

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

REPORTING PACKAGE

JUNE 30, 2022

THE CHILDREN'S CABINET, INC.  
JUNE 30, 2022

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## 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, 2022, 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Auditor's 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 is presented for purposes of additional analysis, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 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***

The financial statements of The Children's Cabinet, Inc. for the year ended June 30, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on January 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent with, in all material respects, with the audited financial statements from which it has been derived.



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2023, 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 Vogel & Co.

Reno, Nevada  
March 7, 2023



THE CHILDREN'S CABINET, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	2022			2021 (Memorandum Only)
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash, cash equivalents, and restricted cash	\$ 1,847,345	\$ 1,415,326	\$ 3,262,671	\$ 1,557,461
Investments	637,326	-	637,326	1,244,608
Grants and contract receivable	17,816,009	-	17,816,009	31,098,404
Prepaid expenses	184,634	-	184,634	2,201
Security deposit	8,500	-	8,500	8,500
Total current assets	<u>20,493,814</u>	<u>1,415,326</u>	<u>21,909,140</u>	<u>33,911,174</u>
<b>NONCURRENT ASSETS</b>				
Property, plant and equipment, net	1,764,022	-	1,764,022	1,851,742
<b>OTHER ASSETS</b>				
Intangible assets	<u>197,900</u>	<u>-</u>	<u>197,900</u>	<u>197,900</u>
Total noncurrent assets	<u>1,961,922</u>	<u>-</u>	<u>1,961,922</u>	<u>2,049,642</u>
Total assets	<u>\$ 22,455,736</u>	<u>\$ 1,415,326</u>	<u>\$ 23,871,062</u>	<u>\$ 35,960,816</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 16,110,282	\$ -	\$ 16,110,282	\$ 29,283,376
Funds held on behalf of Kellogg Foundation	-	-	-	3,945
Accrued compensated absences	186,249	-	186,249	193,639
Accrued expenses	696,325	-	696,325	387,888
Conditional promises to give	153,452	-	153,452	122,439
Deferred grant income	183,750	-	183,750	-
Deferred lease income	-	-	-	156,811
Total current liabilities	<u>17,330,058</u>	<u>-</u>	<u>17,330,058</u>	<u>30,148,098</u>
<b>NET ASSETS</b>				
Without donor restrictions				
Investment in property, plant and equipment, net	1,764,022	-	1,764,022	1,851,742
Investment in intangible assets	197,900	-	197,900	197,900
Designated for reserve	918,936	-	918,936	660,261
Undesignated	2,244,820	-	2,244,820	2,706,605
With donor restrictions				
Purpose restrictions	-	1,415,326	1,415,326	396,210
Total net assets	<u>5,125,678</u>	<u>1,415,326</u>	<u>6,541,004</u>	<u>5,812,718</u>
Total liabilities and net assets	<u>\$ 22,455,736</u>	<u>\$ 1,415,326</u>	<u>\$ 23,871,062</u>	<u>\$ 35,960,816</u>

See accompanying notes

THE CHILDREN'S CABINET, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021 (Memorandum Only)
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE</b>				
Public and Governmental Support, Revenue and Reclassifications				
Grants, contracts, and contributions	\$ 160,962,690	\$ 1,367,492	\$ 162,330,182	\$ 53,199,274
Other contributions and donations	1,622,542	-	1,622,542	594,995
Noncash contributions	88,925	-	88,925	-
Program income and fees	88,012	-	88,012	41,257
Total public and governmental support, revenue and reclassifications	162,762,169	1,367,492	164,129,661	\$ 53,835,526
Special events revenue	346,514	-	346,514	167,622
Contributions at event	174,000	-	174,000	78,025
Special events expense	(129,756)	-	(129,756)	(38,245)
Net special event income	390,758	-	390,758	207,402
Other income	181,462	-	181,462	179,151
Net assets released due to satisfaction of program restriction	348,376	(348,376)	-	-
Total revenue	163,682,765	1,019,116	164,701,881	54,222,079
<b>EXPENSES</b>				
Program services				
Supporting early education and development	158,442,027	-	158,442,027	48,372,025
Family and youth interventions	3,792,208	-	3,792,208	4,039,243
Total program services	162,234,235	-	162,234,235	52,411,268
Supporting services				
General and administrative	1,257,362	-	1,257,362	1,058,658
Fundraising	246,790	-	246,790	172,293
Total supporting services	1,504,152	-	1,504,152	1,230,951
Unallocated payments to Children's Cabinet Foundation	-	-	-	193,834
Total expenses	163,738,387	-	163,738,387	53,836,053
Other income				
Net investment income	(235,208)	-	(235,208)	287,662
CHANGE IN NET ASSETS	(290,830)	1,019,116	728,286	673,688
Net Assets, Beginning of Year	5,416,508	396,210	5,812,718	5,139,030
Net Assets, End of Year	<u>\$ 5,125,678</u>	<u>\$ 1,415,326</u>	<u>\$ 6,541,004</u>	<u>\$ 5,812,718</u>

