

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**

**Financial Statements**

**Year ended June 30, 2025**

**(With Independent Auditor's Report Thereon)**

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**

**Financial Statements**

**Year ended June 30, 2025**

**TABLE OF CONTENTS**

<b>Independent Auditor’s Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal and State Awards	23
Notes to Child Care and Development Program Supplemental Information	24
Combining Statement of Activities	25
Schedule of Expenditures by State Categories	26
Reconciliation of CDE and GAAP Expense Reporting	27
Schedule of Claimed Equipment Expenditures	28
Schedule of Claimed Expenditures for Renovations and Repairs	29
Schedule of Claimed Administrative Costs	30
Audited Enrollment, Attendance and Fiscal Reports	31
<b>Other Required Information</b>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	44
Schedule of Findings and Questioned Costs	46

## **Independent Auditor's Report**

Board Members  
Kidworks Community Development Corporation  
Santa Ana, California

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

#### ***Opinion***

We have audited the financial statements of Kidworks Community Development Corporation (KidWorks) which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of KidWorks as of June 30, 2025 and the changes in its net assets and its cash flows for the year then ended, in conformity 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 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 KidWorks 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 KidWorks' ability to continue as a going concern for one year after the date that the financial statements are issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in

accordance with 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 KidWorks' 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 KidWorks' 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.

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

We have previously audited Kidworks Community Development Corporation's June 30, 2024, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as required by the *Audit Guide* issued by the California Department of Education, 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2025, on our consideration of Kidworks Community Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 KidWorks' internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California  
October 30, 2025

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**  
**Statement of Financial Position**  
**June 30, 2025**  
**(with comparative totals as of June 30, 2024)**

	2025	2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 14)	\$ 1,092,581	907,622
Contributions receivable (note 3)	1,068,531	370,373
Grants receivable	785	113,971
Investments (note 4)	4,806,122	4,244,273
Prepaid expenses	268,328	268,993
Total current assets	7,236,347	5,905,232
Property and equipment, net (note 7)	3,782,070	3,888,499
Deposits	1,325	1,325
<b>Total Assets</b>	<b>\$ 11,019,742</b>	<b>9,795,056</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 90,923	99,201
Accrued expenses (note 8)	352,560	280,387
Deferred revenue (note 5)	596,757	636,987
Total current liabilities	1,040,240	1,016,575
<b>Total liabilities</b>	<b>1,040,240</b>	<b>1,016,575</b>
Net assets:		
Without donor restrictions	7,719,727	7,525,432
With donor restrictions (note 11)	2,259,775	1,253,049
Total net assets	9,979,502	8,778,481
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,019,742</b>	<b>9,795,056</b>

See accompanying notes to financial statements

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION****Statement of Activities****Year ended June 30, 2025****(with comparative totals for the year ended June 30, 2024)**

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2025	2024
Support				
Contributions	\$ 1,648,111	-	1,648,111	1,322,941
Donated goods, services, facilities	126,661	-	126,661	123,431
Non-government contributions	1,127,277	1,675,188	2,802,465	2,002,533
Government grants and contracts	526,630	-	526,630	536,024
Total support	<u>3,428,679</u>	<u>1,675,188</u>	<u>5,103,867</u>	<u>3,984,929</u>
Revenue				
Special events	726,316	-	726,316	581,635
Less: cost of direct benefits to donors	(334,179)	-	(334,179)	(296,973)
Net special events	392,137	-	392,137	284,662
Program service fees	7,105	-	7,105	9,668
Interest and dividend income	177,580	5,458	183,038	123,694
Net realized/unrealized gain (loss) on investments	104,850	27,821	132,671	131,407
Other revenue	-	-	-	400
Total revenue	<u>681,672</u>	<u>33,279</u>	<u>714,951</u>	<u>549,831</u>
Net assets released from restrictions	<u>701,741</u>	<u>(701,741)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>4,812,092</u>	<u>1,006,726</u>	<u>5,818,818</u>	<u>4,534,760</u>
Expenses				
Program services	3,289,785	-	3,289,785	3,135,444
Fundraising	627,090	-	627,090	520,579
Management and general	700,922	-	700,922	570,113
Total Expenses	<u>4,617,797</u>	<u>-</u>	<u>4,617,797</u>	<u>4,226,136</u>
Change in Net Assets	194,295	1,006,726	1,201,021	308,624
Net Assets, beginning of year	<u>7,525,432</u>	<u>1,253,049</u>	<u>8,778,481</u>	<u>8,469,857</u>
Net Assets, end of year	<u>\$ 7,719,727</u>	<u>2,259,775</u>	<u>9,979,502</u>	<u>8,778,481</u>

See accompanying notes to financial statements

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**  
**Statement of Functional Expenses**  
**Year ended June 30, 2025**  
**(with comparative totals for the year ended June 30, 2024)**

