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Accountants & Advisors

The Children's Center Utah

where hope and healing happen

THE CHILDREN'S CENTER UTAH

Consolidated Financial Statements and Supplementary Information

As of June 30, 2025 and 2024

Together with Independent Auditors' Report

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Independent Auditors' Report

To the Board of Directors
The Children's Center Utah

Opinion

We have audited the accompanying consolidated financial statements of The Children's Center Utah (a nonprofit organization) and affiliate (collectively, the Organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Children's Center Utah as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 error or fraud.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 auditors' 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 US 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Organization'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 Organization'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying Consolidating Schedules on pages 21 to 25, are presented for purposes of additional analysis and are 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 audits 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, 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.

Tanner LLP

November 20, 2025

Consolidated Statements of Financial Position

	As of June 30,	
Assets	**2025**	**2024**
Cash and cash equivalents	$ 6,033,525	$ 4,698,061
Accounts receivable	969,604	1,004,591
Prepaid expenses and other assets	246,912	238,235
Unconditional promises to give, net	3,724,334	2,186,972
Cash restricted for building project	1,770,558	895,000
Property and equipment, net	17,575,844	17,956,928
Investments held for endowment	10,747,538	9,867,704
Total assets	$ 41,068,315	$ 36,847,491
Liabilities and Net Assets		
Accounts payable and other liabilities	$ 711,830	$ 793,917
Commitments and contingencies		
Net Assets:		
Without donor restrictions		
Undesignated	24,139,549	24,288,671
The Children's Center Trust (quasi-endowment)	7,190,142	6,607,960
	31,329,691	30,896,631
With donor restrictions	4,403,934	4,261,943
With donor restrictions - building project	4,622,860	895,000
	9,026,794	5,156,943
Total net assets	40,356,485	36,053,574
Total liabilities and net assets	$ 41,068,315	$ 36,847,491

Consolidated Statements of Activities

For the Year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
Contributions	$ 1,899,177	$ 2,035,773	$ 3,934,950
In-kind revenue	169,006	1,999,500	2,168,506
Special events, less cost of direct benefits to donors of $229,110	1,371,633	-	1,371,633
Federal, state, and local grants	5,035,989	-	5,035,989
	8,475,805	4,035,273	12,511,078
Revenue			
Program services			
Federal and state clinical contracts	651,451	-	651,451
Medicaid contracts	1,132,616	-	1,132,616
Private fees	429,928	-	429,928
	2,213,995	-	2,213,995
Endowment net investment return	582,182	297,652	879,834
Other revenue	231,353	-	231,353
	813,535	297,652	1,111,187
Net assets released from restrictions	463,074	(463,074)	-
Total public support and revenue	11,966,409	3,869,851	15,836,260
Expenses			
Program services			
Outpatient services	2,621,993	-	2,621,993
Therapeutic preschool	2,556,573	-	2,556,573
Early childhood consultation, training, and coaching	3,945,686	-	3,945,686
Total program services	9,124,252	-	9,124,252
Supporting services			
Management and general	1,600,708	-	1,600,708
Fundraising	808,389	-	808,389
Total supporting services	2,409,097	-	2,409,097
Total program and supporting services expenses	11,533,349	-	11,533,349
Change in net assets	433,060	3,869,851	4,302,911
Net assets, beginning of year	30,896,631	5,156,943	36,053,574
Net assets, end of year	$ 31,329,691	$ 9,026,794	$ 40,356,485

See accompanying notes to consolidated financial statements.

For the Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
Contributions	$ 7,238,700	$ 1,433,761	$ 8,672,461
In-kind revenue	71,645	-	71,645
Special events, less cost of direct benefits to donors of $147,352	1,008,492	-	1,008,492
Federal, state, and local grants	4,788,198	-	4,788,198
	13,107,035	1,433,761	14,540,796
Revenue			
Program services			
Federal and state clinical contracts	342,028	-	342,028
Medicaid contracts	949,582	-	949,582
Private fees	539,273	-	539,273
	1,830,883	-	1,830,883
Endowment net investment return	568,072	280,233	848,305
Loss on sale of property and equipment	(3,414)	-	(3,414)
Other revenue	97,841	-	97,841
	662,499	280,233	942,732
Net assets released from restrictions	11,324,732	(11,324,732)	-
Total public support and revenue	26,925,149	(9,610,738)	17,314,411
Expenses			
Program services			
Outpatient services	2,876,376	-	2,876,376
Therapeutic preschool	2,485,570	-	2,485,570
Early childhood consultation, training, and coaching	3,736,120	-	3,736,120
Total program services	9,098,066	-	9,098,066
Supporting services			
Management and general	1,714,213	-	1,714,213
Fundraising	847,187	-	847,187
Total supporting services	2,561,400	-	2,561,400
Total program and supporting services expenses	11,659,466	-	11,659,466
Change in net assets	15,265,683	(9,610,738)	5,654,945
Net assets, beginning of year	15,630,948	14,767,681	30,398,629
Net assets, end of year	$ 30,896,631	$ 5,156,943	$ 36,053,574