See accompanying notes

THE CHILDREN'S CABINET, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

	2022		
	Program Services		
	Supporting Early Education and Development	Family and Youth Interventions	Total Program Services
Salaries	\$ 4,249,499	\$ 2,214,040	\$ 6,463,539
Life insurance	10,285	5,282	15,567
Health insurance expense	436,827	240,719	677,546
Payroll taxes	351,763	183,977	535,740
Worker's comp insurance / NES	23,984	11,259	35,243
Total personnel costs	<u>5,072,358</u>	<u>2,655,277</u>	<u>7,727,635</u>
Advertising	28,478	4,706	33,184
Bad debt	-	-	-
Bank charges	7,638	7,260	14,898
Board expense	-	-	-
Capital expenditures	-	-	-
Child care subsidies	9,794,514	-	9,794,514
Client services - bus passes & tax cabs	-	2,458	2,458
Client services - GED	-	1,149	1,149
Client services - medical services	-	1,560	1,560
Client services - rent	-	177,061	177,061
Client services - general admin	140,371,344	101,357	140,472,701
Client services - gift cards	375	7,473	7,848
Client services - field trips & outings	-	2,352	2,352
Client services - tuition	-	51,781	51,781
Client services - utility support	-	4,419	4,419
Computer equipment expense	95,015	28,550	123,565
Computer internet service	61,122	18,990	80,112
Computer software expense	21,326	29,402	50,728
Contract counselors	-	86,400	86,400
Contract services	1,550,891	53,176	1,604,067
Contract services - non-technology - exclude Admin Fee	175,315	-	175,315
Contract services - technology	70,935	23,311	94,246
Copier	24,168	7,040	31,208
Credit card charges	2	3	5
Depreciation	-	-	-
Disposal services	7,394	11,121	18,515
Donor recognition	-	-	-
Dues & subscriptions	5,513	4,230	9,743
Finger prints, background verification & sheriff's cards	6,722	893	7,615
Food	265	70,130	70,395
Grants to other agencies	-	10,000	10,000
Insurance	39,523	19,465	58,988
Janitorial service	27,682	21,614	49,296
Legal expense	-	-	-
Miscellaneous	-	71	71
Employee incentive	-	-	-
Office equipment	121,051	-	121,051
Office supplies	35,359	5,160	40,519
Payroll- direct services	-	-	-
Admin cost expense	5,908	-	5,908
Postage	13,150	5,400	18,550
Printing	28,244	262	28,506
Program supplies	329,066	69,315	398,381
Public education & awareness	488	10,000	10,488
Rent expense - storage	3,720	1,800	5,520
Rental expenses - offices & other	278,087	12,192	290,279
Repairs & maintenance - building	23,031	22,144	45,175
Repairs & maintenance - computers	1,928	834	2,762
Repairs & maintenance - equipment	340	491	831
Scholarships	-	149,724	149,724
Security	18,056	6,634	24,690
Special events supplies	-	-	-
Taxes & licenses	250	958	1,208
Technical support services - contracts	-	20	20
Telephone	13,086	9,422	22,508
Telephone -staff cell phones	25,018	17,323	42,341
Training	62,464	14,848	77,312
Transportation - cabinet van	-	5,597	5,597
Travel	93,638	35,005	128,643
Travel - car rental	4,156	-	4,156
Utilities	15,947	22,475	38,422
Utilities expense - water & sewer	8,460	1,355	9,815
Volunteer expenses	-	-	-
Total expenses	<u>\$ 158,442,027</u>	<u>\$ 3,792,208</u>	<u>\$ 162,234,235</u>

