

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

REPORTING PACKAGE

JUNE 30, 2023

THE CHILDREN'S CABINET, INC.  
JUNE 30, 2023

---

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	9-18
SUPPLEMENTARY INFORMATION	19
Schedule of Expenditures of Federal Awards	20-22
Notes to the Schedule of Expenditures of Federal Awards	23
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	24
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>	25-26
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	27-29
REPORTING REQUIREMENTS	30
Schedule of Findings and Questioned Costs	31



**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, 2023, 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, 2023, 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 (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 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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 7, 2023. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2022 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 February 14, 2024, 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.

Bernard Vogler & Co.

Reno, Nevada  
February 14, 2024



THE CHILDREN'S CABINET, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2023  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	2023			2022 (Memorandum Only)
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash, cash equivalents, and restricted cash	\$ 2,069,120	\$ 1,221,898	\$ 3,291,018	\$ 3,262,671
Investments	920,687	-	920,687	637,326
Grants and contract receivable	19,064,001	-	19,064,001	17,816,009
Prepaid expenses	1,270	-	1,270	184,634
Security deposit	8,500	-	8,500	8,500
Total current assets	22,063,578	1,221,898	23,285,476	21,909,140
<b>NONCURRENT ASSETS</b>				
Property, plant and equipment, net	1,938,225	-	1,938,225	1,764,022
Investment in Oddie Project	125,000	-	125,000	-
Operating leases right-of-use asset	948,177	-	948,177	-
Finance leases right-of-use asset, net of accumulated amortization	10,743	-	10,743	-
<b>OTHER ASSETS</b>				
Intangible assets	197,900	-	197,900	197,900
Total noncurrent assets	3,220,045	-	3,220,045	1,961,922
Total assets	\$ 25,283,623	\$ 1,221,898	\$ 26,505,521	\$ 23,871,062
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 17,329,561	\$ -	\$ 17,329,561	\$ 16,110,282
Accrued compensated absences	244,682	-	244,682	186,249
Accrued expenses	853,204	-	853,204	696,325
Conditional promises to give	150,879	-	150,879	153,452
Deferred grant income	102,299	-	102,299	183,750
Current portion of operating lease	491,981	-	491,981	-
Current portion of finance lease	4,342	-	4,342	-
Total current liabilities	19,176,948	-	19,176,948	17,330,058
<b>NONCURRENT LIABILITIES</b>				
Operating lease liability, net of current portion	468,180	-	468,180	-
Finance lease liability, net of current portion	6,557	-	6,557	-
Total long term liabilities	474,737	-	474,737	-
Total liabilities	19,651,685	-	19,651,685	17,330,058
<b>NET ASSETS</b>				
Without donor restrictions				
Investment in property, plant and equipment, net	1,938,225	-	1,938,225	1,764,022
Investment in intangible assets	197,900	-	197,900	197,900
Designated for reserve	2,093,420	-	2,093,420	918,936
Undesignated	1,402,393	-	1,402,393	2,244,820
With donor restrictions				
Purpose restrictions	-	1,221,898	1,221,898	1,415,326
Total net assets	5,631,938	1,221,898	6,853,836	6,541,004
Total liabilities and net assets	\$ 25,283,623	\$ 1,221,898	\$ 26,505,521	\$ 23,871,062

See accompanying notes

THE CHILDREN'S CABINET, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	2023		2022 (Memorandum Only)	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE</b>				
Public and governmental support, revenue and reclassifications				
Grants, contracts, and contributions	\$ 128,193,656	\$ 917,806	\$ 129,111,462	\$ 162,330,182
Other contributions and donations	1,094,325	-	1,094,325	1,622,542
Noncash contributions	40,950	-	40,950	88,925
Program income and fees	10,374	-	10,374	88,012
Total public and governmental support, revenue and reclassifications	129,339,305	917,806	130,257,111	164,129,661
Special events revenue	281,380	-	281,380	235,961
Contributions at event	477,117	-	477,117	284,553
Special events expense	(210,930)	-	(210,930)	(129,756)
Net special event income	547,567	-	547,567	390,758
		-	-	
Other income	409,239	-	409,239	181,462
Net assets released due to satisfaction of program restriction	1,111,234	(1,111,234)	-	-
Total revenue	131,407,345	(193,428)	131,213,917	164,701,881
<b>EXPENSES</b>				
Program services				
Supporting early education and development	124,974,099	-	124,974,099	158,442,027
Family and youth interventions	3,957,430	-	3,957,430	3,792,208
Total program services	128,931,529	-	128,931,529	162,234,235
Supporting services				
General and administrative	1,733,034	-	1,733,034	1,257,362
Fundraising	372,422	-	372,422	246,790
Total supporting services	2,105,456	-	2,105,456	1,504,152
Total expenses	131,036,985	-	131,036,985	163,738,387
Other income				
Net investment income	135,900	-	135,900	(235,208)
CHANGE IN NET ASSETS	506,260	(193,428)	312,832	728,286
NET ASSETS, BEGINNING OF YEAR	5,125,678	1,415,326	6,541,004	5,812,718
NET ASSETS, END OF YEAR	<u>\$ 5,631,938</u>	<u>\$ 1,221,898</u>	<u>\$ 6,853,836</u>	<u>\$ 6,541,004</u>