Consolidated Statements of Functional Expenses

For the Year Ended June 30, 2025

	Program Services				Supporting Services			
	Outpatient Services	Therapeutic Preschool	Early Childhood Consultation, Training, and Coaching	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related	$ 2,114,300	$ 1,631,752	$ 2,660,171	$ 6,406,223	$ 1,006,742	$ 641,312	$ 1,648,054	$ 8,054,277
Utilities	4,629	9,257	16,024	29,910	3,343	1,800	5,143	35,053
Occupancy	46,332	92,664	93,516	232,512	33,462	18,018	51,480	283,992
Property and professional liability insurance	16,749	30,307	4,253	51,309	5,138	1,114	6,252	57,561
Repairs and maintenance	36,083	26,298	24,910	87,291	14,567	11,773	26,340	113,631
Office supplies and materials	19,040	39,216	47,893	106,149	10,460	43,605	54,065	160,214
Program materials	44,306	78,569	63,994	186,869	9,960	13,817	23,777	210,646
Transportation of children	-	75,558	-	75,558	-	-	-	75,558
Printing, postage, and shipping	1,910	3,821	3,608	9,339	1,380	11,841	13,221	22,560
Professional fees	48,223	20,616	348,768	417,607	181,262	137,880	319,142	736,749
Meeting and conventions	16,242	418	165,872	182,532	41,694	7,699	49,393	231,925
Meals and entertainment	1,488	658	488	2,634	25,161	7,826	32,987	35,621
Miscellaneous	61,563	125,183	117,392	304,138	115,058	58,709	173,767	477,905
Total expenses before depreciation	2,410,865	2,134,317	3,546,889	8,092,071	1,448,227	955,394	2,403,621	10,495,692
Depreciation and amortization	211,128	422,256	398,797	1,032,181	152,481	82,105	234,586	1,266,767
	2,621,993	2,556,573	3,945,686	9,124,252	1,600,708	1,037,499	2,638,207	11,762,459
Less expenses included with public support and revenue on the consolidated statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(229,110)	(229,110)	(229,110)
Total expenses included in the expense section on the consolidated statement of activities	$ 2,621,993	$ 2,556,573	$ 3,945,686	$ 9,124,252	$ 1,600,708	$ 808,389	$ 2,409,097	$ 11,533,349

See accompanying notes to consolidated financial statements.

For the Year Ended June 30, 2024

	Program Services				Supporting Services			
	Outpatient Services	Therapeutic Preschool	Early Childhood Consultation, Training, and Coaching	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related	$ 2,247,213	$ 1,631,293	$ 2,465,784	$ 6,344,290	$ 1,089,969	$ 595,172	$ 1,685,141	$ 8,029,431
Utilities	4,999	7,498	14,190	26,687	3,291	1,816	5,107	31,794
Occupancy	68,741	103,112	107,312	279,165	37,495	21,872	59,367	338,532
Property and professional liability insurance	24,898	28,237	1,398	54,533	508	297	805	55,338
Repairs and maintenance	57,473	59,566	103,166	220,205	83,699	18,135	101,834	322,039
Office supplies and materials	42,463	48,610	59,318	150,391	65,235	31,942	97,177	247,568
Program materials	53,203	84,387	51,431	189,021	6,713	3,650	10,363	199,384
Transportation of children	-	69,098	-	69,098	-	-	-	69,098
Printing, postage, and shipping	1,905	2,892	4,566	9,363	998	4,502	5,500	14,863
Publications and testing materials	-	-	-	-	-	13,980	13,980	13,980
Professional fees	65,303	7,364	310,304	382,971	149,133	177,227	326,360	709,331
Meeting and conventions	13,084	1,055	177,164	191,303	30,031	12,292	42,323	233,626
Meals and entertainment	1,124	672	492	2,288	34,849	1,516	36,365	38,653
Miscellaneous	68,741	100,942	100,151	269,834	88,349	39,838	128,187	398,021
Total expenses before depreciation	2,649,147	2,144,726	3,395,276	8,189,149	1,590,270	922,239	2,512,509	10,701,658
Depreciation and amortization	227,229	340,844	340,844	908,917	123,943	72,300	196,243	1,105,160
	2,876,376	2,485,570	3,736,120	9,098,066	1,714,213	994,539	2,708,752	11,806,818
Less expenses included with public support and revenue on the consolidated statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(147,352)	(147,352)	(147,352)
Total expenses included in the expense section on the consolidated statement of activities	$ 2,876,376	$ 2,485,570	$ 3,736,120	$ 9,098,066	$ 1,714,213	$ 847,187	$ 2,561,400	$ 11,659,466