	Program			Totals	
	Services	Fundraising	Management and General	2025	2024
Payroll expenses					
Salaries and wages	\$ 1,988,732	394,707	381,317	2,764,756	2,502,788
Employee benefits	107,259	47,098	47,926	202,283	206,950
Payroll taxes	156,879	30,279	27,594	214,752	194,308
Workers' comp insurance	43,139	3,707	6,909	53,755	38,403
Total payroll expenses	2,296,009	475,791	463,746	3,235,546	2,942,449
Advertising and marketing	38,451	28,038	7,609	74,098	56,239
Awards and recognition	19,484	1,646	8,333	29,463	30,874
Bank charges	32	840	48,127	48,999	43,094
Board, staff, donor development	13,861	4,699	17,223	35,783	46,913
Contract and temp services	27,375	7,524	5,544	40,443	38,505
Depreciation	128,121	8,816	18,869	155,806	160,753
Donated facilities	24,600	-	-	24,600	24,600
Donated goods and services	82,369	17,760	1,932	102,061	98,831
Dues and subscriptions	26,686	16,104	6,352	49,142	38,014
Equipment leases and repairs	19,745	3,974	8,956	32,675	27,998
Event expenses	-	334,179	-	334,179	296,973
Facility repairs and maintenance	18,168	1,399	14,013	33,580	20,958
Field trips and camps	14,244	-	-	14,244	12,061
Food and beverage	2,822	206	685	3,713	3,004
Incentives and stipends	22,565	-	-	22,565	22,644
Insurance	28,394	5,340	13,220	46,954	42,712
Miscellaneous	7,214	5,903	2,355	15,472	7,860
Postage	29	565	17	611	8,610
Printing	1,530	306	1,625	3,461	5,981
Professional fees	77,584	29,723	46,712	154,019	118,966
Program meals	70,357	-	174	70,531	71,347
Rent	23,567	364	546	24,477	24,017
Scholarships	103,312	-	-	103,312	101,804
Supplies, books and materials	119,479	3,420	11,949	134,848	165,219
Taxes and licenses	3,334	356	4,234	7,924	7,935
Telephone	17,071	2,789	6,260	26,120	20,063
Transportation	17,283	1,907	2,599	21,789	35,374
Travel and meetings	5,014	304	1,581	6,899	8,434
Utilities	81,085	3,300	8,261	92,646	38,823
Write-off of contributions receivable	-	6,016	-	6,016	2,054
Total expenses	3,289,785	961,269	700,922	4,951,976	4,523,109
Less special event expenses included in statement of activities	-	(334,179)	-	(334,179)	(296,973)
Total expenses included in the expense section of the statement of activities	<u>\$ 3,289,785</u>	<u>627,090</u>	<u>700,922</u>	<u>4,617,797</u>	<u>4,226,136</u>

See accompanying notes to financial statements

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**  
**Statement of Cash Flows**  
**Year ended June 30, 2025**  
**(with comparative totals for the year ended June 30, 2024)**

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 1,201,021	308,624
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	155,806	160,753
Realized (gain) loss on investments	-	7,222
Net unrealized (gain) loss on investments	(132,671)	(138,629)
(Increase) decrease in contributions receivable	(698,158)	(31,470)
(Increase) decrease in grants receivable	113,186	(78,086)
(Increase) decrease in prepaid expenses	665	(29,308)
Increase (decrease) in accounts payable	(8,278)	(45,095)
Increase (decrease) in accrued expenses	72,173	(50)
Increase (decrease) in deferred revenue	(40,230)	358,890
Net Cash Provided by Operating Activities	663,514	512,851
Cash Flows from Investing Activities		
Purchase of investments	(1,645,578)	(2,583,121)
Sale of investments	1,216,400	1,486,388
Purchase of property and equipment	(49,377)	(195,861)
Net Cash Flows Provided (Used) By Investing Activities	(478,555)	(1,292,594)
Net Increase (Decrease) in Cash and Cash Equivalents	184,959	(779,743)
Cash and Cash Equivalent at Beginning of Year	907,622	1,687,365
Cash and Cash Equivalent at End of Year	\$ 1,092,581	907,622

**Noncash Investing/Financing Activities**

There were no significant noncash investing and financing activities for the fiscal years ended June 30, 2025 and 2024.

See accompanying notes to financial statements

# KIDWORKS COMMUNITY DEVELOPMENT CORPORATION

## Notes to the Financial Statements

Year ended June 30, 2025

### (1) Organization and Nature of Activities

KidWorks' outreach programs began in 1993 from a rented apartment unit in central Santa Ana. Since then, KidWorks has expanded to operate three community centers that combined serve over 500 children, youth and parents in weekly programs and over 3,000 community members annually. KidWorks operates three centers, the Dan Donahue Center, the KidWorks Center on Townsend, and the KidWorks Center at Cedar Evergreen, which are all safe havens where children and families receive education and support to help them succeed. The centers are strategically located in neighborhoods that are characterized by gangs, low levels of education, and dense housing. Most of the residents served are low-income and Latino. A significant number of Cambodian families are also served by KidWorks.

The mission of KidWorks is to restore at-risk neighborhoods one life at a time. The Organization builds on the strengths and potential in the community through education, character formation, and personal development. The goals of KidWorks are to 1) be a model of community transformation by building on existing community assets; 2) be a safe haven for youth and families; and 3) be a place for learning, nurturing, and leadership development. KidWorks regularly collaborates with other organizations to make the programs as robust as possible.

KidWorks believes that all aspects of life are interconnected-spiritual, emotional, physical, mental, economic, and social. To this end, KidWorks provides the following programs which address academics and arts, health and fitness, college and career readiness, and leadership and spiritual development.

**Preschool:** KidWorks operates a state-licensed preschool that serves 48 children annually. The goal of the Preschool is to make every student Kindergarten ready.

**After School Programs** offer multi-faceted services to engage children, youth and families.

**University Starts Now** offers academic support to at-risk children and youth, ages 5-18, alongside their parents. Goal of the academic program is for all children enrolled in the program to ultimately graduate from a college or university.

**Summer Programs** offers a 6-week summer program for children and teens that includes an outdoor camp, career exploration, sports, arts, college preparation and more.

**Spiritual/Character and Leadership Development** facilitates character building lessons for children through weekly faith-based discussions and community services groups for teenagers.

# KIDWORKS COMMUNITY DEVELOPMENT CORPORATION

## Notes to the Financial Statements

Year ended June 30, 2025

### (1) Organization and Nature of Activities (Continued)

#### Family and Community Engagement

**Community Engagement** encourages at-risk youth and parents to participate in activities that promote personal empowerment, service opportunities and community transformation.

**Family Engagement** provides classes, workshops and support groups to parents of enrolled children and youth to develop confidence, parenting, and leadership skills.

### (2) Summary of Significant Accounting Policies

#### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 events and results could differ from those assumptions and estimates.

