Right Answers, Right Here.

TANNER
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, 2024 and 2023

Together with Independent Auditors' Reports

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TANNER

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 (TCCU), which comprise the consolidated statement of financial position as of June 30, 2024, the related consolidated statements of activities, functional expenses, and cash flows for the year 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, 2024, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TCCU 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.

Prior Period Financial Statements

The financial statements of TCCU as of and for the year ended June 30, 2023, were audited by other auditors whose report, dated November 17, 2023, expressed an unmodified opinion on those financial statements.

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

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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 generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TCCU'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 TCCU's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2024, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, and the Consolidating Schedules on pages 23 to 26, 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

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accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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 Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 21, 2024, on our consideration of TCCU's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TCCU's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering TCCU's internal control over financial reporting and compliance.

Tanner LLC

November 21, 2024

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Consolidated Statements of Financial Position

Assets	2024	2023
Current assets:		
Cash and cash equivalents	$ 4,698,061	$ 2,775,431
Accounts receivable	1,004,591	1,105,801
Unconditional promises to give, net	1,499,794	430,928
Prepaid expenses and other assets	238,235	110,079
Total current assets	7,440,681	4,422,239
Cash restricted for building project	895,000	-
Property and equipment, net	17,956,928	16,948,608
Unconditional promises to give, net, less current portion	687,178	363,430
Unconditional promises to give, net, restricted to building project	-	949,952
Investments held for endowment	9,867,704	9,019,399
Total assets	$ 36,847,491	$ 31,703,628
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and other liabilities	$ 793,917	$ 1,304,999
Commitments and contingencies		
Net Assets:		
Without donor restrictions		
Undesignated	24,288,671	9,591,060
The Children's Center Trust (quasi-endowment)	6,607,960	6,039,888
	30,896,631	15,630,948
With donor restrictions	4,261,943	4,038,987
With donor restrictions - building project	895,000	10,728,694
	5,156,943	14,767,681
Total net assets	36,053,574	30,398,629
Total liabilities and net assets	$ 36,847,491	$ 31,703,628

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 grants	4,788,198	-	4,788,198
	13,107,035	1,433,761	14,540,796
Revenue			
Program services			
Federal and state 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

For the Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
Contributions	$ 1,399,821	$ 11,204,245	$ 12,604,066
In-kind revenue	481,658	-	481,658
Special events, less cost of direct benefits to donors of $148,374	895,409	-	895,409
Federal grants	3,707,921	-	3,707,921
	6,484,809	11,204,245	17,689,054
Revenue			
Program services			
Federal and state contracts	369,747	-	369,747
Medicaid contracts	844,851	-	844,851
Private fees	314,789	-	314,789
	1,529,387	-	1,529,387
Endowment net investment return	375,327	168,500	543,827
Gain on sale of property and equipment	343,558	-	343,558
Other revenue	83,558	-	83,558
	802,443	168,500	970,943
Net assets released from restrictions	833,074	(833,074)	-
Total public support and revenue	9,649,713	10,539,671	20,189,384
Expenses			
Program services			
Outpatient services	2,850,723	-	2,850,723
Therapeutic preschool	2,553,660	-	2,553,660
Early childhood consultation, training, and coaching	2,614,932	-	2,614,932
Total program services	8,019,315	-	8,019,315
Supporting services			
Management and general	1,457,432	-	1,457,432
Fundraising	946,637	-	946,637
Total supporting services	2,404,069	-	2,404,069
Total program and supporting services expenses	10,423,384	-	10,423,384
Change in net assets	(773,671)	10,539,671	9,766,000
Net assets, beginning of year	16,404,619	4,228,010	20,632,629
Net assets, end of year	$ 15,630,948	$ 14,767,681	$ 30,398,629

See accompanying notes to consolidated financial statements.

Consolidated Statements of Functional Expenses

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.