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	For the Years ended June 30, 2025	2024
Cash flows from operating activities:		
Change in net assets	$ 4,302,911	$ 5,654,945
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,266,767	1,105,160
Endowment net investment income	(879,834)	(848,305)
Loss from sale of property and equipment	-	3,414
In-kind contributions, unrestricted	(157,836)	-
Contributions restricted to land and building project	(2,353,355)	(6,300,347)
Change in operating assets and liabilities		
Accounts receivable	34,987	101,210
Unconditional promises to give, net	(1,379,526)	(442,662)
Prepaid expenses and other assets	(8,677)	(128,156)
Accounts payable and other liabilities	(82,087)	(511,082)
Net cash provided by (used in) operating activities	743,350	(1,365,823)
Cash flows from investing activities:		
Purchases of property and equipment	(885,683)	(2,116,894)
Purchases of endowment investments	(4,019,977)	(5,505,878)
Proceeds from sales of endowment investments	4,019,977	5,505,878
Net cash used in investing activities	(885,683)	(2,116,894)
Cash flows from financing activities:		
Contributions restricted to land and building project	2,353,355	6,300,347
Draw on line of credit	-	850,000
Payment on line of credit	-	(850,000)
Net cash provided by financing activities	2,353,355	6,300,347
Net change in cash and cash equivalents (including restricted)	2,211,022	2,817,630
Cash and cash equivalents (including restricted), beginning of the year	5,593,061	2,775,431
Cash and cash equivalents (including restricted), end of the year	$ 7,804,083	$ 5,593,061
Reconciliation of cash and cash equivalents and restricted cash		
Cash and cash equivalents	$ 6,033,525	$ 4,698,061
Cash restricted for building project	1,770,558	895,000
	$ 7,804,083	$ 5,593,061

1. Principal Activity and Significant Accounting Policies

Operational Purpose

Founded in 1962 by Dr. Agi Plenk, The Children's Center Utah provides comprehensive mental health care to enhance the emotional well-being of infants, toddlers, preschoolers, and their families and caregivers. The Children's Center Utah operates a treatment facility in West Valley City, serving Salt Lake County residents and beyond. The only organization of its kind in Utah, and one of the largest in the country, The Children's Center Utah is the recognized local expert in providing evidence-based, trauma-informed treatments exclusively for preschool-aged children with emotional and behavioral concerns. The Children's Center Utah is a unique resource for community organizations and providers statewide, serving as an education and training center to improve mental health care for young Utah children and their families. The Children's Center Utah's programs consist of the following:

Outpatient Services: Outpatient Clinical Services provides on-site and virtual evidence-based, trauma-informed outpatient family therapy to children birth through six. These services include trauma treatment, family-focused treatment, relationship-enhancing dyadic treatment, psychiatric consultations and assessments, ongoing medication management services, and comprehensive psychological evaluations.

Therapeutic Preschool: The Therapeutic Preschool Program serves children ages two through five who have received a mental health diagnosis, which may include anxiety, depression, trauma- or other stressor-related disorders. All participants have been identified by The Children's Center Utah's clinical team as needing psychosocial rehabilitation services (PRS), which The Children's Center Utah delivers through intensive group therapy. In the Therapeutic Preschool Program, children learn skills around emotional literacy, empathy and perspective taking, seeking out and accepting adult support, social skills, anger management, interpersonal problem-solving, and how to be successful at home, at school, and in life.

Early Childhood Consultation, Training, and Coaching: Early Childhood Consultation, Training, and Coaching provides a variety of specialized services in-person and virtually, including training, workshops, environmental observations and feedback, and technical assistance, for early childhood professionals from a variety of backgrounds statewide, ranging from childcare providers to licensed mental health professionals, pediatricians, and other medical professionals.