#### Revenue and Revenue Recognition

Contributions are recognized when the donor makes an unconditional promise to give, provided that collection is reasonably assured. Donor-restricted contributions are reported as increases in net assets with donor restrictions unless the restriction is met in the same reporting period, in which case they are reported as net assets without donor restrictions. When donor-imposed restrictions are satisfied—either through the passage of time or fulfillment of the specified purpose—net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue from cost-reimbursable grants and contracts is recognized when qualifying expenditures are incurred in accordance with the terms of the agreement. Amounts received in advance of incurring eligible costs are recorded as deferred revenue. The Organization received cost-reimbursable grants of \$109,537 that have not been recognized at June 30, 2025 because qualifying expenditures have not yet been incurred.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution

# KIDWORKS COMMUNITY DEVELOPMENT CORPORATION

## Notes to the Financial Statements

Year ended June 30, 2025

### (2) Summary of Significant Accounting Policies (Continued)

element of special event revenue immediately, unless there is a right of return if the special event does not take place.

#### Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased.

#### Contributions Receivable and Allowance for Credit Losses

Contributions receivable consist of unconditional promises to give, which are recorded at net realizable value. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Contributions not expected to be received within one year are recognized as support with donor restrictions. The Organization evaluates expected credit losses on contributions receivable using historical loss experience and current economic conditions. Based on this assessment, management believes the contributions receivable as of June 30, 2025 are fully collectible, and therefore no allowance for credit losses has been recorded.

#### Grants Receivable and Allowance for Credit Losses

Grants receivable consist primarily of reimbursements due from governmental agencies and various grant agreements and private grants awarded. Receivables are stated at the amount management expects to collect from outstanding balances. The Organization evaluates expected credit losses on grants receivable using historical loss data and current conditions. Based on this evaluation, management believes the grants receivable as of June 30, 2025 are fully collectible, and therefore no allowance for credit losses has been recorded.

#### Property and Equipment

Property and equipment are stated at cost, if purchased or at fair value at the date of the gift, if donated and significant. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Expenditures for major additions and improvements that exceed \$1,000 are capitalized. Minor replacements, maintenance, and repairs are expensed as incurred.

# KIDWORKS COMMUNITY DEVELOPMENT CORPORATION

## Notes to the Financial Statements

Year ended June 30, 2025

### (2) Summary of Significant Accounting Policies (Continued)

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Transportation Equipment	5 years
Computer Equipment	5-7 years
Furniture and Office Equipment	5-7 years
Leasehold Improvements	15 years
Buildings	40 years

#### Long Lived Assets

The Organization reviews long lived assets such as property and equipment to determine if there has been an impairment of value whenever events or changes occur that indicate the carrying value of the assets may have declined and not be recoverable. No circumstances have occurred during the year to cause the Organization to believe there has been any impairment of the carrying value of its long-lived assets as of June 30, 2025. There can be no assurance, however, that market or other conditions will not change in the future resulting in impairment of long-lived assets.

#### In-kind Contributions

Contributed nonfinancial assets include donated professional services, donated goods and materials, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 14). In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

#### Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

##### *Net Assets Without Donor Restrictions*

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

# KIDWORKS COMMUNITY DEVELOPMENT CORPORATION

## Notes to the Financial Statements

Year ended June 30, 2025

### (2) Summary of Significant Accounting Policies (Continued)

#### *Net Assets With Donor Restrictions*

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The Organization's unspent contributions are included in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

#### Advertising and Marketing Costs

The Organization uses advertising and marketing to promote its programs among the communities it serves. Advertising costs are expensed as incurred. Advertising and marketing expense for the year ended June 30, 2025, was \$74,098.

#### Expense Recognition & Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are charged directly to the program for which work has been done as documented with electronic timesheets. Program support staff salaries and appropriate pooled costs are allocated in accordance with procedure and methodology as based on an established percentage of time based on job duties.
- Depreciation costs for allowable equipment used solely by one program are charged directly to the program using the equipment. If more than one program uses the equipment, then an allocation of the depreciation costs will be based on the ratio of each program's expenses to the total of such expenses.
- Facilities expense is allocated based upon usable square footage. The ratio of total square footage used by all personnel to total square footage is calculated. Facilities costs related to general and administrative activities are allocated to programs based on the ratio of program square footage to total square footage.

# KIDWORKS COMMUNITY DEVELOPMENT CORPORATION

## Notes to the Financial Statements

Year ended June 30, 2025

### (2) Summary of Significant Accounting Policies (Continued)

- Professional service costs, office expense and supplies, printing, telephone and communications, training/conferences/seminars, and other costs are allocated to the program benefiting from the cost. Costs that benefit more than one program are allocated to those programs based on the ratio of total staff in the program to total staff in the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

#### Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC") and Section 23701(d) of the California Tax Code. Consequently, the accompanying financial statements do not reflect any provision for income taxes. Contributions to the Organization are deductible for tax purposes under Section 170(b)(1) of the IRC.

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three and four years after they are filed, respectively.

#### Fair Value of Financial Instruments

Financial assets and liabilities are recorded at their fair market value in accordance with ASC 820, Fair Value Measurements. This standard defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. ASC 820 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy prioritizes fair value measurements based on the types of inputs used in the valuation technique. The inputs are categorized in the following levels:

# KIDWORKS COMMUNITY DEVELOPMENT CORPORATION

## Notes to the Financial Statements

Year ended June 30, 2025

### (2) Summary of Significant Accounting Policies (Continued)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data (market-corroborated inputs).
- Level 3 inputs are unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risks) developed based on the best information available in each circumstance.

#### Endowments

The Organization's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted funds and Board-designated endowments. Donor-restricted perpetual endowments are contributions restricted by donors to investment in perpetuity with only investment income and appreciation being used to support the organization's activities. Board-designated endowments are resources set aside by the Board of Directors for an indeterminate period to operate in a manner similar to a donor-restricted perpetual endowment. Because a Board-designated endowment results from an internal designation, it can be spent upon action of the Board of Directors. Investment earnings from the donor-restricted endowments are included in the Board-designated endowments, as they can be spent based on the discretion of the Board.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted funds that are not classified in net assets with donor restriction are classified as net assets without donor restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the

# KIDWORKS COMMUNITY DEVELOPMENT CORPORATION

## Notes to the Financial Statements

Year ended June 30, 2025

### (2) Summary of Significant Accounting Policies (Continued)

Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

#### Reconciliation of CDE to GAAP Expense Reporting

The supplementary Combining Statement of Activities and basic financial statements present financial data in conformity with GAAP. The other supplementary financial data presented in the audit, including data in the Schedule of Expenditures by State Categories, present expenditures according to CDE reporting requirements. However, reporting differences arise because CDE contract funds must be expended during the contract period (usually one year). For example, program amounts that are capitalized and depreciated over multiple years under

GAAP are expensed in the contract period under CDE requirements. To address such reporting differences, the audit report includes a Reconciliation of CDE and GAAP Expense Reporting.