See accompanying notes

THE CHILDREN'S CABINET, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021 (Memorandum Only)	
	Supporting Services		Total Supporting Services	Total Expenses	Total Expenses
	General and Administrative	Fundraising			
Salaries	\$ 737,156	\$ 102,284	\$ 839,440	\$ 7,302,979	\$ 6,090,741
Life insurance	2,514	314	2,828	18,395	15,691
Health insurance expense	49,055	1,732	50,787	728,333	700,548
Payroll taxes	59,163	8,796	67,959	603,699	480,279
Worker's comp insurance / NES	2,201	285	2,486	37,729	30,302
Total personnel costs	850,089	113,411	963,500	8,691,135	7,317,561
Advertising	40,233	15,023	55,256	88,440	6,914
Bad debt	-	-	-	-	537
Bank charges	1,214	1,990	3,204	18,102	22,960
Board expense	10,640	6	10,646	10,646	6,308
Capital expenditures	-	-	-	-	-
Child care subsidies	-	-	-	9,794,514	10,961,456
Client services - bus passes & tax cabs	-	1,464	1,464	3,922	2,665
Client services - GED	-	-	-	1,149	247
Client services - medical services	-	-	-	1,560	2,147
Client services - rent	-	33,164	33,164	210,225	284,662
Client services - general admin	-	24,154	24,154	140,496,855	32,347,797
Client services - gift cards	-	-	-	7,848	10,151
Client services - field trips & outings	-	-	-	2,352	480
Client services - tuition	-	-	-	51,781	170,809
Client services - utility support	-	863	863	5,282	15,064
Computer equipment expense	6,804	-	6,804	130,369	56,208
Computer internet service	4,944	676	5,620	85,732	100,905
Computer software expense	5,493	5,671	11,164	61,892	47,836
Contract counselors	-	-	-	86,400	67,913
Contract services	146,607	4,920	151,527	1,755,594	588,104
Contract services - non-technology - exclude Admin Fee	-	-	-	175,315	161,193
Contract services - technology	14,892	25,846	40,738	134,984	88,644
Copier	1,448	198	1,646	32,854	40,789
Credit card charges	-	5,316	5,316	5,321	2,999
Depreciation	111,996	-	111,996	111,996	136,870
Disposal services	1,323	114	1,437	19,952	14,290
Donor recognition	149	1,068	1,217	1,217	804
Dues & subscriptions	2,569	170	2,739	12,482	17,647
Finger prints, background verification & sheriff's cards	120	-	120	7,735	6,316
Food	199	3,247	3,446	73,841	68,962
Grants to other agencies	-	-	-	10,000	-
Insurance	5,725	574	6,299	65,287	53,536
Janitorial service	2,676	348	3,024	52,320	45,508
Legal expense	4,435	-	4,435	4,435	2,373
Miscellaneous	2,677	-	2,677	2,748	890
Employee incentive	7,066	-	7,066	7,066	5,787
Office equipment	177	-	177	121,228	9,061
Office supplies	3,298	677	3,975	44,494	20,646
Payroll- direct services	-	-	-	-	4,616
Admin cost expense	-	-	-	5,908	-
Postage	1,149	766	1,915	20,465	19,881
Printing	204	1,202	1,406	29,912	20,208
Program supplies	999	543	1,542	399,923	141,471
Public education & awareness	609	3,000	3,609	14,097	2,256
Rent expense - storage	4	378	382	5,902	4,282
Rental expenses - offices & other	-	-	-	290,279	120,801
Repairs & maintenance - building	2,745	383	3,128	48,303	47,413
Repairs & maintenance - computers	826	172	998	3,760	1,846
Repairs & maintenance - equipment	1,012	-	1,012	1,843	1,186
Scholarships	-	-	-	149,724	358,088
Security	778	68	846	25,536	8,404
Special events supplies	-	-	-	-	342
Taxes & licenses	100	-	100	1,308	1,135
Technical support services - contracts	32	21	53	73	-
Telephone	1,555	178	1,733	24,241	37,868
Telephone -staff cell phones	3,267	515	3,782	46,123	67,556
Training	15,462	139	15,601	92,913	20,876
Transportation - cabinet van	-	-	-	5,597	2,219
Travel	402	-	402	129,045	57,397
Travel - car rental	-	-	-	4,156	-
Utilities	1,736	204	1,940	40,362	37,267
Utilities expense - water & sewer	1,708	290	1,998	11,813	-
Volunteer expenses	-	31	31	31	68
Total expenses	<u>\$ 1,257,362</u>	<u>\$ 246,790</u>	<u>\$ 1,504,152</u>	<u>\$ 163,738,387</u>	<u>\$ 53,642,219</u>