For the Year Ended June 30, 2023

	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	$ 2,080,582	$ 1,755,554	$ 1,777,820	$ 5,613,956	$ 892,842	$ 728,672	$ 1,621,514	$ 7,235,470
Utilities	26,721	37,200	28,340	92,261	13,329	7,123	20,452	112,713
Occupancy	202,718	307,346	202,718	712,782	104,629	58,854	163,483	876,265
Property and professional liability insurance	16,517	25,041	16,517	58,075	8,525	4,795	13,320	71,395
Repairs and maintenance	55,317	84,132	55,317	194,766	28,551	16,060	44,611	239,377
Office supplies and materials	13,182	20,001	17,757	50,940	7,113	5,179	12,292	63,232
Program materials	21,760	37,123	153,738	212,621	5,776	21,957	27,733	240,354
Transportation of children	-	119,829	-	119,829	-	-	-	119,829
Printing, postage, and shipping	4,105	6,223	4,480	14,808	2,118	7,463	9,581	24,389
Publications and testing materials	1,076	195	1,133	2,404	5,939	10,230	16,169	18,573
Professional fees	318,571	12,912	177,030	508,513	225,592	168,846	394,438	902,951
Meeting and conventions	14,785	3,961	84,811	103,557	32,228	2,842	35,070	138,627
Meals and entertainment	3,962	6,007	3,962	13,931	2,045	1,150	3,195	17,126
Miscellaneous	56,855	85,721	56,737	199,313	110,902	51,803	162,705	362,018
Total expenses before depreciation	2,816,151	2,501,245	2,580,360	7,897,756	1,439,589	1,084,974	2,524,563	10,422,319
Depreciation and amortization	34,572	52,415	34,572	121,559	17,843	10,037	27,880	149,439
	2,850,723	2,553,660	2,614,932	8,019,315	1,457,432	1,095,011	2,552,443	10,571,758
Less expenses included with public support and revenue on the consolidated statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(148,374)	(148,374)	(148,374)
Total expenses included in the expense section on the consolidated statement of activities	$ 2,850,723	$ 2,553,660	$ 2,614,932	$ 8,019,315	$ 1,457,432	$ 946,637	$ 2,404,069	$ 10,423,384

Consolidated Statements of Cash Flows

	For the Years ended June 30, 2024	2023
Cash flows from operating activities:		
Change in net assets	$ 5,654,945	$ 9,766,000
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	1,105,160	149,439
Endowment net investment income	(848,305)	(543,827)
Loss (gain) from sale of property and equipment	3,414	(343,558)
Contributed property and equipment capitalized	-	(467,158)
Contributions restricted to building project	(6,300,347)	(10,728,694)
Change in operating assets and liabilities		
Accounts receivable	101,210	(426,394)
Unconditional promises to give, net	(442,662)	(121,099)
Prepaid expenses and other assets	(128,156)	38,997
Accounts payable and other liabilities	(511,082)	247,179
Net cash used in operating activities	(1,365,823)	(2,429,115)
Cash flows from investing activities:		
Purchases of property and equipment	(2,116,894)	(15,799,401)
Proceeds from sales of property and equipment	-	8,399,894
Purchases of endowment investments	(5,505,878)	(1,097,972)
Proceeds from sales of endowment investments	5,505,878	1,097,972
Net cash used in investing activities	(2,116,894)	(7,399,507)
Cash flows from financing activities:		
Collections of contributions restricted to building project	6,300,347	9,778,742
Draw on line of credit	850,000	-
Payment on line of credit	(850,000)	-
Net cash provided by financing activities	6,300,347	9,778,742
Net change in cash and cash equivalents (including restricted)	2,817,630	(49,880)
Cash and cash equivalents (including restricted), beginning of the year	2,775,431	2,825,311
Cash and cash equivalents (including restricted), end of the year	$ 5,593,061	$ 2,775,431
Supplemental Disclosure of Non-Cash Investing and Financing Activity		
Accounts payable for property and equipment	-	569,012
Contributed propery and equipment	-	467,158

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 clinical agency 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:

<u>Outpatient Services:</u> Outpatient Clinical Services provides on-site and virtual research-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.

<u>Therapeutic Preschool:</u> 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 TCCU's clinical team as needing psychosocial rehabilitation services (PRS), which TCCU 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.

<u>Early Childhood Consultation, Training, and Coaching:</u> 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.

Principals 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."

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, 2024 and 2023, respectively.

Recently Adopted Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments* (ASU 2016-13 or ASC 326). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASUs amending certain aspects of ASU 2016-13.

On July 1, 2023, the Organization adopted ASU 2016-13 and all the related amendments using the modified retrospective method. The Organization's adoption did not result in a significant impact to the opening balance of net assets and the comparative information has not been adjusted or restated. Results for reporting periods beginning after July 1, 2023, are presented under ASC 326.

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, 2024, 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, 2024 and 2023, management determined that no allowance for credit losses was necessary.

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. 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 uncollectable. As of June 30, 2024 and 2023, 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 $6,300,347 and $10,728,694 for the years ended June 30, 2024 and 2023, respectively. The Organization had $895,000 and $0 as of June 30, 2024 and 2023, 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 currently.

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, 2024 and 2023.

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.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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.