See accompanying notes

THE CHILDREN'S CABINET, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	2023				2022			2022 (Memorandum Only)
	Program Services		General and Administrative	Supporting Services		Total Expenses	Total Expenses	
	Supporting Early Education and Development	Family and Youth Interventions		Total Program Services	Fundraising			
Salaries	\$ 6,076,604	\$ 2,456,949	\$ 8,533,553	\$ 868,469	\$ 168,078	\$ 1,036,547	\$ 9,570,100	\$ 7,302,979
Life insurance	11,121	5,123	16,244	2,596	329	2,925	19,169	18,395
Health insurance expense	533,970	265,390	799,360	48,999	7,002	56,001	855,361	728,333
Payroll taxes	473,169	191,117	664,286	67,727	13,368	81,095	745,381	603,699
Worker's comp insurance / NES	32,697	11,559	44,256	2,773	715	3,488	47,744	37,729
Total personnel costs	7,127,561	2,930,138	10,057,699	990,564	189,492	1,180,056	11,237,755	8,691,135
Advertising	1,621	163	1,784	77,301	8,005	85,306	87,090	88,440
Bank charges	5,391	3,917	9,308	7,569	1,119	8,688	17,996	18,102
Board expense	-	-	-	8,480	-	8,480	8,480	10,646
Child care subsidies	16,793,499	-	16,793,499	-	-	-	16,793,499	9,794,514
Client services - bus passes & tax cabs	12,707	2,105	14,812	-	79	79	14,891	3,922
Client services - GED	-	1,089	1,089	-	-	-	1,089	1,149
Client services - medical services	-	467	467	-	-	-	467	1,560
Client services - rent	-	78,782	78,782	-	-	-	133,096	210,225
Client services - general admin	87,562,229	49,101	87,611,330	5,097	31,458	36,555	87,647,885	140,496,855
Client services - gift cards	10,000	6,070	16,070	-	3,055	3,055	19,125	7,848
Client services - field trips & outings	-	1,061	1,061	-	-	-	1,061	2,352
Client services - tuition	37,814	12,937	50,751	-	-	-	50,751	51,781
Client services - utility support	-	2,814	2,814	-	2,373	2,373	5,187	5,282
Computer equipment expense	59,862	39,598	99,460	15,129	12,357	27,486	126,946	130,369
Computer internet service	99,006	21,744	120,750	6,132	719	6,851	127,601	85,732
Computer software expense	68,766	31,468	100,234	5,012	9,655	14,667	114,901	61,892
Contract counselors	-	141,859	141,859	-	-	-	141,859	86,400
Contract services	10,180,456	61,751	10,242,207	205,700	3,749	209,449	10,451,656	1,755,594
Contract services - non-technology - exclude admin fee	179,407	-	179,407	82,500	-	82,500	261,907	175,315
Contract services - technology	65,554	24,688	90,242	38,174	11,604	49,778	140,020	134,984
Copier	34,440	6,829	41,269	3,681	966	4,647	45,916	32,854
Credit card charges	774	825	1,599	86	4,044	4,130	5,729	5,321
Depreciation/Amortization	-	-	-	122,071	-	122,071	122,071	111,996
Disposal services	5,982	7,600	13,582	1,497	988	2,485	16,067	19,952
Donor recognition	-	-	-	220	1,288	1,508	1,508	1,217
Dues & subscriptions	6,032	2,884	8,916	3,282	701	3,983	12,899	12,482