#### Prior Year Data

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles.

### (3) Contributions Receivable

Contributions receivable as of June 30, 2025 are due as follows:

Gross amounts due in:	
Less than one year	\$ 597,400
One to five years	<u>500,000</u>
Total contributions receivable	<u>1,097,400</u>
Employee receivables, net	2,103
Less discount to present value	<u>(30,972)</u>
 Total contributions receivable, net	 <u><u>\$ 1,068,531</u></u>

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**

**Notes to the Financial Statements**

**Year ended June 30, 2025**

**(4) Investments**

Fair values of assets measured on a recurring basis at June 30, 2025 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 2,017,938	2,017,938	-	-
Corporate Bonds	949,118	-	949,118	-
Certificates of Deposit	615,000	-	615,000	-
Common fund (OCCF)	571,721	-	-	571,721
U.S. Treasury Notes	652,345	-	652,345	-
Total investments	<u>\$ 4,806,122</u>	<u>2,017,938</u>	<u>2,216,463</u>	<u>571,721</u>

The Organization entered into an agreement with Orange County Community Foundation ("OCCF") to hold, manage, invest and reinvest endowment funds on behalf of KidWorks.

The table below presents information about recurring fair value measurements that use significant unobservable inputs (Level 3 measurements):

Fair value at the beginning of the year, 7/1/2024	\$334,889
Interest and dividends	2,204
Investment fees	(3,849)
Change in fair value	<u>38,477</u>
Fair value at the end of the year, 6/30/2025	<u>\$ 571,721</u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Investments are managed by professional investment managers who have responsibility for investing the funds in various investment classes. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

**(5) Deferred Revenue**

At June 30, 2025, the Organization recorded \$109,537 of deferred grants revenue. The Organization satisfies its performance obligations as eligible expenses are incurred. The grants are paid after invoices are submitted for reimbursement to the granting agencies.

At June 30, 2025, deferred revenue of \$487,220 included special events sponsorships. The Organization satisfies its performance obligation and recognizes revenue when the customer receives the goods or services.

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**

**Notes to the Financial Statements**

**Year ended June 30, 2025**

**(6) Property and Equipment**

Property and equipment at June 30, 2025 is summarized as follows:

Buildings and improvements	\$ 3,292,719
Computer equipment	384,169
Furniture and fixtures	379,268
Land	1,390,482
Vehicles	<u>143,578</u>
	5,590,216
Less: accumulated depreciation	<u>(1,808,146)</u>
	<u>\$ 3,782,070</u>

Depreciation expense for the year ended June 30, 2025 was \$155,806.

**(7) Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2025 are as follows:

Financial assets:	
Cash and cash equivalents	\$ 1,092,581
Contributions receivable	1,068,531
Grants receivable	785
Investments	<u>4,806,122</u>
Total financial assets	<u>6,968,019</u>
Less financial assets held to meet donor-imposed restrictions:	
Time & purpose-restricted net assets	(1,985,227)
Board-restricted endowment funds	(571,721)
Donor-restricted endowment funds	<u>(274,548)</u>
Amount available for general expenditures within one year	<u>\$ 4,136,523</u>

The above table reflects donor-restricted endowment funds as unavailable because it is the Organization's intention to invest those resources for the long-term support of the Organization. Note 2 provides more information about those funds and about the spending policies for all endowment funds.

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**

**Notes to the Financial Statements**

**Year ended June 30, 2025**

**(8) Accrued Expenses**

Accrued expenses as of June 30, 2025 consisted of the following:

Accrued payroll	\$ 169,316
Accrued vacation	107,669
Other accrued expenses	<u>75,575</u>
	<u>\$ 352,560</u>

It is the Organization's policy to accrue vacation pay for its employees. Full-time staff may accrue up to a maximum of 240 hours, based on years of service, which may be paid out at the end of their employment period. Employees are also granted sick pay, which is not an earned benefit. No payment of unused sick leave will be made upon termination of employment.

**(9) Retirement Plan**

The Organization maintains a defined contribution profit sharing plan covering substantially all employees meeting minimum eligibility requirements. The plan allows for elective deferrals to be made by the employee subject to limitations. The Organization is allowed to make matching contributions as well as discretionary contributions to the plan for qualified participants. The Organization may terminate the plan at any time. Employer contributions made for the year ended June 30, 2025 were \$26,300.

**(10) Commitments and Contingencies**

The Organization rents facilities for its afterschool programs at KidWorks Center at Townsend and KidWorks Cedar Evergreen. The Townsend agreement is with the Orange Housing Development Corporation and provides the space rent free. The fair market value of the lease is \$2,050 per month.

Rental expenses were \$24,477 for the year ended June 30, 2025.

The Organization has received federal and state government funds for specific purposes that are subject to review and audit by funding agencies. Such audits could generate expenditure disallowances or refunds payable under terms of the agency contracts. No material amounts are currently payable. Loss of government support would have a significant impact on the Organization's ability to provide specific program services.