The Children's Center Utah Endowment (the Trust) is a separate nonprofit entity, governed by a board of seven trustees, which holds investments to provide for the future needs of The Children's Center Utah. Earnings from the Trust's investments are not restricted by the terms of the endowment and are used for capital improvements, research, and program development.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts and operations of The Children's Center Utah and the Trust, because The Children's Center Utah has both control and an economic interest in the Trust. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, the consolidated entities are hereinafter referred to as "TCCU".

Basis of Presentation

The consolidated financial statements of TCCU have been prepared in accordance with accounting principles generally accepted in the United State of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

> *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors (the Board) has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. TCCU reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restrictions when the assets are placed in service.

Cash and Cash Equivalents

TCCU considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of TCCU are excluded from this definition. Cash equivalents consisted of a sweep account as of June 30, 2025 and 2024.

Accounts Receivable and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due from insurance companies and self-payors for therapeutic programs, net of estimates for variable consideration. The Organization has tracked historical loss information for its receivables and compiled historical credit loss percentages for different aging categories (current, 31-60 days past due, 61-90 days past due, 91-120 days past due, 121-150 days past due, 151-180 days past due, 181-365 days past due, and more than 365 days past due). Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for receivables held at June 30, 2025, because the composition of the receivables at that date is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). As of June 30, 2025 and 2024, management determined that no allowance for credit losses was necessary. The balance of accounts receivable as of June 30, 2025, 2024, and 2023 was $969,604, $1,004,591, and $1,105,801, respectively.

Unconditional Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contribution revenue in the consolidated statement of activities. An allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. As of June 30, 2025 and 2024, management concluded that no allowance was necessary.

Cash Restricted for Building Project

TCCU received cash contributions for the construction of buildings and leasehold improvements totaling $624,995 and $6,300,347 for the years ended June 30, 2025 and 2024, respectively. The Organization had $1,770,558 and $895,000 as of June 30, 2025 and 2024, respectively, of unspent restricted funds, which are presented separately from cash as the funds are for long-term purposes with donor restrictions.

Property and Equipment

Property and equipment additions over $5,000 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the consolidated statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

The carrying values of property and equipment are reviewed 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 the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2025 and 2024.

Investments Held for Endowment
Endowment investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, endowment investments are reported at their fair values in the consolidated statement of financial position. Net endowment return is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Revenue and Revenue Recognition
Contributions, including public support and other federal service revenue as shown on the consolidated statements of activities for the years ended June 30, 2025 and 2024, are recognized when cash, securities or other assets, an unconditional promise to give, or 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 substantially met. Consequently, at June 30, 2025 and 2024, conditional contributions consisting mainly of cost reimbursement grants where costs were not yet incurred at June 30, 2025 and 2024, for which no amounts had been received in advance, total $10,881,825 and $13,215,387, respectively, for which revenue had not yet been recognized in the accompanying consolidated financial statements. TCCU records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received, when the event takes place.

Revenue is measured as the amount of consideration that the TCCU expects to receive in exchange for goods or services. To achieve revenue recognition TCCU has (1) identified the customer contract, (2) identified the performance obligation in the contract, (3) determined the transaction price, (4) allocated the entire transaction price to the single performance obligation in the contract and (5) recognized revenue when the performance obligation has been satisfied. TCCU recognizes all revenue from program services at the time services are performed. Program service fees and payments under contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Donated Services and In-Kind Contributions
Volunteers contribute significant amounts of time to TCCU's 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 nonfinancial assets are recorded at fair value which is estimated at the date of donation. TCCU's policy is to liquidate stock donations upon receipt, which are valued at the settled cash price. Donated furniture, equipment, and jewelry are recorded at their estimated fair value at the date of donation. Donated furniture and equipment are used in operations and donated jewelry is held for sale at auction at certain fundraising events organized by TCCU.

During the year ended June 30, 2025, the Organization recorded a promise to give receivable for the free use of land for 30 years in Utah County, on which the Organization plans to build an additional treatment facility. The Organization recorded the in-kind promise to give receivable at the present value of $2,010,670. The amount of associated expense recognized for the year ended June 30, 2025, was $11,170.