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, 2024 and 2023, 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, 2024 and 2023, conditional contributions consisting mainly of cost reimbursement grants where costs were not yet incurred at June 30, 2024 and 2023, for which no amounts had been received in advance, total $13,215,387 and $4,309,019, 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. Amounts reflected in the consolidated statements of activities for donated nonfinancial assets were as follows for the years ended June 30:

	2024	2023
Furniture and equipment	$ -	$ 467,158
Auction items	71,645	14,500
	$ 71,645	$ 481,658

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, 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, 2024 and 2023, government funds represented approximately 56% and 59% of public support and revenue, respectively, and 67% and 78% 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 2023 consolidated financial statements have been reclassified to conform with current year presentation.

Subsequent Events
TCCU has evaluated subsequent events through November 21, 2024, 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:

	2024	2023
Cash and cash equivalents	$ 4,698,061	$ 2,775,431
Accounts receivable	1,004,591	1,105,801
Unconditional promises to give, current portion, net	1,499,794	430,928
Endowment spending - distributions and appropriations - board designated (estimated)	394,708	300,000
	7,597,154	4,612,160
Less amounts not available to be used within one year for general expenditure:		
Funds subject to donor-imposed purpose restrictions	(939,769)	(1,011,327)
	$ 6,657,385	$ 3,600,833

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 7).

3. Promises to Give

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:

	2024	2023
Promises to give		
Within one year	$ 1,499,794	$ 430,928
In one to five years	789,667	382,618
	2,289,461	813,546
Promises to give restricted for building purposes		
Within one year	-	492,778
In one to five years	-	518,888
	-	1,011,666
Less discount to net present value	(102,489)	(80,902)
	$ 2,186,972	$ 1,744,310

4. Property and Equipment

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

	2024	2023
Buildings and leasehold improvements	$ 17,176,182	$ -
Furniture, fixtures and equipment	2,249,766	1,198,841
Construction-in-progress	130,234	16,488,743
	19,556,182	17,687,584
Less accumulated depreciation and amortization	(1,599,254)	(738,976)
	$ 17,956,928	$ 16,948,608

TCCU placed in service substantially all of its construction-in-progress assets on August 1, 2023, concurrent with its move to its newly completed facilities. Depreciation and amortization expense on property and equipment for the years ended June 30, 2024 and 2023, totaled $1,105,160 and $149,439, 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, 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	$ -	$ -	$ -
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	$ 9,690,956	$ -	$ -

The following table presents assets measured at fair value on a recurring basis as of June 30, 2023:

		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)	$ 207,708	$ -	$ -	$ -
Common stocks	2,539,537	2,539,537	-	-
Mutual funds - stocks	1,891,897	1,891,897	-	-
Mutual funds - bonds	3,981,873	3,981,873	-	-
Mutual funds - real assets	180,011	180,011	-	-
Mutual funds - alternatives	218,373	218,373	-	-
Total assets at fair value	$ 9,019,399	$ 8,811,691	$ -	$ -

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, 2024 and 2023, 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, 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

As of June 30, 2023, endowment net asset composition by type of fund was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment	$ 6,039,888	$ -	$ 6,039,888
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	-	984,511	984,511
	$ 6,039,888	$ 2,979,511	$ 9,019,399

Investment and Spending Policies

The Endowment was established to support the treatment of young children with emotional and behavioral problems 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, 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

Changes in Endowment net assets for the year ended June 30, 2023, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 5,664,561	$ 2,811,011	$ 8,475,572
Investment return			
Investment income, net of fees	138,491	62,175	200,666
Net realized and unrealized gain	236,836	106,325	343,161
	6,039,888	2,979,511	9,019,399
Distribution of endowment assets pursuant to spending-rate policy	-	-	-
Endowment net assets, end of year	$ 6,039,888	$ 2,979,511	$ 9,019,399

7. Line of Credit

During the year ended June 30, 2024, 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% (7.73% as of June 30, 2024). 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, 2024. As of June 30, 2024 and 2023, TCCU did not have an outstanding balance on the line of credit.

8. 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 5% of employees' annual salary. During the years ended June 30, 2024 and 2023, TCCU contributed $248,312 and $263,839, respectively, to the Plan.

9. 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.

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.