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**

**Notes to the Financial Statements**

**Year ended June 30, 2025**

**(11) Net Assets with Donor Restrictions**

Net assets with donor restrictions at June 30, 2025 are available for the following purposes:

Time restricted	\$	966,708
Purpose restricted		1,018,519
Endowments		274,548
		\$ 2,259,775

**(12) Endowments**

The Organization's endowments were established either by donors (referred to as *donor-restricted endowment funds*) and or by resources set aside by the Board of Directors to function as endowments (referred to as *board-designated endowment funds*). Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The net asset composition of the endowment as of June 30, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Donor-restricted endowment funds	\$ -	274,548	274,548
Board-designated endowment funds	571,721	-	571,721
Total	\$ 571,721	274,548	846,269

Changes in endowment net assets for the year ended June 30, 2025 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 334,889	249,883	584,772
Contributions	200,000	2,500	202,500
Investment income (loss)	36,832	33,279	70,111
Appropriation of endowment assets for expenditure	-	(11,114)	(11,114)
Endowment net assets, end of year	\$ 571,721	274,548	846,269

# KIDWORKS COMMUNITY DEVELOPMENT CORPORATION

## Notes to the Financial Statements

Year ended June 30, 2025

### (13) In-kind Contributions

For the year ended June 30, 2025, contributed nonfinancial assets recognized within the statements of activities included the following:

Food inventory	\$ 77,164
Free use of facilities	24,600
Materials and supplies	23,496
Transportation	<u>1,401</u>
Total	<u>\$ 126,661</u>

Contributed equipment, furniture, food, materials and supplies are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Contributed equipment, furniture, food, materials, and supplies are used in program services.

Contributed facility use is valued using the estimated average rent of similar apartment complexes. Contributed facility use is used in program services as an afterschool center.

### (14) Concentrations

The Organization's cash and cash equivalents are maintained in various banks and financial institutions. The Organization has exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2025, the uninsured cash balance was \$782,582. The Organization maintains its cash with a high-quality financial institution which limits credit risks.

### (15) California Department of Education (CDE) Contracts

During the fiscal year ended June 30, 2025, the Organization entered into three contract agreements to provide child development services as follows:

<u>Contract Number</u>		<u>Grant Amount</u>
CSPP-4345	CA State Preschool Program	\$ 367,447
CSPP-7810	CA State Preschool Program - Cost of Care Plus	135,075
CPKS-4052	Child Development Support Contract	5,000
CACFP-05677	Child & Adult Care Food Program	<u>3,630</u>
		<u>\$ 511,152</u>

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**

**Notes to the Financial Statements**

**Year ended June 30, 2025**

**(16) Nutrition Program**

The Organization had one nutrition agreement with CDE for a Child and Adult Care Food Program, as reported in the Schedule of Expenditures of Federal and State Awards. However, no nutrition audit report schedules are included in the audit because the audit disclosed no nutrition overpayments, underpayments, or program findings; the contractor did not request reimbursement of audit costs; and the audit is not a program-specific nutrition audit.

**(17) Subsequent Events**

Subsequent events have been evaluated by management through October 30, 2025, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

## **SUPPLEMENTARY INFORMATION**

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**  
**Schedule of Expenditures of Federal and State Awards**  
**Year ended June 30, 2025**

Federal Grantor Pass-Through Grantor Program Title	Federal Assistance Listing Number	Grant Period	Grantor's Number	Award Amount			Expenditures		
				Federal	State	Total	Federal	State	Total
<b>U.S. Department of Education</b>									
Passed through Orange County California Department of Education:									
Quality Rating and Improvement System (QRIS) Grant	84.412A	7/1/2023- 6/30/2024	QRIS-10004834	\$ 7,403	-	7,403	7,490	-	7,490
Quality Rating and Improvement System (QRIS) Grant	84.412A	7/1/2024- 6/30/2025	QRIS-10006724	6,223	-	6,223	6,223	-	6,223
Total Department Expenditures				<u>13,626</u>	<u>-</u>	<u>13,626</u>	<u>13,713</u>	<u>-</u>	<u>13,713</u>
<b>U.S. Department of Agriculture</b>									
Passed through California Department of Education:									
Child and Adult Care Food Program	10.558	10/1/2023- 6/30/2025	CACFP-05677	3,630	-	3,630	4,395	-	4,395
Total Department Expenditures				<u>3,630</u>	<u>-</u>	<u>3,630</u>	<u>4,395</u>	<u>-</u>	<u>4,395</u>
<b>U.S. Department of Health and Human Services</b>									
Passed through California Department of Education:									
Child Care and Development Block Grant - 477 Cluster	93.575	7/1/2023- 6/30/2024	15656	1,852	-	1,852	1,852	-	1,852
Total Department Expenditures				<u>1,852</u>	<u>-</u>	<u>1,852</u>	<u>1,852</u>	<u>-</u>	<u>1,852</u>
Total Expenditures of Federal Awards				<u>19,108</u>	<u>-</u>	<u>19,108</u>	<u>19,960</u>	<u>-</u>	<u>19,960</u>
<b>Child Development Division</b>									
Pre-Kindergarten and Family Literacy Program	N/A	7/1/2024- 6/30/2025	CPKS-4052	-	5,000	5,000	-	4,757	4,757
California State Preschool Program	N/A	7/1/2024- 6/30/2025	CSPP-4345	-	367,447	367,447	-	368,157	368,157
California State Preschool Program Cost of Care Plus Rate	N/A	7/1/2024- 6/30/2025	CSPP-7810	-	135,075	135,075	-	135,075	135,075
Total Expenditures of State Awards				<u>-</u>	<u>507,522</u>	<u>507,522</u>	<u>-</u>	<u>507,989</u>	<u>507,989</u>
Total Expenditures of Federal and State Awards				<u>\$ 19,108</u>	<u>507,522</u>	<u>526,630</u>	<u>19,960</u>	<u>507,989</u>	<u>527,949</u>

See accompanying notes to the Child Care and Development Program Supplemental Information

**Kidworks Community Development Corporation**

**Notes to Child Care and Development Program Supplemental Information**

**Year ended June 30, 2025**

**(1) Summary of Significant Accounting Policies**

Basis of Accounting

The accompanying combining statement of activities has been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Other supplementary schedules have been prepared in accordance with the Funding Terms and Conditions and Program Requirements of the California Department of Education (CDE).