Amounts reflected in the consolidated statements of activities for donated nonfinancial assets were as follows for the years ended June 30:

	2025	2024
Land use	$ 2,010,670	$ -
Auction items	102,639	71,645
Vehicle	26,500	-
Clothing	22,000	-
Event materials	6,697	-
	$ 2,168,506	$ 71,645

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated 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 depreciation and amortization, utilities, occupancy, repair and maintenance, which are allocated on a square footage basis, as well as salaries and related expenses, office supplies and materials, program materials, transportation of children, printing, postage and shipping, publications and testing materials, professional fees, meetings and conventions, meals and entertainment, property and professional liability insurance, and miscellaneous, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Children's Center Utah is organized as a Utah nonprofit corporation and The Children’s Center Utah Endowment is organized as a trust. The entities have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3) that qualify for the charitable contribution deductions, and have been determined not to be private foundations. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Each entity has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Each entity believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The entities would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense, if such interest and penalties are incurred.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

TCCU maintains its cash and cash equivalents in bank deposit accounts which, at times, exceed federally insured limits. To date, TCCU has not experienced a loss or lack of access to its cash and cash equivalents; however, no assurance can be provided that access to TCCU’s cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, insurance companies, and foundations supportive of TCCU's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of TCCU.

A significant portion of TCCU's support, revenue, and receivables is from federal and state governments. As of and for the years ended June 30, 2025 and 2024, government funds represented approximately 53% and 56% of public support and revenue, respectively, and 59% and 67% of accounts receivable. A future reduction of the revenue from government agencies, due to either amendment of contract terms or the cancellation of contracts, or a possible delay in payments resulting from government shutdown, could have a significant impact on TCCU's operations.

Reclassifications

Certain amounts in the 2024 consolidated financial statements have been reclassified to conform with current year presentation.

Subsequent Events

TCCU has evaluated subsequent events through November 20, 2025, the date the consolidated financial statements were available to be issued.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position dates, comprise the following as of June 30:

	2025	2024
Cash and cash equivalents	$ 6,033,525	$ 4,698,061
Accounts receivable	969,604	1,004,591
Unconditional promises to give, net (programatic)	1,206,855	1,499,794
Endowment spending - distributions and appropriations - board designated (estimated)	429,902	394,708
	8,639,886	7,597,154
Less amounts not available to be used within one year for general expenditure:		
Funds subject to donor-imposed purpose restrictions	(399,016)	(939,769)
	$ 8,240,870	$ 6,657,385

Endowment funds consist of donor-restricted endowments and funds designated by the Board of Directors as endowments. Income from the donor-restricted endowment funds and funds designated by the Board of Directors are both available for general expenditure. The endowment is subject to an annual spending rate formula as described in Note 6. Although TCCU does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board of Directors' annual budget approval and appropriation), the funds designated by the Board of Directors could be made available for operational purposes, if necessary.

In addition, TCCU has a revolving line of credit that can be drawn on for amounts up to $2,100,000 (Note 8).

3. Unconditional Promises to Give

Unconditional promises to give consisted of the following as of June 30:

	2025	2024
Promises to give related to programatic efforts	$ 1,801,860	$ 2,289,461
Promises to give related to building projects	4,137,944	-
	$ 5,939,804	$ 2,289,461
Less discount to net present value	(2,215,470)	(102,489)
	$ 3,724,334	$ 2,186,972

Unconditional promises to give are recorded at fair value, with promises extending over a term greater than one year being discounted using rates ranging from 3-5%, and are estimated to be collected as follows as of June 30:

	2025	2024
Promises to give		
Within one year	$ 1,308,855	$ 1,499,794
In one to five years	1,023,817	789,667
More than five years	3,607,132	-
	$ 5,939,804	$ 2,289,461
Less discount to net present value	(2,215,470)	(102,489)
	$ 3,724,334	$ 2,186,972

4. Property and Equipment

Property and equipment consisted of the following as of June 30:

	2025	2024
Buildings and leasehold improvements	$ 17,194,236	$ 17,176,182
Furniture, fixtures and equipment	2,049,251	2,249,766
Construction-in-progress	997,864	130,234
	20,241,351	19,556,182
Less accumulated depreciation and amortization	(2,665,507)	(1,599,254)
	$ 17,575,844	$ 17,956,928

Depreciation and amortization expense on property and equipment for the years ended June 30, 2025 and 2024, totaled $1,266,767 and $1,105,160, respectively.

5. Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assessments about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that TCCU can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, TCCU develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to TCCU's assessment of the quality, risk or liquidity of the asset or liability.