See accompanying notes



THE CHILDREN'S CABINET, INC.  
 STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2023  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	2023				2022			2022 (Memorandum Only)
	Program Services		Total Program Services	General and Administrative	Supporting Services		Total Expenses	
	Supporting Early Education and Development	Family and Youth Interventions			Fundraising	Total Supporting Services		
Finger prints, background verification and sheriff's cards	\$ 5,351	\$ 3,222	\$ 8,573	\$ 310	\$ 40	\$ 350	\$ 8,923	\$ 7,735
Food	495	102,830	103,325	3,287	370	3,657	106,982	73,841
Grants to other agencies	-	-	-	-	-	-	-	10,000
Insurance	49,663	17,787	67,450	4,110	820	4,930	72,380	65,287
Janitorial service	36,805	17,795	54,600	2,460	540	3,000	57,600	52,320
Legal expense	-	-	-	30,677	-	30,677	30,677	4,435
Miscellaneous	-	-	-	1,273	-	1,273	1,273	2,748
Employee incentive	-	-	-	13,252	-	13,252	13,252	7,066
Office equipment	31,730	-	31,730	1,268	896	2,164	33,894	121,228
Office supplies	41,863	4,443	46,306	4,903	9,169	14,072	60,378	44,494
Admin cost expense	-	-	-	-	-	-	-	5,908
Postage	24,895	5,847	30,742	1,865	1,076	2,941	33,683	20,465
Printing	87,353	911	88,264	350	2,145	2,495	90,759	29,912
Program supplies	1,468,542	70,670	1,539,212	-	290	290	1,539,502	399,923
Public education & awareness	1,119	49	1,168	-	3,001	3,001	4,169	14,097
Rent expense - storage	5,496	-	5,496	-	-	-	5,496	5,902
Rental expenses - offices & other	470,397	12,881	483,278	700	-	700	483,978	290,279
Repairs & maintenance - building	48,507	34,922	83,429	61,716	5,277	66,993	150,422	48,303
Repairs & maintenance - computers	18	-	18	232	8,198	8,430	8,448	3,760
Repairs & maintenance - equipment	3,583	1,166	4,749	216	88	304	5,053	1,843
Scholarships	-	53,648	53,648	-	-	-	53,648	149,724
Security	13,570	10,060	23,630	1,749	202	1,951	25,581	25,536
Special events supplies	-	520	520	2,424	12	2,436	2,956	-
Taxes & licenses	68,285	477	68,762	15,839	-	15,839	84,601	1,308
Technical support services - contracts	-	-	-	-	-	-	-	73
Telephone	15,037	6,476	21,513	2,119	516	2,635	24,148	24,241
Telephone -staff cell phones	40,880	24,022	64,902	3,787	920	4,707	69,609	46,123
Training	92,262	61,666	153,928	2,420	1,260	3,680	157,608	92,913
Transportation - cabinet van	-	1,100	1,100	-	-	-	1,100	5,597
Travel	181,812	68,812	250,624	1,391	631	2,022	252,646	129,045
Travel - car rental	10,036	185	10,221	-	-	-	10,221	4,156
Utilities	17,412	28,557	45,969	2,125	510	2,635	48,604	40,362
Utilities expense - water & sewer	7,887	1,494	9,381	2,066	415	2,481	11,862	11,813
Volunteer expenses	-	-	-	-	80	80	80	31
Total expenses	\$ 124,974,099	\$ 3,957,430	\$ 128,931,529	\$ 1,733,034	\$ 372,422	\$ 2,105,456	\$ 131,036,985	\$ 163,738,387

