



CHILD CARE LAW CENTER



FINANCIAL STATEMENTS

DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Child Care Law Center

Opinion

We have audited the accompanying financial statements of Child Care Law Center (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2024, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Care Law Center as of December 31, 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. 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 Child Care Law Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Child Care Law Center'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 generally accepted 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.

INDEPENDENT AUDITORS' REPORT

continued

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 Child Care Law Center'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 Child Care Law Center'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.

Other Matter

Report on Summarized Comparative Information

We have previously audited Child Care Law Center's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Walnut Creek, California
June 11, 2025

CHILD CARE LAW CENTER

STATEMENT OF FINANCIAL POSITION

December 31, 2024

With comparative totals at December 31, 2023

	2024	2023
ASSETS		
Cash	\$ 4,094,762	\$ 1,640,329
Grants and contracts receivable	300,001	600,000
Other assets	16,360	23,077
Property and equipment (Note 4)	-	-
TOTAL ASSETS	\$ 4,411,123	\$ 2,263,406
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 3,353	\$ 9,933
Accrued liabilities (Note 5)	53,701	47,033
TOTAL LIABILITIES	57,054	56,966
NET ASSETS		
Without donor restrictions (Note 2)	4,041,508	1,406,698
With donor restrictions (Note 8)	312,561	799,742
TOTAL NET ASSETS	4,354,069	2,206,440
TOTAL LIABILITIES AND NET ASSETS	\$ 4,411,123	\$ 2,263,406

The accompanying notes are an integral part of these financial statements.

CHILD CARE LAW CENTER

STATEMENT OF ACTIVITIES

For the year ended December 31, 2024

With comparative totals for the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	2024	2023
REVENUE AND SUPPORT				
Contributions	\$ 2,134,153	\$ -	\$ 2,134,153	\$ 194,657
Grants	420,000	1,239,940	1,659,940	2,278,297
Other income	105,541		105,541	41,666
Contracts	7,500		7,500	550
Net assets released from purpose restrictions (Note 8)	1,727,121	(1,727,121)	-	-
TOTAL REVENUE AND SUPPORT	4,394,315	(487,181)	3,907,134	2,515,170
EXPENSES				
Program services	1,181,642		1,181,642	1,492,682
Management and general	414,386		414,386	347,596
Fundraising	163,477		163,477	123,826
TOTAL EXPENSES	1,759,505	-	1,759,505	1,964,104
CHANGE IN NET ASSETS	2,634,810	(487,181)	2,147,629	551,066
NET ASSETS, BEGINNING OF YEAR	1,406,698	799,742	2,206,440	1,655,374
NET ASSETS, END OF YEAR	\$ 4,041,508	\$ 312,561	\$ 4,354,069	\$ 2,206,440

The accompanying notes are an integral part of these financial statements.

CHILD CARE LAW CENTER

STATEMENT OF FUNCTIONAL EXPENSES For the year ended December 31, 2024 With comparative totals for the year ended December 31, 2023

	Program Services				Total Program Services	Management and General	Fundraising	Total Expenses	
	Advocacy	Technical Assistance	Lobbying	Non-qualified and Training				2024	2023
Salaries	\$ 786,215	\$ 53,190	\$ 5,058	\$ -	\$ 844,463	\$ 216,465	\$ 22,983	\$ 1,083,911	\$ 983,739
Employee benefits	84,733	9,673	854		95,260	16,145	4,139	115,544	81,965
Payroll taxes	67,997	4,289	392		72,678	9,238	1,858	83,774	75,009
Total personnel costs	938,945	67,152	6,304	-	1,012,401	241,848	28,980	1,283,229	1,140,713
Professional services	98,668	4,087	18,854		121,609	55,891	107,837	285,337	689,080
Miscellaneous	3,589	2,139	22		5,750	36,083	8,453	50,286	38,346
Office expense	14,619	1,022	76		15,717	28,567	3,325	47,609	19,600
Occupancy	4,767	1,624	101		6,492	36,250	544	43,286	33,915
Meetings and outreach	3,091	18	1		3,110	3,792	12,349	19,251	8,713
Travel and training	13,370		907	581	14,858	1,529	990	17,377	20,995
Dues and subscriptions	732	257	214		1,203	5,307	534	7,044	6,488
Insurance	502				502	5,119	465	6,086	6,074
Equipment rent and maintenance					-			-	180
TOTAL 2024 FUNCTIONAL EXPENSES	\$ 1,078,283	\$ 76,299	\$ 26,479	\$ 581	\$ 1,181,642	\$ 414,386	\$ 163,477	\$ 1,759,505	
TOTAL 2023 FUNCTIONAL EXPENSES	\$ 1,177,024	\$ 165,211	\$ 49,892	\$ 100,555	\$ 1,492,682	\$ 347,596	\$ 123,826		\$ 1,964,104

The accompanying notes are an integral part of these financial statements.

CHILD CARE LAW CENTER

STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

With comparative totals for the year ended December 31, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,147,629	\$ 551,066
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in operating assets:		
Grants and contracts receivable	299,999	(577,461)
Other assets	6,717	(8,152)
Increase (decrease) in operating liabilities:		
Accounts payable	(6,580)	(7,277)
Accrued liabilities	6,668	8,819
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,454,433	(33,005)
NET INCREASE (DECREASE) IN CASH	2,454,433	(33,005)
CASH, BEGINNING OF YEAR	1,640,329	1,673,334
CASH, END OF YEAR	\$ 4,094,762	\$ 1,640,329

The accompanying notes are an integral part of these financial statements.