TCCU's endowment investment assets are classified within Level 1 because they are comprised of common stocks with readily determinable fair values based on quoted market prices and open-end mutual funds with readily determinable fair values based on daily redemption values. The following table presents assets measured at fair value on a recurring basis as of June 30, 2025:

		Fair Value Measurements at Report Date Using		
Assets	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash and money market funds (at cost)	$ 385,549	$ 385,549	$ -	$ -
Common stocks	2,930,750	2,930,750	-	-
Mutual funds - stocks	2,083,964	2,083,964	-	-
Mutual funds - bonds	4,856,407	4,856,407	-	-
Mutual funds - real assets	243,103	243,103	-	-
Mutual funds - alternatives	247,765	247,765	-	-
Total assets at fair value	$ 10,747,538	$ 10,747,538	$ -	$ -

The following table presents assets measured at fair value on a recurring basis as of June 30, 2024:

		Fair Value Measurements at Report Date Using		
Assets	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash and money market funds (at cost)	$ 176,748	$ 176,748	$ -	$ -
Common stocks	2,887,934	2,887,934	-	-
Mutual funds - stocks	2,032,118	2,032,118	-	-
Mutual funds - bonds	4,329,638	4,329,638	-	-
Mutual funds - real assets	220,776	220,776	-	-
Mutual funds - alternatives	220,490	220,490	-	-
Total assets at fair value	$ 9,867,704	$ 9,867,704	$ -	$ -

6. Endowment

TCCU's endowment (the Endowment) was established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain unrestricted net assets designated as a quasi-endowment by the board. Net assets associated with Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

TCCU's board has interpreted the Utah 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, unless there are explicit donor stipulations to the contrary. As of June 30, 2025 and 2024, there were no such donor stipulations. As a result of this interpretation, TCCU classifies as net assets with donor restrictions (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts), and (c) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted Endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by TCCU in a manner consistent with the standard of prudence prescribed by UPMIFA.

The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of TCCU and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of TCCU

As of June 30, 2025, endowment net asset composition by type of fund was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment	$ 7,190,142	$ -	$ 7,190,142
Donor-restricted endowment			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	-	1,995,000	1,995,000
Accumulated investment gains	-	1,562,396	1,562,396
	$ 7,190,142	$ 3,557,396	$ 10,747,538

As of June 30, 2024, endowment net asset composition by type of fund was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment	$ 6,607,960	$ -	$ 6,607,960
Donor-restricted endowment			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	-	1,995,000	1,995,000
Accumulated investment gains	-	1,264,744	1,264,744
	$ 6,607,960	$ 3,259,744	$ 9,867,704

Investment and Spending Policies

The Endowment was established to support the treatment of young children with emotional and behavioral concerns and their families. Amounts, once appropriated by the board, may be distributed for the unrestricted use of TCCU.

The investment objective is to preserve and grow principal. The spending policy for the Endowment was established to allow for growth in excess of the long-term inflation rate. Distributions of 4% of the investment balance are allowable under TCCU's spending policy.

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, beginning of year	$ 6,607,960	$ 3,259,744	$ 9,867,704
Investment return			-
Investment income, net of fees	158,015	77,950	235,965
Net realized and unrealized gain	424,167	219,702	643,869
	7,190,142	3,557,396	10,747,538
Distribution of endowment assets pursuant to spending-rate policy	-	-	-
Endowment net assets, end of year	$ 7,190,142	$ 3,557,396	$ 10,747,538

Changes in Endowment net assets for the year ended June 30, 2024, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 6,039,888	$ 2,979,511	$ 9,019,399
Investment return			
Investment income, net of fees	135,457	66,822	202,279
Net realized and unrealized gain	432,615	213,411	646,026
	6,607,960	3,259,744	9,867,704
Distribution of endowment assets pursuant to spending-rate policy	-	-	-
Endowment net assets, end of year	$ 6,607,960	$ 3,259,744	$ 9,867,704

7. Employee Benefits

TCCU sponsors a defined contribution retirement plan (the Plan). Eligible employees can make contributions to the Plan on a pre-tax basis. TCCU offers a three-year vesting schedule, with 50% at the end of year two and 100% at year three, and immediate dollar-for-dollar matching up to 6% of employees' annual salary. During the years ended June 30, 2025 and 2024, TCCU contributed $276,776 and $248,312, respectively, to the Plan.

8. Commitments and Contingencies

Long Term Contracts

TCCU has entered into numerous agreements with government agencies and private entities related to mental health and other services. The terms of these agreements may require adjustments to be made to revenues earned and received or expenses incurred, based on events which are not currently determinable. The amount of these adjustments, if any, is also not currently estimable. Such adjustments could be material to the consolidated financial statements.

Line of Credit

During the year ended June 30, 2025, TCCU had access to a $2,100,000 revolving line of credit with a bank, secured by the endowment investments and substantially all other assets of TCCU. Borrowings under the line bear interest at the three-month US Treasury Rate plus 2.25% (6.66% as of June 30, 2025). Accrued interest and principal are due at maturity (February 2026).

