21041	81,281	-
<i>Passed through State of Nevada</i>				
Every Student Succeeds Act/Preschool Development Grants	93.434	25-795-95000	3,018,923	318,841
<i>Passed through State of Nevada</i>				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	T80943883	59,699	-
<i>Passed through State of Nevada</i>				
Chafee Education and Training Vouchers Program (ETV)	93.599	93599-23-002	171,659	-

See notes to schedule of expenditures of federal awards.

THE CHILDREN'S CABINET, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Grantor and Program Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Total Federal Expenditures	Passed through to Subrecipients
<u>United States Department of Health and Human Services</u>				
<i>Passed through State of Nevada</i>				
Maternal and Child Health Services Block Grant to the States	93.994	SG-2025-00560	61,789	-
<i>Passed through State of Nevada</i>				
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	SG25661	31,356	-
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	SG-2025-00764	491,117	-
			522,473	-
<i>Passed through State of Nevada</i>				
Child Care and Development Fund Cluster				
Child Care and Development Block Grant	93.575	25-794-95000	4,486,975	96,574
Child Care and Development Block Grant	93.575	CC240121	304,974	-
COVID-19 Child Care and Development Block Grant	93.575	CC230154	13,147,753	-
Child Care and Development Block Grant	93.575	CC2501	23,495,452	-
			41,435,154	96,574
Total United States Department of Health and Human Services			46,267,850	415,415
Total federal expenditures			\$ 47,434,145	\$ 415,415

See notes to schedule of expenditures of federal awards.

THE CHILDREN’S CABINET, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal award activity of The Children’s Cabinet, Inc. (the Cabinet) under programs of the federal government for the year ended June 30, 2025. The information on the 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* and Title 45 U.S. *Code of Federal Regulations* Part 75, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for HHS Awards* (Uniform Guidance). Because this schedule only presents a select portion of the operations of the Cabinet, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of the Cabinet.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards 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.

NOTE 3. INDIRECT COST RATES

The Cabinet has a federal negotiated indirect cost rate agreement. For the year ended June 30, 2025, indirect costs were charged to federal programs at the negotiated indirect cost rate of 21.46%, as agreed with the U.S. Department of Labor.

**THE CHILDREN’S CABINET, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

SUMMARY OF AUDITOR’S RESULTS

Financial Statements

1. The auditor’s report expresses an unmodified opinion on the financial statements of The Children’s Cabinet, Inc. (the Cabinet).
2. No instances material weaknesses and no significant deficiencies related to the audit of the financial statements required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
3. No instances noncompliance material to the financial statements of the Cabinet which is required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

Federal Awards

4. No instances of material weakness and no significant deficiencies related to the audit of major federal award programs are reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance expresses an unmodified opinion.
6. There are no findings required to be reported in accordance with 2 CFR 200.516 (a) and 45 CFR 75.516 (a) included in this schedule.
7. The programs tested as major programs were the Child Care and Development Fund Cluster through the U.S. Department of Health & Human Services Child Care Development Block Grant, Assistance Listing Number 93.575; U.S. Department of Health & Human Services Every Student Succeeds/Preschool Development Grants, Assistance Listing Number 93.434; and U.S. Department of Labor YouthBuild Grant, Assistance Listing Number 17.274.
8. The threshold used for distinguishing between Type A and Type B programs was \$1,423,024.
9. The Cabinet did not qualify as a low-risk auditee.

FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

**THE CHILDREN’S CABINET, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

Finding Number	Program Name/Description	Assistance Listing Number	Compliance Requirement(s)	Status of Corrective Action
2024-001	Material Weakness in Internal Control over Financial Reporting – Error Not Discovered in a Timely Manner	N/A	N/A	Corrective action has been implemented, no repeat finding