CHILD CARE LAW CENTER

NOTES TO FINANCIAL STATEMENTS

1. Organization

Child Care Law Center educates, advocates, and litigates to make child care a civil right.

It is the only organization in the country dedicated to child care law. For more than forty six years, it has worked to make child care more just and inclusive for families of color, families with low incomes, children with disabilities, and others who our legal system has historically and systemically locked out of economic and educational opportunities.

With its innovative problem-solving, Child Care Law Center addresses the systemic injustices embedded in our legal system and child care policy. It has created solutions like increasing the availability of child care through zoning policy and helping families gain economic success through subsidy eligibility rules.

Staff attorneys have expertise in child care policy, state and federal funding, health and safety regulations, child welfare, disability rights, housing rights, land use, and government benefits. They engage in policy and administrative advocacy, community legal education, limited representation, and impact litigation.

- Child Care Law Center fights for inclusive child care funding in California. Over the past decade, their advocacy has helped increase the number of dollars dedicated to child care and the number of children who can have it. About 700,000 children are in publicly-funded child care or preschool in 2023- double the number enrolled in 2012. In the 2023-2024 school year, a record 1.75 million children were enrolled in state-funded preschool, a 7% increase from the previous year.
- Child Care Law Center helped pass legislation to do away with burdensome child care co-payments, so families with low incomes can afford basic necessities like food and rent.
- Child Care Law Center advocacy ensures children with disabilities can safely receive their medications while in child care, and programs will not exclude them from attending because of health needs.
- With their technical assistance to California legal aid programs, Child Care Law Center ensure their clients receive the child care benefits to which they are entitled.
- Child Care Law Center protect family child care providers' rental housing and their income by educating community members about their legal rights and enforcing fair housing laws with government agencies.
- Child Care Law Center support family child care providers by monitoring cities' compliance with state law regarding licenses, permits and zoning regulations.
- Child Care Law Center strengthen the capacity of child care providers and families to advocate for themselves with their plain language, multi-lingual workshops and publications.

CHILD CARE LAW CENTER

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Assets

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

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor Restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Grant and Contracts Receivable

Grant and contracts receivable are deemed collectible and therefore, no allowance for doubtful accounts has been provided.

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are substantially met.

CHILD CARE LAW CENTER

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than one year.

Donated Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended December 31, 2024, Child Care Law Center did not receive donations of services that satisfy the criteria for recognition.

Income Taxes

Child Care Law Center is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

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

Functional Allocation of Expenses

Costs of providing Child Care Law Center's programs and other activities have been presented in the Statement of Functional Expenses. During the year ended, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Child Care Law Center uses full time equivalent to allocate indirect costs.

Revenue and Revenue Recognition

Child Care Law Center recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. As of December 31, 2024, Child Care Law Center did not have any contributions categorized as conditional.

CHILD CARE LAW CENTER

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Child Care Law Center's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through June 11, 2025, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

3. Liquidity and Availability of Resources

Child Care Law Center regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Child Care Law Center has various sources of liquidity at its disposal, including cash and cash equivalents, and various receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Child Care Law Center considers all expenditures related to its ongoing activities of providing program related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Child Care Law Center strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects Child Care Law Center's financial assets as of December 31, 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

Cash	\$4,094,762
Grants and contracts receivable	<u>300,001</u>
Total financial assets at year-end	<u>\$4,394,763</u>

Financial assets available to meet expenditures over the next 12 months.

Total financial assets	\$4,394,763
Less: net assets with donor restrictions	<u>(312,561)</u>
Assets available to meet expenditures in next 12 months	<u>\$4,082,202</u>

continued

CHILD CARE LAW CENTER

NOTES TO FINANCIAL STATEMENTS

4. Property and Equipment

Property and equipment at December 31, 2024 consist of the following:

Computers and equipment	\$ 15,457
Less: accumulated depreciation	<u>(15,457)</u>
	<u>\$ -</u>

5. Accrued Liabilities

Accrued liabilities at December 31, 2024 consist of the following:

Accrued liabilities	\$51,399
Cafeteria health savings plan	<u>2,302</u>
	<u>\$53,701</u>

6. Employee Benefit Plan

Child Care Law Center sponsors a 403(b) Thrift Plan for all eligible employees. Child Care Law Center makes a discretionary contribution up to three percent of the employees' annual compensation. Pension plan expense for the year ended December 31, 2024 was \$23,214.

7. Commitments and Contingencies

Contracts

Child Care Law Center's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously-funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, Child Care Law Center has no provisions for the possible disallowance of program costs on its financial statements.

continued

CHILD CARE LAW CENTER

NOTES TO FINANCIAL STATEMENTS

8. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2024 consist of the following:

IOLTA	\$316,505
Others	8,512
Equal Access Fund	8,125
Homelessness Prevention	<u>(20,581)</u>
	<u>\$312,561</u>

For the year ended December 31, 2024, net assets released from purpose restrictions were \$1,727,121.