The agreement requires TCCU to comply with certain financial and non-financial covenants, which management believes TCCU was in compliance with as of June 30, 2025. As of June 30, 2025 and 2024, TCCU did not have an outstanding balance on the line of credit.

Regulatory

Laws and regulations governing the Medicaid program are extremely complex and subject to interpretation. As a result, there is a reasonable possibility that recorded amounts will change by a material amount in the near term. In recent years, as a result of nationwide investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the Medicaid program.

In addition, an increasing number of the operations or practices of not-for-profit health care providers have been challenged or questioned to determine if they are consistent with the regulatory requirements for tax-exempt organizations. These challenges are broader than concerns about compliance with federal and state statutes and regulations of core business practices of the health care organizations. The laws and regulations regarding these practices are also subject to interpretation and challenge. Areas that have come under examination have included pricing practices, billing and collection practices, charitable care, community benefit, executive compensation, exemption of property from real property taxation, and others. TCCU expects that the level of review and audit to which it and other health care providers are subject may increase. There can be no assurance that regulatory authorities will not challenge TCCU's compliance with these laws and regulations or that the laws and regulations themselves will not be subject to challenge, and it is not possible to determine the effect, if any, such claims or penalties would have on TCCU.

Litigation and Other Claims

In the normal course of operations, TCCU may become party to claims and/or lawsuits. Management believes losses, if any, resulting from claims have been appropriately accrued, if necessary, and will not have a material adverse effect on TCCU's consolidated financial position. However, such losses are difficult to estimate and the impact from losses could have a material impact on TCCU's financial position in a future period.

Construction Contract Commitment

In April 2025, TCCU entered into a construction contract to build a new facility in Lehi, Utah, which is scheduled to be completed in May 2026. As of June 30, 2025, TCCU had incurred and capitalized $997,864 of costs in construction in progress. The estimated costs to be incurred subsequent to June 30, 2025, are approximately $8,400,000.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	2025	2024
Subject to Expenditure for Specified Purposes		
Outpatient services and training	$ 62,140	$ 406,453
Psychology resident program	169,566	-
Future fundraising events	72,310	45,619
Promises to give, the proceeds from which have been restricted by donors	90,000	487,697
In-kind land use	1,999,500	-
Other	5,000	-
Subject to Expenditure for Capital Campaign		
Restricted for the capital campaign	2,623,360	895,000
Subject to the Passage of Time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	447,522	62,430
Endowments		
Earnings subject to endowment spending policy appropriation	1,562,396	1,264,744
Perpetural in nature, earnings from which are subject to endowment spending policy appropriation	1,995,000	1,995,000
	$ 9,026,794	$ 5,156,943

Appropriations of earnings on endowment funds are available for the unrestricted use of TCCU subject to appropriation by the board.

Supplementary Information
As of and for the Years Ended June 30, 2025 and 2024

As of June 30, 2025

	The Children's Center Utah	The Children's Center Utah Endowment	Eliminations	Total
Assets				
Cash and cash equivalents	$ 6,033,525	$ -	$ -	$ 6,033,525
Accounts receivable	969,604	-	-	969,604
Prepaid expenses and other assets	246,912	-	-	246,912
Unconditional promises to give, net	3,724,334	-	-	3,724,334
Cash restricted for building project	1,770,558	-	-	1,770,558
Property and equipment, net	17,575,844	-	-	17,575,844
Investments held for endowment	-	10,747,538	-	10,747,538
Total assets	$ 30,320,777	$ 10,747,538	$ -	$ 41,068,315
Liabilities and Net Assets				
Accounts payable and other liabilities	$ 711,830	$ -	$ -	$ 711,830
Commitments and contingencies				
Net Assets				
Without donor restrictions				
Undesignated	24,139,549	-	-	24,139,549
The Children's Center Trust (quasi-endowment)	-	7,190,142	-	7,190,142
	24,139,549	7,190,142	-	31,329,691
With donor restrictions	846,538	3,557,396	-	4,403,934
With donor restrictions - building project	4,622,860	-	-	4,622,860
	5,469,398	3,557,396	-	9,026,794
Total net assets	29,608,947	10,747,538	-	40,356,485
Total liabilities and net assets	$ 30,320,777	$ 10,747,538	$ -	$ 41,068,315