See accompanying notes

THE CHILDREN'S CABINET, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021 (Memorandum Only)
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 728,286	\$ 673,688
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	111,996	136,870
Net realized and unrealized (gains) losses on investments	255,406	(275,907)
Donated assets	(10,000)	-
(Increase) decrease in:		
Grants and contract receivable	13,282,395	(25,098,692)
Prepaid expenses	(182,433)	(2,201)
Increase (decrease) in:		
Accounts payable	(13,173,094)	24,510,904
Funds held on behalf of Kellogg	(3,945)	(466,075)
Accrued compensated balances	(7,390)	(24,543)
Accrued expenses	308,437	(164,762)
Conditional promises to give	31,013	113,423
Refundable advance	-	(125,000)
Deferred program income	-	(13,125)
Deferred grant income	183,750	-
Deferred lease income	(156,811)	(163,630)
Net cash provided (used) by operating activities	<u>1,367,610</u>	<u>(899,050)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	756,822	423,555
Purchase of investments	(404,946)	(674,998)
Purchase of property and equipment	(14,276)	(71,880)
Net cash provided (used) by investing activities	<u>337,600</u>	<u>(323,323)</u>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	1,705,210	(1,222,373)
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH BEGINNING OF YEAR</b>	<u>1,557,461</u>	<u>2,779,834</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH END OF YEAR</b>	<u>\$ 3,262,671</u>	<u>\$ 1,557,461</u>
<b>SUMMARY OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Noncash donation of furniture and equipment	<u>\$ 10,000</u>	<u>\$ -</u>

See accompanying notes

## NOTES TO FINANCIAL STATEMENTS



THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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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, 2022

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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, 2022.

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: 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, 2022

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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, 2022, contributions of \$153,452, 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, 2022, the Organization has net assets with donor restrictions which are restricted for specific purposes totaling \$1,415,326.

THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

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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, 2022 were \$88,440.

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 March 7, 2023, 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, 2022

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

Recent Accounting Guidance: In February 2016, the FASB issued ASU 2016-02 "Leases" which replaces the existing guidance in ASC 840 "Leases". The standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2021. This standard 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 ("ROU") asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the ROU asset and for operating leases the lessee would recognize a straight-line total lease expense. The Organization is currently assessing the impact the adoption of this standard will have on its financial statements and footnote disclosures.

Change in Accounting Policy: As of July 1, 2021, The Children's Cabinet, Inc., Inc. adopted the provisions of Accounting Standards Update (ASU) 2020-07 *Presentation and Disclosure by Not for Profit Entities for Contributed Nonfinancial Assets*. The ASU seeks to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The amendments to the ASU require contributed nonfinancial assets to be presented as a separate line item in the statement of activities, separate from other forms of contributions. The standard also enhances disclosure requirements in each of the following:

- Disaggregation of the types of nonfinancial asset by category and amount,
- Description of any donor-imposed restrictions,
- Qualitative information about whether the contributions were monetized or utilized,
- If monetized, a policy about monetizing rather than utilizing the asset,
- Disclosure of the valuation techniques and inputs used to arrive at fair value measurement at initial recognition,
- Principal market (or most advantageous market) used to arrive at fair value measure.

The ASU is effective for annual financial statements issued for fiscal years beginning after June 15, 2021 and was applied on a retrospective basis.

Reclassifications

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

THE CHILDREN'S CABINET, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2022

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	\$ 3,262,671
Investments	637,326
Grants and contract receivable	<u>17,816,009</u>
	21,716,006
Less: Amounts not available for general expenditures within one year due to:	
Restricted by donors with purpose restrictions	(1,415,326)
Designated by board	<u>(918,936)</u>
	<u>\$ 19,381,744</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.

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, 2022.

*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, 2022:

Equity securities	
Domestic	
Stocks	\$ 472,221
Mutual funds	<u>165,105</u>
	<u>\$ 637,326</u>

THE CHILDREN'S CABINET, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2022

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30, 2022:

Fixed assets being depreciated		
Building and improvements	\$	3,181,331
Land improvements		42,906
Furniture and fixtures		617,285
Solar panels		172,267
Software		84,564
Machinery and equipment		<u>230,245</u>
		4,328,598
Less accumulated depreciation		<u>(2,823,850)</u>
		1,504,748
Fixed assets not being depreciated		
Land		<u>259,274</u>
	\$	<u><u>1,764,022</u></u>

Depreciation expense totaled \$111,996 for the year ended June 30, 2022.