Allowable Indirect Costs

Indirect costs are only applicable to the 1000-5000 series of general ledger expenditure accounts in the *California School Accounting Manual*. In accordance with CDE Funding Terms and Conditions, indirect costs cannot be charged on capital outlay expenditures in the 6000 series accounts.

Use of Estimates

The preparation of supplementary information in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**(2) Contract Terms and Conditions**

In accordance with the applicable requirements from the Contract Terms and Conditions:

Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. No interest expense was claimed to a child development contract for the year ended June 30, 2025.

All expenses claimed for reimbursement under a related party transaction must be supported by a fair market rental estimate from an independent appraiser, license by the California Office of Real Estate Appraisers. No related party rent expense was claimed to a child development contract for the year ended June 30, 2025.

Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2025.

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**  
**Combining Statement of Activities**  
**Year ended June 30, 2025**

	<b>CSPP - 4345</b>	<b>CPKS-4052</b>	<b>Total CDE Contracts</b>	<b>Organization and Other</b>	<b>Total Preschool</b>	<b>Non-CDE Program</b>	<b>Totals</b>
Support							
Contributions	\$ -	-	-	123	123	1,647,988	1,648,111
Donated goods, services, facilities	-	-	-	2,408	2,408	124,253	126,661
Non-government grants	-	-	-	25,000	25,000	2,777,465	2,802,465
Government grants	367,447	5,000	372,447	135,075	507,522	1,852	509,374
Child and adult care food program	3,630	-	3,630	-	3,630	-	3,630
Block grant	-	-	-	13,626	13,626	-	13,626
Total support	<u>371,077</u>	<u>5,000</u>	<u>376,077</u>	<u>176,232</u>	<u>552,309</u>	<u>4,551,558</u>	<u>5,103,867</u>
Revenue							
Special events	-	-	-	-	-	726,316	726,316
Less: cost of direct benefits to donors	-	-	-	-	-	(334,179)	(334,179)
Net special events	-	-	-	-	-	392,137	392,137
Program service fees	-	-	-	741	741	6,364	7,105
Interest and dividend income	-	-	-	-	-	183,038	183,038
Net unrealized gain/(loss) on investments	-	-	-	-	-	132,671	132,671
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>741</u>	<u>741</u>	<u>714,210</u>	<u>714,951</u>
Total Support and Revenue	<u>371,077</u>	<u>5,000</u>	<u>376,077</u>	<u>176,973</u>	<u>553,050</u>	<u>5,265,768</u>	<u>5,818,818</u>
Expenses:							
Salaries and wages	356,945	-	356,945	89,406	446,351	2,318,405	2,764,756
Employee benefits	25,401	-	25,401	-	25,401	176,882	202,283
Payroll taxes	-	-	-	35,636	35,636	179,116	214,752
Workers' comp insurance	10,708	-	10,708	-	10,708	43,047	53,755
Advertising and marketing	-	-	-	7,056	7,056	67,042	74,098
Awards and recognition	444	-	444	1,993	2,437	27,026	29,463
Bank charges	-	-	-	-	-	48,999	48,999
Board, staff, donor development	678	-	678	3,550	4,228	31,555	35,783
Contract and temp services	-	-	-	5,148	5,148	35,295	40,443
Depreciation	11,712	-	11,712	25,388	37,100	118,706	155,806
Donated facilities	-	-	-	-	-	24,600	24,600
Donated goods and services	-	-	-	2,409	2,409	99,652	102,061
Dues and subscriptions	2,033	-	2,033	2,168	4,201	44,941	49,142
Equipment leases and repairs	1,946	-	1,946	2,218	4,164	28,511	32,675
Event expenses	-	-	-	-	-	334,179	334,179
Facility repairs and maintenance	3,741	-	3,741	528	4,269	29,311	33,580
Field trips and camps	1,516	-	1,516	-	1,516	12,728	14,244
Food and beverage	457	-	457	220	677	3,036	3,713
Incentives and stipends	-	-	-	133	133	22,432	22,565
Insurance	3,875	-	3,875	576	4,451	42,503	46,954
Miscellaneous	212	-	212	89	301	15,171	15,472
Postage	-	-	-	-	-	611	611
Printing	243	-	243	12	255	3,206	3,461
Professional fees	15,132	-	15,132	602	15,734	138,285	154,019
Program meals	18,295	-	18,295	1,702	19,997	50,534	70,531
Rent	-	-	-	228	228	24,249	24,477
Scholarships	-	-	-	-	-	103,312	103,312
Supplies, books and materials	14,924	4,757	19,681	2,266	21,947	112,901	134,848
Taxes and licenses	242	-	242	438	680	7,244	7,924
Telephone	2,881	-	2,881	-	2,881	23,239	26,120
Transportation	2,073	-	2,073	-	2,073	19,716	21,789
Travel and meetings	104	-	104	16	120	6,779	6,899
Utilities	9,396	-	9,396	-	9,396	83,250	92,646
Write-off of contributions receivable	-	-	-	-	-	6,016	6,016
Total expenses	<u>482,958</u>	<u>4,757</u>	<u>487,715</u>	<u>181,782</u>	<u>669,497</u>	<u>4,282,479</u>	<u>4,951,976</u>
Less expenses included in revenue section	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(334,179)</u>	<u>(334,179)</u>
Total expenses included in expense section	<u>482,958</u>	<u>4,757</u>	<u>487,715</u>	<u>181,782</u>	<u>669,497</u>	<u>3,948,300</u>	<u>4,617,797</u>
Change in net assets	\$ <u>(111,881)</u>	<u>243</u>	<u>(111,638)</u>	<u>(4,809)</u>	<u>(116,447)</u>	<u>1,317,468</u>	<u>1,201,021</u>

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**  
**Schedule of Expenditures by State Categories**  
**Year ended June 30, 2025**

<b>Expenditures</b>	<b>CSPP 4345</b>	<b>CPKS 4052</b>	<b>Total Costs</b>
1000 Certified salaries	\$ 200,135	-	200,135
2000 Classified salaries	156,810	-	156,810
3000 Employee benefits	36,150	-	36,150
4000 Books and supplies	23,968	4,757	28,725
5000 Services and other operating expenses	54,183	-	54,183
6100/6200 Other approved capital outlay	-	-	-
6400 New equipment	26,449	-	26,449
6500 Equipment replacement	-	-	-
Depreciation of use allowance	11,712	-	11,712
Start-up expenses	-	-	-
Budget Impasse Credit	-	-	-
Indirect Costs	-	-	-
Total expenses claimed for reimbursement	<u>509,407</u>	<u>4,757</u>	<u>514,164</u>
Total supplemental expenses	<u>13,714</u>	<u>-</u>	<u>13,714</u>
Total expenditures	<u>\$ 523,121</u>	<u>4,757</u>	<u>527,878</u>

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations and contract provisions.