Leases

Effective with the sale of its previous office and operating space in Salt Lake City, Utah on July 1, 2022, TCCU leased back from the buyer the same space under a month-to-month lease. The lease terminated in July 2023 with the completion of TCCU's new facilities in West Valley City, Utah. The lease agreement required monthly rent charges of $47,125 for the use of the space. Total lease expense for the year ended June 30, 2023, was $569,350. Additionally, the operating lease agreement required TCCU to pay real estate taxes, insurance, and repairs during the lease term. During the year ended June 30, 2023, TCCU purchased a condominium property which has Homeowners Association (HOA) Fees of approximately $24,000 a month. Total fees paid to the HOA during the years ended June 30, 2024 and 2023 were $287,206 and $306,914, respectively.

10. Net Assets with Donor Restrictions

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

	2024	2023
Subject to Expenditure for Specified Purpose		
Outpatient services and training	$ 406,453	$ 245,932
Future fundraising events	45,619	-
Promises to give, the proceeds from which have been restricted by donors	487,697	765,395
Subject to Expenditure for Capital Campaign		
Restricted for the capital campaign	895,000	9,717,027
Promises to give, the proceeds from which have been restricted for the capital campaign	-	1,011,667
Subject to the Passage of Time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	62,430	48,149
Endowments		
Earnings subject to endowment spending policy appropriation	1,264,744	984,511
Perpetural in nature, earnings from which are subject to endowment spending policy appropriation	1,995,000	1,995,000
	$ 5,156,943	$ 14,767,681

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, 2024 and 2023

Consolidating Schedules of Financial Position

As of June 30, 2024

	The Children's Center Utah	The Children's Center Utah Endowment	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 4,698,061	$ -	$ -	$ 4,698,061
Accounts receivable	1,004,591	-	-	1,004,591
Unconditional promises to give, net	1,499,794	-	-	1,499,794
Prepaid expenses and other assets	238,235	-	-	238,235
Total current assets	7,440,681	-	-	7,440,681
Cash, restricted for building project	895,000	-	-	895,000
Property and equipment, net	17,956,928	-	-	17,956,928
Unconditional promises to give, less current portion	687,178	-	-	687,178
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				
Current Liabilities				
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

Consolidating Schedules of Financial Position – Continued

As of June 30, 2023

	The Children's Center Utah	The Children's Center Utah Endowment	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 2,775,431	$ -	$ -	$ 2,775,431
Accounts receivable	1,105,801	-	-	1,105,801
Unconditional promises to give, net	430,928	-	-	430,928
Prepaid expenses and other assets	110,079	-	-	110,079
Total current assets	4,422,239	-	-	4,422,239
Property and equipment, net	16,948,608	-	-	16,948,608
Unconditional promises to give, less current portion	363,430	-	-	363,430
Unconditional promises to give, restricted to building project, net	949,952	-	-	949,952
Investments held for endowment	-	9,019,399	-	9,019,399
Total assets	$ 22,684,229	$ 9,019,399	$ -	$ 31,703,628
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and other liabilities	$ 1,304,999	$ -	$ -	$ 1,304,999
Commitments and contingencies				
Net Assets				
Without donor restrictions				
Undesignated	9,591,060	-	-	9,591,060
The Children's Center Trust (quasi-endowment)	-	6,039,888	-	6,039,888
	9,591,060	6,039,888	-	15,630,948
With donor restrictions	1,059,476	2,979,511	-	4,038,987
With donor restrictions - building project	10,728,694	-	-	10,728,694
	11,788,170	2,979,511	-	14,767,681
Total net assets	21,379,230	9,019,399	-	30,398,629
Total liabilities and net assets	$ 22,684,229	$ 9,019,399	$ -	$ 31,703,628

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 grants	4,788,198	-	-	4,788,198
	14,540,796	-	-	14,540,796
Revenue				
Program services				
Federal and state 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

For the Year ended June 30, 2023

	The Children's Center Utah	The Children's Center Utah Endowment	Eliminations	Total
Public Support				
Contributions	$ 12,604,066	$ -	$ -	$ 12,604,066
In-kind revenue	481,658	-	-	481,658
Special events, less cost of direct benefits to donors	895,409	-	-	895,409
Federal grants	3,707,921	-	-	3,707,921
	17,689,054	-	-	17,689,054
Revenue				
Program services				
Federal and state contracts	369,747	-	-	369,747
Medicaid contracts	844,851	-	-	844,851
Private fees	314,789	-	-	314,789
	1,529,387	-	-	1,529,387
Endowment net investment return	-	543,827	-	543,827
Gain on sale of property and equipment	343,558	-	-	343,558
Other revenue	83,558	-	-	83,558
	427,116	543,827	-	970,943
Total public support and revenue	19,645,557	543,827	-	20,189,384
Expenses				
Program services				
Outpatient services	2,850,723	-	-	2,850,723
Therapeutic preschool	2,553,660	-	-	2,553,660
Early childhood consultation, training, and coaching	2,614,932	-	-	2,614,932
Total program services	8,019,315	-	-	8,019,315
Supporting services				
Management and general	1,457,432	-	-	1,457,432
Fundraising	946,637	-	-	946,637
Total supporting services	2,404,069	-	-	2,404,069
Total program and supporting services expenses	10,423,384	-	-	10,423,384
Change in Net Assets	9,222,173	543,827	-	9,766,000
Net Assets, Beginning of Year	12,157,057	8,475,572	-	20,632,629
Net Assets, End of Year	$ 21,379,230	$ 9,019,399	$ -	$ 30,398,629