See accompanying notes

THE CHILDREN'S CABINET, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

8

	2023	2022 (Memorandum Only)
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 312,832	\$ 728,286
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation/Amortization	119,179	111,996
Amortization right-of-use asset, operating lease	453,807	-
Amortization right-of-use asset, finance lease	2,893	-
Net realized and unrealized (gains) losses on investments	(93,856)	255,406
Donated assets	-	(10,000)
(Increase) decrease in:		
Grants and contract receivable	(1,247,992)	13,282,395
Prepaid expenses	183,364	(182,433)
Increase (decrease) in:		
Accounts payable	1,219,279	(13,173,094)
Funds held on behalf of Kellogg	-	(3,945)
Accrued compensated balances	58,433	(7,390)
Accrued expenses	156,879	308,437
Conditional promises to give	(2,573)	31,013
Deferred grant income	(81,451)	183,750
Deferred lease income	-	(156,811)
Operating lease liability	(441,853)	-
Net cash provided (used) by operating activities	638,941	1,367,610
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	176,369	756,822
Investment in Oddie Project	(125,000)	-
Purchase of investments	(365,874)	(404,946)
Purchase of property and equipment	(293,382)	(14,276)
Net cash provided (used) by investing activities	(607,887)	337,600
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on finance leases	(2,707)	-
Net cash provided (used) by investing activities	(2,707)	-
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>28,347</b>	<b>1,705,210</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH BEGINNING OF YEAR</b>	<b>3,262,671</b>	<b>1,557,461</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH END OF YEAR</b>	<b>\$ 3,291,018</b>	<b>\$ 3,262,671</b>
<b>SUPPLEMENTAL CASH FLOW DATA</b>		
Cash paid during the year for interest	\$ 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	\$ 14,109	\$ -

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

---

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 resource and referral 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 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, 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, 2023

---

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: Support reported under grants and contracts is recorded when the related amounts are due from grantor agencies. The Organization does not anticipate any collection losses with respect to the receivable balances. Management has deemed the entire amount to be fully collectible; therefore, no allowance for doubtful accounts is reflected in the accompanying financial statements.

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, 2023.

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.

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 CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

---

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

Revenue Recognition (Continued):

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, 2023, contributions of \$150,879, 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.

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 funds received for a royalties lease related to mineral rights held by the Organization.

Net Assets: At June 30, 2023, the Organization has net assets with donor restrictions which are restricted for specific purposes totaling \$1,221,898.

THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

---

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

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, 2023 were \$92,333.

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.

Subsequent Events: Subsequent events have been evaluated through February 14, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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

*Accounting Pronouncement Adopted:* In February 2016, the FASB issued ASU 2016-02, *Leases*, which replaces the existing guidance. It requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset("ROU") and a corresponding lease liability. It is effective for privately held companies for annual periods beginning after December 15, 2021 and interim periods therein, with early application permitted. Management elected to adopt this standard for the year ended June 30, 2023 except for certain immaterial equipment leases.

Management has elected to combine its non lease components (such as fixed charges for common area maintenance, real estate taxes, utilities, and insurance) with lease components for each class of underlying asset, as applicable, as the nonlease components in The Children's Cabinet, Inc.'s lease contracts typically are not material. This is consistent with ASC 842-10-15-42A. These nonlease components are usually present within the Company's real estate leases.

Management has elected to apply the short-term lease exemption to all asset groups. Accordingly, leases with terms of twelve months or less are not capitalized and continue to be expensed on a straight-line basis over the term of the lease. This primarily affects The Children's Cabinet, Inc.'s month-to-month real estate leases and small equipment leases.

*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	\$ 3,291,018
Investments	920,687
Grants and contract receivable	<u>19,064,001</u>
	23,275,706
Less: Amounts not available for general expenditures within one year due to:	
Restricted by donors with purpose restrictions	(1,221,898)
Designated for reserve by Board	<u>(2,093,420)</u>
	<u>\$ 19,960,388</u>

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.



THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 4 - INVESTMENTS AND FAIR VALUE

Generally accepted accounting principles require disclosures regarding fair value measurements which establishes 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, 2023.

*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, 2023:

Equity securities		
Domestic		
Stocks	\$	672,285
Mutual funds		248,402
		<u>920,687</u>
	\$	<u>920,687</u>

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30, 2023:

Fixed assets being depreciated		
Building and improvements	\$	3,392,383
Land improvements		41,911
Furniture and fixtures		10,001
Solar panels		172,267
Software		14,064
Machinery and equipment		128,339
		<u>3,758,965</u>
Less accumulated depreciation		<u>(2,080,014)</u>
		1,678,951
Fixed assets not being depreciated		
Land		259,274
	\$	<u>1,938,225</u>

Depreciation expense totaled \$119,179 for the year ended June 30, 2023.

THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

---

NOTE 6 - 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 renewing provisions while the property continues to produce.

NOTE 7 - LEASE COMMITMENTS

Children's Cabinet conducts its operations from facilities in Reno, Elko, and Las Vegas that are leased under operating lease agreements.

During the year, two new copier leases in Las Vegas 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.

In addition, Children's Cabinet has other operating leases for copiers that are not material.