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**  
**Reconciliation of CDE and GAAP Expenses Reporting**  
**Year ended June 30, 2025**

<b>Expenses</b>	<b>CSPP 4345</b>	<b>CPKS 4052</b>	<b>Total Costs</b>
Schedule of expenditures by state categories (CDE)	\$ 509,407	4,757	514,164
Adjustments to reconcile differences in reporting:			
Capitalized equipment expensed on supplemental AUD Form	(26,449)	-	(26,449)
Total adjustments	(26,449)	-	(26,449)
Combining statement of activities (GAAP)	<u>\$ 482,958</u>	<u>4,757</u>	<u>487,715</u>

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**  
**Schedule of Claimed Equipment Expenditures**  
**Year ended June 30, 2025**

	<b>CDE State Preschool Program</b>	<b>Non-CDE Programs</b>	<b>Total Costs</b>
<u>Capitalized Equipment Expensed on the AUD with Prior Written Approval</u>			
Outdoor classroom enhancements	\$ 26,449	-	26,449
Subtotal	<u>26,449</u>	<u>-</u>	<u>26,449</u>
<u>Capitalized Equipment Expensed on the AUD Without Prior Written Approval</u>			
None	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 26,449</u>	<u>-</u>	<u>26,449</u>

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**  
**Schedule of Claimed Expenditures for Renovations and Repairs**  
**Year ended June 30, 2025**

	<b>CSPP 4345</b>	<b>CPKS 4052</b>	<b>Total Costs</b>
Unit cost under \$10,000 per item	\$ -	-	-
Unit cost over \$10,000 per item with prior written approval	-	-	-
Unit cost over \$10,000 per item without prior written approval	-	-	-
Total	\$ -	-	-

**KIDWORKS COMMUNITY DEVELOPMENT CORPORATION**  
**Schedule of Claimed Administrative Costs**  
**Year ended June 30, 2025**

	<b>CSPP 4345</b>	<b>CPKS 4052</b>	<b>Total Costs</b>
Salaries	\$ -	-	\$ -
Employee benefits	-	-	-
Books and supplies	-	-	-
Services and other operating expenses	29,965	-	29,965
Depreciation on non-CDE-funded assets used in program	-	-	-
Indirect costs	-	-	-
Total	<u>\$ 29,965</u>	<u>-</u>	<u>\$ 29,965</u>

Contractor Name: KidWorks Community Development Corporation

Contract Number: CSPP 4345

**California Department of Education  
Audited Enrollment, Attendance, and Fiscal  
Report for California State Preschool Program**

Fiscal Year Ended: June 30, 2025

Vendor Code: Z3220

**Section 1 – Number of Counties Where Services are Provided**

Number of counties where the agency provided services to certified children (Form 1): 1

Number of counties where the agency provided mental health consultation services to certified children (Form 2): 0

Number of counties where the agency provided services to non-certified children (Form 3): 0

Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): 0

Total enrollment and attendance forms to attach: 1

Note: For each of the above categories, submit one form for each service county.

**Section 2 – Days of Enrollment, Attendance and Operation**

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	7,998	0	7,998	7,371.2391
Total Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000
Days of Attendance (including MHCS)	7,909	0	7,909	N/A
Total Non-Certified Days of Enrollment	0	0	0	0.0000
Total Non-Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Days of Operation	176	0	176	N/A

**Section 3 – Revenue**

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs	3,630	0	3,630
Exceptional Needs/Severely Disabled Service Level Exemption Credit			0
County Maintenance of Effort (EC Section 8260)			0
American Rescue Plan Act (ARPA)	1,852	0	1,852
Other: Cost of Care Plus	108,626	26,449	135,075
Other:			0
<b>TOTAL RESTRICTED INCOME</b>	<b>114,108</b>	<b>26,449</b>	<b>140,557</b>

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Preschool Reserve Account			0

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Family Fees for Certified Children			0
Interest Earned on Apportionment Payments			0
Unrestricted Income: Fees for Non-Certified Children			0
Unrestricted Income: Head Start			0
Other:			0

**Section 4 - Reimbursable Expenses**

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			0
Direct Payments to Subcontractors: Cost of Care Plus & One-Time Allocations Only			0
1000 Certificated Salaries	200,135		200,135
2000 Classified Salaries	156,810		156,810
3000 Employee Benefits	36,150		36,150
4000 Books and Supplies	23,968		23,968
5000 Services and Other Operating Expenses	54,183		54,183
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)		26,449	26,449
6500 Equipment Replacement (program-related)			0
6600 Lease Assets (used in governmental funds only)			0
Depreciation or Use Allowance	11,712		11,712
Start-up Expenses (service level exemption)			0
Indirect Costs (included in Total Administrative Cost)			0
<b>TOTAL REIMBURSABLE EXPENSES</b>	<b>482,958</b>	<b>26,449</b>	<b>509,407</b>

**Section 4 - Reimbursable Expenses (cont.)**

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)	29,965		29,965
Total Staff Training Cost (included in Reimbursable Expenses) <i>Total Program Closure Only (Management Bulletin 19-05)</i>			0
Total Exceptional Needs/Severely Disabled Service Level Exception Credit Expense (included in Reimbursable Expenses)			0