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Award Identifying Number	Expenditures	CARES Act Funds Expended (Portion of Federal Expenditures)
U.S. Department of Health and Human Services				
Direct Programs				
Maternal and Child Health Federal Consolidated Programs	93.110	U2Z46635	$ 727,360	$ -
Trauma Program for Young Children	93.243	H79SM084809	408,455	-
Total Direct Programs			1,135,815	-
Passed through Utah State Department of Workforce Services				
CCDF Cluster				
Child Care and Development Block Grant	93.575	21DWS0065	912,211	-
Child Care and Development Block Grant	93.575	22DWS0073	417,747	-
Child Care and Development Block Grant	93.575	22DWS0297	933,597	-
Total CCDF Cluster			2,263,555	-
Passed through Utah State University				
Every Student Succeeds Act/Preschool Development	93.434	204746-855	392,323	-
Passed through the Univeristy of Utah				
Medical Studend Education Program	93.884	10067432-01-CCU	51,741	-
Total U.S. Department of Health and Human Services			3,843,434	-
U.S. Department of Housing and Urban Development				
Passed through Salt Lake City Corporation				
CDBG Entitlement Cluster				
Community Development Block Grant	14.218	CA-002514	30,309	30,309
Total U.S. Department of Housing and Urban Development			30,309	30,309
Total Federal Financial Assistance			$ 3,873,743	$ 30,309

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Children's Center Utah (TCCU) under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of TCCU, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of TCCU.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E – Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. TCCU's summary of significant accounting policies is presented in Note 1 in TCCU's basic financial statements. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

TCCU has elected to use the 10% de minimis cost rate.

TANNER

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
The Children's Center Utah

We have audited the financial statements of The Children's Center Utah (TCCU), which comprise the consolidated statement of financial position as of June 30, 2024, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated November 21, 2024. We conducted our audit 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered TCCU's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TCCU's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of TCCU's internal control.

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

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

36 S. State St., Suite 600, Salt Lake City, UT 84111-1400

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether TCCU's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TCCU's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering TCCU's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tanner LLC

November 21, 2024

TANNER

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
The Children's Center Utah

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Children Center Utah (TCCU)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of TCCU's major federal programs for the year ended June 30, 2024. TCCU's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, TCCU complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of TCCU and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of TCCU's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to TCCU's federal programs.

Auditors' Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on TCCU's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about TCCU's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding TCCU's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of TCCU's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of TCCU's internal control over compliance. Accordingly, no such opinion is expressed.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Tanner LLC

November 21, 2024

Summary of Auditors' Results:

FINANCIAL STATEMENTS

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified

Identification of major programs:

Name of Federal Programs	Federal Assistance Listing Number
Maternal and Child Health Federal Consolidated Programs	93.110
Trauma Program for Young Children	93.243
Dollar threshold used to distinguished between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

FINANCIAL STATEMENT FINDINGS

No financial statement findings were noted for the year ended June 30, 2024.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS

No findings or questioned costs were noted for the year ended June 30, 2024.

FINANCIAL STATEMENT FINDINGS

Financial Statement Preparation and Adjustments Significant Deficiency; Finding 2023-001

Criteria:
TCCU should have a more detailed policies and procedure manual available to ensure that the general ledger accounts are properly reconciled and enhance the preparation of the Organization's financial statements.

Condition:
Reclassification adjustments were required to the year-end general ledger accounts. The Organization's system of internal control did not include complete controls over certain financial statement classifications and disclosures.

Cause:
TCCU's internal control system and its year-end process did not detect all necessary adjustments to accounts and financial statement disclosure related items.

Effect:
Reclassifications were required to properly represent certain general ledger account balances, classifications, and disclosures.

Recommendation:
TCCU should strengthen its year-end process to ensure the proper closing of account balances, classifications, and disclosures.

Current Status:
Resolved in current year.