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

Operating lease cost		
Operating lease costs	\$	473,472
Short-term lease cost		16,002
Total operating lease cost		<u>489,474</u>
Finance lease cost		
Amortization of property and equipment		2,893
Interest expense		284
Total finance lease cost		<u>3,177</u>
Total operating and finance lease cost	\$	<u><u>492,651</u></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>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, 2023

NOTE 7 - LEASE COMMITMENTS (Continued)

The following is a maturity analysis of the annual undiscounted cash flows of the lease liabilities as of June 30, 2023:

	<u>Operating</u>	<u>Finance</u>
2024	\$ 502,858	\$ 4,656
2025	359,017	4,656
2026	104,040	2,090
2027	8,670	-
2028	-	-
Thereafter	-	-
Future minimum lease payments	<u>974,585</u>	<u>11,402</u>
Less: amounts representing interest	<u>(14,424)</u>	<u>(503)</u>
Present value of minimum lease payments	960,161	10,899
Less: Current portion	<u>(491,981)</u>	<u>(4,342)</u>
Lease liabilities - Less current portion	<u>\$ 468,180</u>	<u>\$ 6,557</u>

Interest expense related to this finance lease amounted to \$284 for the year ended June 30, 2023. Amortization expense attributable to assets capitalized under this finance lease was \$2,893 for the year ended June 30, 2023.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to expenditure for specified	
Administration	\$ 16,027
Supporting early education and development	89,867
Family and youth interventions	451,855
Fundraising	<u>664,149</u>
	<u>\$ 1,221,898</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, 2023:

Satisfaction of purpose restrictions	
Administration	\$ 15,658
Supporting early education and development	45,258
Family and youth interventions	388,270
Fundraising	<u>662,048</u>
	<u>\$ 1,111,234</u>

THE CHILDREN'S CABINET, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

---

NOTE 9 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about significant changes in deferred revenue for the year ended June 30, 2023:

Deferred grant income, beginning of year	\$	183,750
decrease in deferred revenue due to cash received during the period		<u>(81,451)</u>
Deferred grant income, end of year	\$	<u><u>102,299</u></u>

NOTE 10 - 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, 2023, The Children's Cabinet Foundation contributed \$90,000 for general operations. In addition, the Organization did not contribute any amounts to the Children's Cabinet Foundation.

NOTE 11 - IN-KIND CONTRIBUTIONS

For the year ended June 30, 2023, in-kind contributions recognized within the statement of activities included the following:

Contract services - technology	\$	46,992
Venue space		15,000
Contract services		1,242
Advertising		<u>31,195</u>
	\$	<u><u>94,429</u></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 \$53,479 used at fundraising events.

All donated contributions received during the years ended June 30, 2023 were unrestricted.

NOTE 12 - SUBSEQUENT EVENTS

In July 2023, the Organization entered into a joint venture with the Nevada Food Bank for the Oddie Project for the purchase of a building. The Organization is in the design phase of the project with the intent to occupy by the end of fiscal year 2024.

## SUPPLEMENTARY INFORMATION

THE CHILDREN'S CABINET, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

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				
Direct Program				
Maternal and Child Health Federal Consolidated Programs	93.110	N/A	8/1/22-7/31/23	\$ 250,371
Basic Center Grant	93.623	N/A	9/30/22-9/29/23	222,505
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	N/A	9/30/22-9/29/23	<u>57,752</u>
Subtotal Direct Program				530,628
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	15,856,824
Child Care and Development Block Grant	93.575	CC230152	7/1/22-9/30/23	1,889,861
	93.575	CC230153	7/1/22-9/30/23	84,516,501
	93.575	CC230154	7/1/22-9/30/23	262,635
	93.575	CC2301	7/1/22-6/30/23	<u>17,792,419</u>
Subtotal Division of Welfare and Support Services				120,318,240
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	22-794-95000	7/1/22-6/30/23	<u>4,170,958</u>
Subtotal Assistance Listing 93.575/Child Care and Development Fund Cluster				124,489,198
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	93599-21-101	10/1/20-9/30/22	15,808
	93.599	93599-21-002	10/1/22-9/30/23	<u>166,793</u>
Subtotal Assistance Listing 93.599				182,601
Community-Based Child Abuse Prevention Grants	93.590	93590-20-201	10/1/21-9/30/22	24,294
	93.590	93590-20-203	7/1/22-6/30/23	<u>90,359</u>
Subtotal Assistance Listing 93.590				114,653
Subtotal Division of Child & Family Services				297,254
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 25599	7/1/22-6/30/23	42,173
	93.994	SG 25739	9/30/22-9/29/23	<u>74,472</u>
Subtotal Assistance Listing 93.994				116,645
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	SG 25368	10/1/21-9/30/22	7,834
	93.870	SG 25828	10/1/22-9/30/23	190,274
	93.870	SG 25340	9/30/21-9/29/22	75,758
	93.870	SG 25661	10/1/22-9/30/24	<u>43,416</u>
Subtotal Assistance Listing 93.870				317,282
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	SG 26129	1/25/23-7/31/23	949,778
Subtotal Division of Public and Behavioral Health				<u>1,383,705</u>