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 reviewing provisions while the property continues to produce.

NOTE 7 - OPERATING LEASES

The Organization has non-cancellable operating leases for office space and equipment. The terms of those lease agreements require monthly payments ranging from \$28 to \$12,899 per month with terms of 12 to 63 months maturing between July 2022 and July 2026. Future minimum lease payments are as follows:

Years Ending June 30,	Amount
2023	\$ 471,900
2024	477,389
2025	345,560
2026	105,228
2027	<u>8,670</u>
	<u>\$ 1,408,747</u>

Lease expense for the year ended June 30, 2022 totals \$296,181.



THE CHILDREN'S CABINET, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2022

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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	\$ 9,846
Supporting early education and development	208,007
Family and youth interventions	486,045
Fundraising	<u>711,428</u>
	<u>\$ 1,415,326</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, 2022:

Satisfaction of purpose restrictions	
Administration	\$ 115
Supporting early education and development	1,630
Family and youth interventions	339,834
Fundraising	<u>6,797</u>
	<u>\$ 348,376</u>

NOTE 9 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about significant changes in deferred revenue for the year ended June 30, 2022:

Deferred lease income, beginning of year	\$ 156,811
Revenue recognized that was included in deferred at the beginning of year	(156,811)
Increase in deferred revenue due to cash received during the period	<u>-</u>
Deferred lease income, end of year	<u>\$ -</u>
Deferred grant income, beginning of year	\$ -
Revenue recognized that was included in deferred at the beginning of year	-
Increase in deferred revenue due to cash received during the period	<u>183,750</u>
Deferred grant income, end of year	<u>\$ 183,750</u>

THE CHILDREN'S CABINET, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2022

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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, 2022, The Children's Cabinet Foundation contributed \$113,820 for general operations. In addition, the Organization did not contribute any amounts to the Children's Cabinet Foundation.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

In August 2015, the Organization entered into a fiscal agent agreement with the W.K. Kellogg Foundation. The Foundation approved a grant to the Organization to be used to expand Nevada's Quality Rating Improvement System to include pre-K programs operated by local school districts. The Organization acts as a financial agent for the project and maintains custody of the funds. As of June 30, 2022, all of the \$1,500,000 had been received and expended. The funds are held in the Organization's operating bank account and are reflected as funds held on behalf of Kellogg Foundation in the accompanying statement of financial position. Additionally, the Organization recognized revenue and recorded expenses of \$3,945 related to services performed for administration of the above expenditures during the year ended June 30, 2022.

NOTE 12 - IN-KIND CONTRIBUTIONS

For the year ended June 30, 2022, in-kind contributions recognized within the statement of activities included the following:

Advertising	\$	36,220
Visual production services		25,000
Web services		9,442
Contractor services		5,263
Fundraising costs		3,000
Interactive touchscreen		10,000
		10,000
		\$ 88,925

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.

All donated contributions received during the years ended June 30, 2022 were unrestricted.

## SUPPLEMENTARY INFORMATION

THE CHILDREN'S CABINET, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

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 Consolidated Programs	93.110	N/A	8/1/21-7/31/22	\$ 196,897
Basic Center Grant	93.623	N/A	9/30/20-9/29/23	63,530
	93.623	N/A	9/30/20-9/29/23	<u>120,801</u>
Subtotal CFDA 93.623				184,331
Passed through State of Nevada Department of Health and Human Services, Division of Welfare and Support Services				
Child Care and Development Fund Cluster				
COVID-19 Child Care and Development Block Grant	93.575	CC2201	7/1/21-6/30/22	154,791,893
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	7/1/21-6/30/22	<u>3,513,589</u>
Subtotal CFDA 93.575/Child Care and Development Fund Cluster				158,305,482
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	309,361
	93.599	93599-20-001	10/1/20-9/30/21	28,145
	93.599	93599-21-002	10/1/21-9/30/22	<u>95,588</u>
Subtotal CFDA 93.599				433,094
MaryLee Allen Promoting Safe and Stable Families Program	93.556	9355620/ 9355621	7/1/21-6/30/22	20,192
Stephanie Tubbs Jones Child Welfare Services Program	93.645	99SWC-NV- 18-808-5	7/1/21-6/30/22	300,000
Community-Based Child Abuse Prevention Grants Subtotal	93.590	93590-20-201	10/1/21-9/30/22	<u>65,783</u>
Subtotal Division of Child & Family Services				819,069
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 25155	7/1/21-6/30/22	42,193
	93.994	HD 25157	7/1/21-9/30/21	26,005
	93.994	SG 25339	10/1/21-9/30/22	<u>40,883</u>
Subtotal CFDA 93.994				109,081
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	9387020	10/1/20-9/30/21	89,832
	93.870	9387021	9/30/21-9/29/22	193,141
	93.870	SG25368	10/1/21-9/30/22	<u>21,718</u>
Subtotal CFDA 93.870				<u>304,691</u>
Subtotal Division of Public and Behavioral Health				<u>413,772</u>