**Section 5 - Supplemental Funding**

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding			0
Other: QRIS Grant	13,626		13,626
Other:			0
<b>TOTAL SUPPLEMENTAL REVENUE</b>	<b>13,626</b>	<b>0</b>	<b>13,626</b>

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries	6,413		6,413
2000 Classified Salaries	3,573		3,573
3000 Employee Benefits			0
4000 Books and Supplies	1,232		1,232
5000 Services and Other Operating Expenses	2,496		2,496
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
Non-Reimbursable Supplemental Expenses			0
<b>TOTAL SUPPLEMENTAL EXPENSES</b>	<b>13,714</b>	<b>0</b>	<b>13,714</b>

**Section 6 - Summary**

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	7,998	0	7,998
Days of Operation	176	0	176
Days of Attendance (including MHCS)	7,909	0	7,909
Total Certified Adjusted Days of Enrollment	N/A	N/A	7,371.2391
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Restricted Program Income	114,108	26,449	140,557
Transfer from Preschool Reserve Account	0	0	0
Family Fees for Certified Children	0	0	0
Interest Earned on Apportionment Payments	0	0	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	482,958	26,449	509,407
Total Administrative Cost	29,965	0	29,965
Total Staff Training Cost	0	0	0
Total Exceptional Needs/Severely Disabled Service Level Exemption Credit Expenses (included in total Reimbursable Expenses)	0	0	0
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

**Section 7 – Auditor’s Assurances**

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Education Division:

Eligibility, enrollment and attendance records are being maintained as required (Select YES or NO):  Yes  No

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO):  Yes  No

**Section 8 – Comments**

Include any comments in the comment box. If necessary, attach additional sheets to explain adjustments.

**California State Preschool Program – Form 1  
 Certified Children Days of Enrollment and Attendance**

**Service County: Orange**

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Two Years Old and Three Years Old Full-time-plus			0	2.1240	0.0000
Two Years Old and Three Years Old Full-time			0	1.8000	0.0000
Two Years Old and Three Years Old Part-time	3,473		3,473	1.1774	4,089.1102
Four Years and Older Full-time-plus			0	1.1800	0.0000
Four Years and Older Full-time			0	1.0000	0.0000
Four Years and Older Part-time	4,173		4,173	0.6541	2,729.5593
Exceptional Needs Full-time-plus (Active IEP/IFSP Only)			0	2.8320	0.0000
Exceptional Needs Full-time (Active IEP/IFSP Only)			0	2.4000	0.0000
Exceptional Needs Part-time(Active IEP/IFSP Only)	352		352	1.5698	552.5696
Dual Language Learner Full-time-plus			0	1.4160	0.0000
Dual Language Learner Full-time			0	1.2000	0.0000
Dual Language Learner Part-time			0	0.6541	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Part-time			0	0.6541	0.0000
Severely Disabled Full-time-plus (Active IEP/IFSP Only)			0	2.8320	0.0000
Severely Disabled Full-time (Active IEP/IFSP Only)			0	2.4000	0.0000
Severely Disabled Part-time (Active IEP/IFSP Only)			0	1.5698	0.0000
<b>TOTAL CERTIFIED DAYS OF ENROLLMENT</b>	<b>7,998</b>	<b>0</b>	<b>7,998</b>	<b>N/A</b>	<b>7,371.2391</b>

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
<b>DAYS OF ATTENDANCE</b>	<b>7,909</b>		<b>7,909</b>	<b>N/A</b>	<b>N/A</b>

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

Contractor Name:

**California Department of Education  
Audited Fiscal Report for  
California State Preschool Program Support Contracts**

Contract Number:

Fiscal Year Ended: June 30, 2025

Vendor Code: Z3220

**Section 1 – Revenue**

Restricted Income	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative per Audit
County Maintenance of Effort (EC Section 8260)			0
Other:			0
<b>TOTAL RESTRICTED INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>

Other Income	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative per Audit
Interest Earned on Apportionment Payments			0
Unrestricted Income – Other:			0

Comments:

**Section 2 – Reimbursable Expenses**

Cost Category	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies	4,757	0	4,757
5000 Services and Other Operating Expenses			0
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Indirect Costs (include in Total Administrative Cost)			0
<b>TOTAL REIMBURSABLE EXPENSES</b>	<b>4,757</b>	<b>0</b>	<b>4,757</b>

Specific Item of Reimbursable Expenses	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative per Audit
Total Administrative Cost (included in Reimbursable Expenses)			0

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 3.

**Section 4 – Summary**

Description	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Program Income	0	0	0
Interest Earned on Apportionment Payments	0	0	0
Total Reimbursable Expenses	4,757	0	4,757
Total Administrative Cost	0	0	0
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

Does the Contractor have an indirect cost rate approved by its cognizant agency? (Select YES or NO)  Yes  No

Approved Indirect Cost Rate:

**OTHER REQUIRED INFORMATION**

**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**

Board Members  
Kidworks Community Development Corporation  
Santa Ana, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KidWorks Development Community Corporation (KidWorks), as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered KidWorks' 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 KidWorks' internal control. Accordingly, we do not express an opinion on the effectiveness of KidWorks' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether KidWorks' 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.

A handwritten signature in blue ink that reads "Davis Fan CP". The signature is written in a cursive, flowing style.

October 30, 2025  
Irvine, California

**Kidworks Community Development Corporation**

**Schedule of Findings and Questioned Costs**

**Year ended June 30, 2025**

**(A) Summary of Auditor's Results**

1. An unmodified report was issued by the auditors on the basic financial statements of the auditee.
2. No material weaknesses or significant deficiencies in internal control over financial reporting based on our audit of the financial statements of the auditee were reported.
3. No material weaknesses or significant deficiencies with CDE Child Development Programs were reported.
4. No material instances of noncompliance with CDE Child Development Programs were reported.

**(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS**

There are no auditor's findings required to be reported in accordance with GAGAS.