As of June 30, 2024

	The Children's Center Utah	The Children's Center Utah Endowment	Eliminations	Total
Assets				
Cash and cash equivalents	$ 4,698,061	$ -	$ -	$ 4,698,061
Accounts receivable	1,004,591	-	-	1,004,591
Unconditional promises to give, net	2,186,972	-	-	2,186,972
Prepaid expenses and other assets	238,235	-	-	238,235
Cash restricted for building project	895,000	-	-	895,000
Property and equipment, net	17,956,928	-	-	17,956,928
Investments held for endowment	-	9,867,704	-	9,867,704
Total assets	$ 26,979,787	$ 9,867,704	$ -	$ 36,847,491
Liabilities and Net Assets				
Accounts payable and other liabilities	$ 793,917	$ -	$ -	$ 793,917
Commitments and contingencies				
Net Assets				
Without donor restrictions				
Undesignated	24,288,671	-	-	24,288,671
The Children's Center Trust (quasi-endowment)	-	6,607,960	-	6,607,960
	24,288,671	6,607,960	-	30,896,631
With donor restrictions	1,002,199	3,259,744	-	4,261,943
With donor restrictions - building project	895,000	-	-	895,000
	1,897,199	3,259,744	-	5,156,943
Total net assets	26,185,870	9,867,704	-	36,053,574
Total liabilities and net assets	$ 26,979,787	$ 9,867,704	$ -	$ 36,847,491

For the Year ended June 30, 2025

	The Children's Center Utah	The Children's Center Utah Endowment	Eliminations	Total
Public Support				
Contributions	$ 3,934,950	$ -	$ -	$ 3,934,950
In-kind revenue	2,168,506	-	-	2,168,506
Special events, less cost of direct benefits to donors	1,371,633	-	-	1,371,633
Federal, state, and local grants	5,035,989	-	-	5,035,989
	12,511,078	-	-	12,511,078
Revenue				
Program services				
Federal and state clinical contracts	651,451	-	-	651,451
Medicaid contracts	1,132,616	-	-	1,132,616
Private fees	429,928	-	-	429,928
	2,213,995	-	-	2,213,995
Endowment net investment return	-	879,834	-	879,834
Other revenue	231,353	-	-	231,353
	231,353	879,834	-	1,111,187
Total public support and revenue	14,956,426	879,834	-	15,836,260
Expenses				
Program services				
Outpatient services	2,621,993	-	-	2,621,993
Therapeutic preschool	2,556,573	-	-	2,556,573
Early childhood consultation, training, and coaching	3,945,686	-	-	3,945,686
Total program services	9,124,252	-	-	9,124,252
Supporting services				
Management and general	1,600,708	-	-	1,600,708
Fundraising	808,389	-	-	808,389
Total supporting services	2,409,097	-	-	2,409,097
Total program and supporting services expenses	11,533,349	-	-	11,533,349
Change in net assets	3,423,077	879,834	-	4,302,911
Net assets, beginning of year	26,185,870	9,867,704	-	36,053,574
Net assets, end of year	$ 29,608,947	$ 10,747,538	$ -	$ 40,356,485

For the Year ended June 30, 2024

	The Children's Center Utah	The Children's Center Utah Endowment	Eliminations	Total
Public Support				
Contributions	$ 8,672,461	$ -	$ -	$ 8,672,461
In-kind revenue	71,645	-	-	71,645
Special events, less cost of direct benefits to donors	1,008,492	-	-	1,008,492
Federal, state, and local grants	4,788,198	-	-	4,788,198
	14,540,796	-	-	14,540,796
Revenue				
Program services				
Federal and state clinical contracts	342,028	-	-	342,028
Medicaid contracts	949,582	-	-	949,582
Private fees	539,273	-	-	539,273
	1,830,883	-	-	1,830,883
Endowment net investment return	-	848,305	-	848,305
Loss on sale of property and equipment	(3,414)	-	-	(3,414)
Other revenue	97,841	-	-	97,841
	94,427	848,305	-	942,732
Total public support and revenue	16,466,106	848,305	-	17,314,411
Expenses				
Program services				
Outpatient services	2,876,376	-	-	2,876,376
Therapeutic preschool	2,485,570	-	-	2,485,570
Early childhood consultation, training, and coaching	3,736,120	-	-	3,736,120
Total program services	9,098,066	-	-	9,098,066
Supporting services				
Management and general	1,714,213	-	-	1,714,213
Fundraising	847,187	-	-	847,187
Total supporting services	2,561,400	-	-	2,561,400
Total program and supporting services expenses	11,659,466	-	-	11,659,466
Change in net assets	4,806,640	848,305	-	5,654,945
Net assets, beginning of year	21,379,230	9,019,399	-	30,398,629
Net assets, end of year	$ 26,185,870	$ 9,867,704	$ -	$ 36,053,574