THE CHILDREN'S CABINET, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
 FOR THE YEAR ENDED JUNE 30, 2022

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	20SM81351A	4/30/20-4/29/23	\$ 134,721
Passed through Washoe County School District Subtotal CFDA 93.243	93.243	PO 422252	7/1/21-6/30/22	<u>11,119</u> 145,840
Passed through Washoe County Human Services Agency COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	PO 65000036647	5/1/21-9/30/21	<u>101,200</u>
Total U.S. Department of Health and Human Services				160,166,591
UNITED STATES DEPARTMENT OF EDUCATION				
Direct Program Trauma Recovery Demonstration Grant Program	84.424C	N/A	7/1/21-6/30/22	50,025
Passed through State of Nevada Department of Education Twenty-First Century Community Learning Centers	84.287	22-772-110000	7/1/21-9/30/22	125,845
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	21-746-11000	7/1/20-9/30/22	176,957
Passed through Washoe County School District COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund Subtotal CFDA 84.425D	84.425D	PO 422312	2/1/22-6/30/22	<u>177,231</u> <u>354,188</u>
Total U.S. Department of Education				530,058
UNITED STATES DEPARTMENT OF JUSTICE				
Direct Program Crime Victim Assistance/Discretionary Grants	16.582	N/A	10/1/18-3/31/22	94,458
Passed through State of Nevada Department of Health and Human Services, Division of Child & Family Services Crime Victim Assistance	16.575	16575-19-006	7/1/21-6/30/22	<u>171,869</u>
Total U.S. Department of Justice				266,327
UNITED STATES DEPARTMENT OF LABOR				
Direct Program YouthBuild	17.274	N/A	2/1/19-9/30/22	196,779
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 Subtotal CFDA 10.561/Total U.S. Department of Agriculture	10.561 10.561	UNR 21-40 GR10171 UNR 22-61 GR14543	10/1/20-9/30/21 10/1/20-9/30/21	25,087 <u>54,531</u> 79,618

THE CHILDREN'S CABINET, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
 FOR THE YEAR ENDED JUNE 30, 2022

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	PO 5500025190	7/1/21-6/30/22	\$ 100,000
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	LRO 589600-021		
		CARES B	1/27/20-10/15/21	53,916
	97.024	LRO 589600-021		
		Phase 38	1/1/20-9/30/21	11,575
	97.024	Phase 39 &		
		ARPA R Funding	11/1/21-3/31/23	11,293
Subtotal CFDA 97.024/Total U.S. Department of Homeland Security				<u>76,784</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 161,416,157</u></u>

THE CHILDREN'S CABINET, INC.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

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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, 2022. 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



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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, 2022, 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 March 7, 2023.

**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) to determine the 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.

**Compliance and Other Matter**

As part of obtaining reasonable assurance about whether The Children's Cabinet, Inc.'s financial statements are free of material misstatement, we performed tests of their 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 statement amounts. 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 Vogle & Co.

Reno, Nevada  
March 7, 2023





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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, 2022. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of The Children's Cabinet, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Children's Cabinet, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Children's Cabinet, Inc.'s compliance.

***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, 2022.



## Report on Internal Control Over Compliance

Management of The Children's Cabinet, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Children's Cabinet, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Children's Cabinet, Inc.'s 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.

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  
March 7, 2023



## REPORTING REQUIREMENTS

THE CHILDREN'S CABINET, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2022

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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>CFDA Number</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