THE CHILDREN'S CABINET, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2023

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)				
Passed through State of Nevada Department of Health and Human Services, Substance Abuse and Mental Health Services Administration				
Substance Abuse and Mental Health Services Projects of Regional and National Significance				
	93.243	99SWC-NV22-10580	7/1/22-6/30/23	\$ 362,106
	93.243	1H79SM081351-01	4/30/20-4/29/23	<u>103,586</u>
Subtotal Substance Abuse and Mental Health Services Administration				465,692
Passed through Washoe County School District Substance Abuse and Mental Health Services Projects of Regional and National Significance				
	93.243	PO 422252	7/1/21-9/30/22	<u>43,662</u>
Subtotal Assistance Listing 93.243				<u>509,354</u>
Total U.S. Department of Health and Human Services				127,210,139
UNITED STATES DEPARTMENT OF EDUCATION				
Direct Program				
Trauma Recovery Demonstration Grant Program				
	84.424C	N/A	7/1/22-6/30/23	70,838
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund				
	84.425U	N/A	11/14/22-9/39/24	<u>86,352</u>
Subtotal Direct Program				<u>157,190</u>
Passed through State of Nevada Department of Education				
Twenty-First Century Community Learning Centers				
	84.287	23-772-95000	7/1/22-9/30/23	178,468
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund				
	84.425D	21-746-9500	7/1/20-9/30/22	<u>72,854</u>
Subtotal Nevada Department of Education				<u>251,322</u>
Passed through Washoe County School District COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund				
	84.425D	PO 422312	2/1/22-9/30/22	<u>279,240</u>
Subtotal Assistance Listing 84.425D				<u>352,094</u>
Total U.S. Department of Education				687,752
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	16575-20-137	7/1/22-7/31/23	161,726
UNITED STATES DEPARTMENT OF LABOR				
Direct Program				
Youth Build				
	17.274	N/A	5/1/21-9/30/22	2,299
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	24,222

THE CHILDREN'S CABINET, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor Pass-through Grantor/ Program Title	Federal Assistance Listing	Pass-through Grantor Identifying Number	Award Period	Federal Expenditures
UNITED STATES DEPARTMENT OF TREASURY				
Passed through Washoe County				
COVID 19 - Coronavirus State and Local Fiscal				
Recovery Funds				
	21.027	21027-22-019	1/1/23-6/30/24	\$ 64,507
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
Passed through United Way of Northern Nevada				
and the Sierra				
Emergency Food and Shelter National Board Program				
	97.024	Phase 39 & ARAP-R	11/1/21-3/31/23	<u>48,348</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 128,198,993</u></u>



THE CHILDREN'S CABINET, INC.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

---

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, 2023. 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. 25  
Suite 1100  
Reno, NV 89501

775.786.6141  
775.323.6211  
bvcoepas.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, 2023, 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 14, 2024.

### **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.

*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 may exist that have not been identified.

### **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.

Barnard Vogler & Co.

Reno, Nevada  
February 14, 2024





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

100 West Liberty St. 27  
Suite 1100  
Reno, NV 89501

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, 2023. 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, 2023.

**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  
February 14, 2024



## REPORTING REQUIREMENTS



THE CHILDREN'S CABINET, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023

---

SECTION I: SUMMARY OF AUDITORS' RESULTS

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
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 \$750,000.	
Auditee qualified as low-risk auditee?	Yes

SECTION II: FINANCIAL STATEMENT FINDINGS

None

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

None

SECTION IV: SUMMARY OF PRIOR AUDIT FINDINGS

None